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LOCAL ORGANIZATION CAPACITY STRENGTHENING TO IMPROVE PERFORMANCE

Reflections from Local Organizations and Subject Matter Experts

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ABBREVIATIONS

CS	Capacity Strengthening
CYP	Couple Years of Protection
FP	Family Planning
FY	Fiscal Year
LCPS	Local Capacity Strengthening Policy (USAID, 2022)
M&E	Monitoring and Evaluation
OCA	Organizational Capacity Assessment
SME	Subject Matter Expert
TOCA	Technical and Organizational Capacity Assessment
Q	Fiscal Year's Quarter (e.g. first quarter [Q1])
USAID	United States Agency for International Development
WASH	Water, Sanitation, and Hygiene

I. INTRODUCTION

Local organizations in low- and middle-income countries are at the forefront of implementing programs within their communities to improve access to and availability of health, education, and other development interventions. Tangible long-term development depends on these local organizations having the necessary organizational and technical capacities to be both impactful and sustainable. International development initiatives have always partnered with local organizations, and in many cases supported local capacity strengthening (CS) to some degree, but the past decade has seen a culmination of lessons learned and re-framing of what works and what more is needed in the realm of local organization capacity strengthening efforts.

USAID’s New Partnerships Initiative EXPAND: New Partners for Better Health (NPI EXPAND) activity, implemented by Palladium, has been helping to operationalize USAID’S localization goal through direct and purposeful CS since 2019. From project inception through March 2024, NPI EXPAND has issued 189 subawards to over 90 local organizations across 11 countries, each subaward ranging from USD \$29,000 to \$250,000, for a total amount of USD \$38 million. The purpose of these subawards was to support local organizational and technical capacity development with the ultimate goal of increasing the availability and use of quality health services. These subgrant activities were not simply to fund health project interventions, but to identify local partners and pair project implementation with targeted CS support to purposefully cultivate and diversify USAID’s local partner base. During the project, NPI EXPAND facilitated organizational capacity assessments (OCAs) as well as technical and organizational capacity assessments (TOCAs) for more than 30 organizations, co-developed a CS plan with each, and provided a variety of technical assistance and support to implement the CS plans.

In 2022, half-way through the NPI EXPAND project, USAID released a new [Local Capacity Strengthening Policy](#) (LCS Policy) to guide its approach to investing in CS. The LCS Policy emphasized a capacity strengthening indicator CBLD-9 previously introduced in 2019, under Principle 3 of the policy (plan and measure performance improvement). CBLD-9 seeks to measure the percent of USAID-supported organizations demonstrating improved performance; in 2023, USAID introduced a supporting output indicator, CBLD-11, which seeks to measure the number of organizations pursuing their own performance improvement priorities with USG CS support. Under these indicators, improved performance is not only conceived as more efficient or effective management and administration of an organization (like improved performance of financial management or human resources), but improvement in the interventions the local organization delivers (for health, this can include better quality services, more individuals reached with information, more uptake of services like family planning or HIV treatment, for example).

NPI EXPAND’s learning agenda included exploring how CS contributes to organizational performance. In 2024, the project’s final year, NPI EXPAND interviewed staff of seven local organizations that it had

Box 1. Local Capacity Strengthening: USAID Definition

Local capacity strengthening is a “strategic and intentional investment in the process of partnering with local actors—individuals, organizations, and networks—to jointly improve the performance of a local system to produce locally valued and sustainable development outcomes.”

USAID Local Capacity Strengthening Policy, 2022, pg. 2

funded for health and CS activities (referred to here as sub-recipients) about their CS journey with NPI EXPAND to contribute to the project’s learning question. NPI EXPAND solicited thoughts on what worked well, what capacity challenges remain for their organization, and what recommendations they have for the larger capacity development community and USAID for future CS efforts. NPI EXPAND also undertook a literature review on CS and interviewed four global CS subject matter experts (SMEs) to help frame and interpret feedback from its sub-recipients. This report does not aim to draw definitive causal links between investments in organizational capacity strengthening and health intervention outcomes, which would require a more robust research design and longer time frame. However, it does capture the achievements and reflections of several NPI EXPAND sub-recipients, contextualizes them within current global thinking and best practices on CS approaches, and provides some qualitative evidence on the effectiveness of CS approaches and their implication for overall organizational performance improvement.

2. CAPACITY STRENGTHENING CONSIDERATIONS

Organizational capacity is multidimensional and complex. It includes an entity’s ability to carry out administrative, managerial, and technical tasks, but goes beyond this to also encompass the capability to commit and engage, relate within the health system, attract support, adapt and self-renew, and balance diversity and coherence (Keijzer et al., 2011). Central to capacity is the ability of an actor (an individual, organization, or network) to “take action to design and implement solutions to local development challenges, to learn and adapt from that action, and to innovate and transform over time.” (USAID, 2022, pg. 2). In effect, capacity is highly linked to agency, creativity, and resilience.

This complexity and inter-connectedness of the elements associated with capacity, and the fact that capacity is strengthened in stages over time, presents a challenge in designing and evaluating CS endeavors. Efforts to focus on separate components of capacity are unlikely to provide a sound basis for CS strategies and interventions (Brinkerhoff and Morgan, 2009). Since capacity strengthening is a nonlinear process that is strongly influenced by a range of internal and external factors (Keijzer et al, 2011), providing technical assistance on CS requires an understanding of where the organization is starting from, helping them assess their capacity needs, and designing a tailored approach that considers how much support they can absorb and how quickly, allowing sufficient time to apply the skills they have strengthened (Haider, 2018). When assessing capacity, local organizations are often categorized along a continuum – labeled as nascent, emerging, and established – and the types of support they require may depend on the goals they set for themselves as well as their existing capacities. Organizations offering technical assistance to other organizations (often called technical assistance partners) should consider both the capacity strengthening needs local organizations identify as priorities, as well as the assets and resources they have at their disposal (Altschuld, 2015). Box 2 describes several elements of successful approaches to CS, as described by global SMEs.

Box 2. Elements of Successful Capacity Strengthening Approaches

- Demand driven and a clear sense of how the CS work aligns to organization's own long-term activities and goals
- Leadership/institutional buy-in; organization owns the process
- Interventions are based on the local organization's and local system's needs, and approach to CS is organic and flexible
- Sufficient resources and support (time, money, technical support) from the CS providing organization so the CS recipient organization can adequately focus on the CS work
- Use of adult learning principles
- Routine mentorship and coaching, including both in-person visits, WhatsApp exchanges – not just doing the assessment and plan and then leaving
- Honest, forthright relationship and trust between the CS recipient organization, and the organization providing CS technical assistance
- Ideally, fostering a network of organizations that are dedicated to learning and growing together to provide mutual support, share lessons learned, and strengthening a local technical assistance marketplace.

NPI EXPAND interviews with global CS experts

NPI EXPAND'S APPROACH TO CAPACITY STRENGTHENING

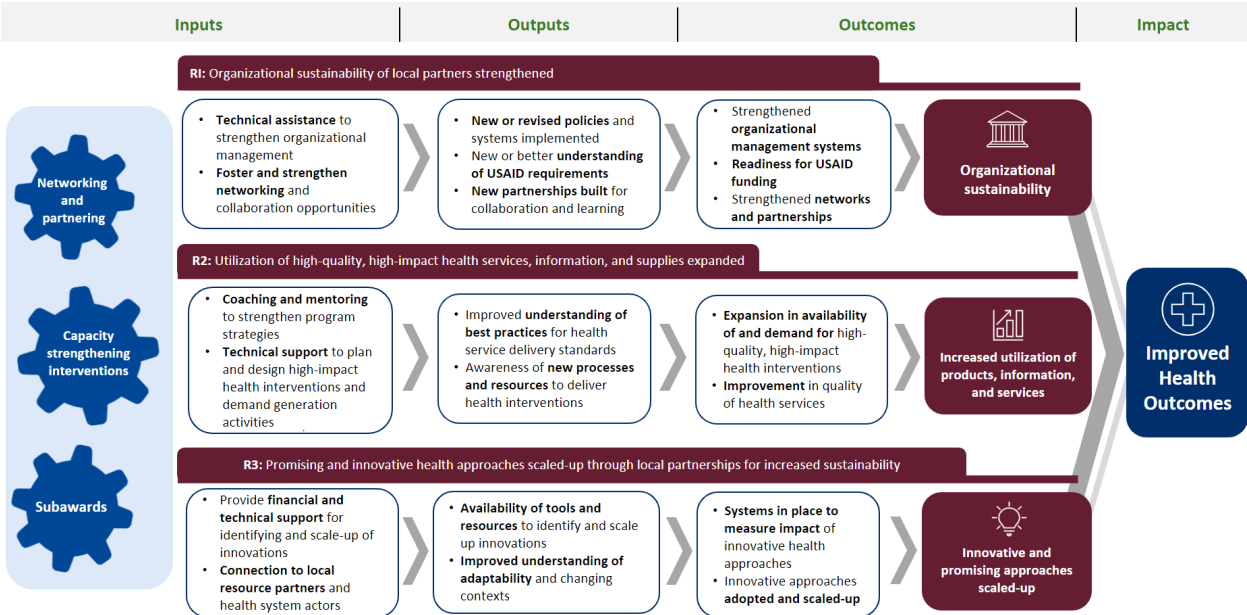
The overall objective of NPI EXPAND is to expand local partners' level of engagement in health service delivery while preparing them for direct USAID financial support through a comprehensive subaward grants program with targeted capacity strengthening support. NPI EXPAND's technical assistance to local partners is focused primarily on two types of capacity strengthening—**organizational** (focused on the structures, processes, and management systems) and **technical** (related to the areas of expertise/implementation by the organization). The project's theory of change (see Figure 1) posits that improved organizational and technical capacity of local organizations will in turn contribute to improved and sustainable health development outcomes.

From its onset, NPI EXPAND rooted its CS approach in global best practices and lessons learned from decades of CS experience, and as such, was already operationalizing much of what is reflected in USAID's 2022 LCS Policy. This includes deploying a variety of capacity strengthening approaches and interventions to support sub-recipients, such as:

- Facilitating OCAs/TOCAs as action planning tools and supporting organizations to develop CS plans
- Conducting group and team trainings

- Collaboratively designing and facilitating upgrades or adaptation of organizational processes
- Facilitating peer-to-peer learning
- Mentoring/coaching
- Financial support for self-directed learning and capacity strengthening

Figure 1: NPI EXPAND Theory of Change



The project’s capacity strengthening approach has been demand-driven, meaning CS plans and interventions were co-developed with the local organization and aligned to its organizational goals. CS plans are also meant to be holistic, including any topics of priority for the organization. This usually means CS plans are broader than what support NPI EXPAND (or other technical assistance partners) can provide but can also be used to drive other CS efforts, solicit additional assistance, and be useful to the local organization beyond the life of a specific technical assistance project. This approach increases ownership of the CS plan and reinforces the importance of achieving development outcomes that are locally led and are designed to support improved outcomes in organizational performance, sustainability, and adaptability.

3. METHODOLOGY

NPI EXPAND's learning agenda includes exploring the role of capacity strengthening in improving overall organizational performance and achievement of developmental outcomes. Specifically, this qualitative assessment sought to answer the question, "How does capacity strengthening contribute to improved organizational performance?" To contribute to the global knowledge base in CS, NPI EXPAND harvested experiences and insight from local sub-recipients and four global SMEs.

RESPONDENT SELECTION

The subject matter experts who were interviewed as key informants were selected based on recommendations from the USAID AOR team and Palladium staff. To select organizations to participate in small group interviews, the assessment team listed all organizations receiving capacity strengthening support from NPI EXPAND, and selected respondents such that the sample of NPI EXPAND grantees would have the following characteristics:

- Representation from a variety of countries within the NPI EXPAND portfolio.
- Had participated in a capacity assessment process with NPI EXPAND and developed a CS plan with support from the project.
- Were in the active implementation phase of a subaward from the project.
- Had received at least one year of organizational, technical and/or relational capacity strengthening support from the project.
- Represented a variety of experiences in capacity strengthening support received, including by level of intensity, type of capacity strengthening support, programmatic/technical health areas of the grantees, and organizational maturity level or length of time operating.

At the time of the assessment (beginning of fiscal year [FY] 2024), nine countries (Brazil, Ethiopia, Kenya, Liberia, Mali, Pakistan, Senegal, Tanzania, and Venezuela) were in active implementation phase. NPI EXPAND used purposive sampling to select grantees from each country that represented a range of the types and intensity of capacity strengthening support NPI EXPAND provided, and 36 NPI EXPAND partners met the above criteria. NPI EXPAND identified ten organizations for interviews based on NPI EXPAND's time and resources available to conduct key informant interviews (KIIs), and availability of local organization staff familiar with their organization's CS efforts to serve as respondents (a few did not have staff still with them who had participated in the CS work). As a result, seven local organizations were available and interested in participating in this assessment. The seven organizations interviewed were from the following six countries: Brazil, Ethiopia, Kenya, Mali, Senegal, and Tanzania.

Ideal respondents from the organizations were staff who were deeply familiar with the capacity strengthening support provided by NPI EXPAND, the process of developing and implementing a capacity strengthening plan, the performance metrics selected by the organization and the organization's contextual factors. The level of staff involvement varied by partner; therefore, NPI EXPAND country teams coordinated with selected grantees to identify the most involved participants to engage as respondents. This included program leads, monitoring and evaluation point persons, or executive

directors in the countries where that role is the most heavily involved in capacity strengthening efforts. The type of available respondents informed the type of discussion, which were at times KIs and other times, small group interviews. The total number of participants per organization varied, with interviews often including either one or two members of the organization. NPI EXPAND attempted to interview two grantees from each country that met the above criteria; however, only seven partners ended up responding and making themselves available for the interviews.

DATA COLLECTION

Potential respondents were emailed and invited to participate. Their response to the email agreeing to participate constituted informed consent and was saved for record-keeping. The interviews were all conducted virtually using Palladium's Microsoft Teams platform. All interviews were audio-recorded and auto-transcribed by the Teams program. The interviews were conducted in the working language of the respondents (English, French, or Portuguese). Interviewers were NPI EXPAND staff familiar with CS and the sub-recipients' engagement with the project but didn't directly work with them. When possible, each interview also included a notetaker to accurately capture minutes of the interview.

Interviewers followed a set question guide and protocol to lead the discussion, using open-ended questions to solicit substantive responses. Each question included a set of probes that were used only after the respondent finished commenting on any topic to ensure that no factors of interest were missed. See Appendix A for a full list of interview questions.

Interview responses were organized to highlight key topics pulling out any recurring themes or relevant key words.

At the root of CBLD-9 and USAID's investments in capacity strengthening, is the desire to see CS interventions enable an organization to achieve more programmatic impact. USAID's LCS Policy articulates this as follows:

- Organizational capacity is a form of potential
- Capacity is not visible until it is exercised
- Therefore, to truly measure capacity, one must measure improved performance
- Performance is the extent to which the organization can meet its intended (programmatic) outcomes; the desired performance improvement does not stop at the output level (e.g., an SOP produced, improved financial processing times, reduced staff turnover)

To investigate whether any link could be inferred, NPI EXPAND reviewed data from partner respondents' organizational performance indicators, to see if the data correlated to any of the self-reported responses regarding improved performance. However, the limited data available and the short timeline under which it was collected was not helpful to draw any overarching conclusions or supplement the broader qualitative narrative.

To contextualize the local organizations' feedback within global perspectives on CS, NPI EXPAND interviewed four global SMEs known to the project, two from USAID and two from Palladium (one US-

based, one Kenya-based), each working in the field of capacity development. Each SME has substantial experience with organizational performance and delivering capacity strengthening support in the context of localization (especially with USAID funding) and/or has contributed to thought leadership efforts in CS. Select SME reflections are integrated throughout the findings and discussion sections below.

ETHICAL CONSIDERATIONS

Participation was voluntary. Each respondent provided context-specific answers in their interview responses about their organization, activities, and geographic context as well as organization-specific information about their capacity strengthening objectives and performance improvement plans. For this reason, the data could not be de-identified. However, the assessment team took all possible precautions to maintain respondents' privacy and the confidentiality of the information they provided. Only members of the assessment team had access to the data, which are saved on Palladium's encrypted cloud server.

4. FINDINGS

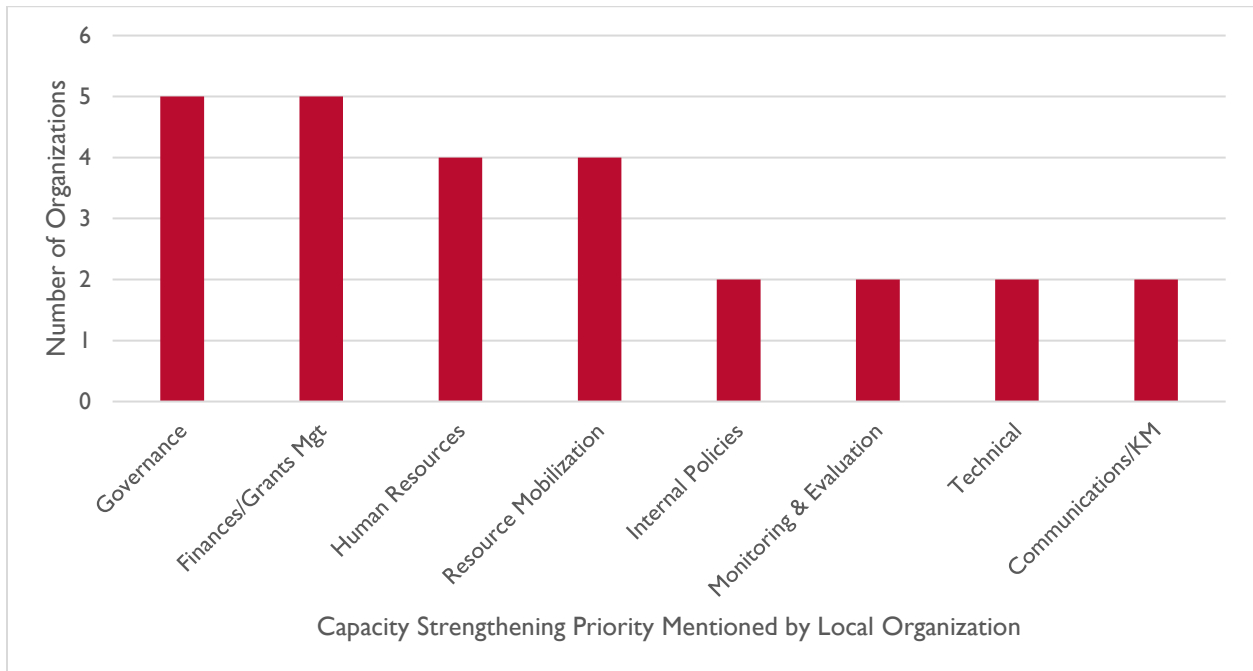
TYPES OF CAPACITIES LOCAL ORGANIZATIONS WERE AIMING TO IMPROVE

Respondents were asked to reflect on their original capacity assessment at the onset of NPI EXPAND collaboration and talk about what the organization had identified as their capacity strengthening priorities. The two most common CS needs mentioned (5/7) were related to **governance** (e.g., board development, strategic planning), and **financial and operational management** (e.g., procurement procedures, grants management, addressing indirect costs, putting in place a financial management system/new software) (see Figure 2). **Resource mobilization** (including proposal writing), and strengthening **human resources** (e.g., hiring, succession planning, job descriptions) were the next most-mentioned need (4/7).

Two organizations requested support to develop **internal policies**/standard operating procedures (SOPs), with one specifying gender/gender, equity, social inclusion (GESI) policies. **Knowledge management/communications**, and **monitoring and evaluation (M&E)/data** were mentioned twice each as well. Only two organizations mentioned a **technical** area for capacity-strengthening (e.g., family planning, social accountability), suggesting that local organizations felt at the onset that improving their management/administrative capacities were their priorities.

Capacity strengthening approaches are increasingly integrating asset-based framing, which seeks to capitalize on what an organization has (assets) rather than merely investing in rectifying deficits (UN-HABITAT, 2008). Generally, NPI EXPAND partners prioritized "fixing gaps" rather than leveraging existing assets in setting their capacity strengthening priorities. This may have been due to the framework of the OCA tool which is similar to an audit or other risk management assessment tools that focus attention on fixing problems to get a "clean" assessment rather than investing in capacities that are of the greatest strategic benefit to the organization. Two of NPI EXPAND's more mature local partners in Tanzania had had success working with other local organizations in a consortium and they wanted to build those relationships by improving their capacity to issue and manage subawards. In response to this request, NPI EXPAND helped to build their grant-making capacities and provided additional funding for them to subaward to other local organizations, thus building on and expanding their role in the local development marketplace.

Figure 2. Local Organization CS Priorities at Onset of Collaboration



SETTING CAPACITY STRENGTHENING PRIORITIES

The sub-recipients were asked about how (and by whom) the priorities for capacity strengthening in their CS plan were set. The respondents mentioned the priorities were set to respond to gaps the organization identified (often through an OCA-assessment, or a specific organizational request). They stated these priorities were set by the leaders/managers of their organization in collaboration with NPI EXPAND, but the level of discussion between the organization and NPI EXPAND varied, with some saying it was a “back and forth” and others saying they set the priorities themselves with some external input. In one instance, the organization also involved government stakeholders. Several mentioned they felt it was very participatory and a few alluded to larger organizational engagement beyond just leadership.

“As we advanced [in our CS plans], we perceived how NPI [EXPAND] was near and close to our objectives...we were completely aligned. At the end, [of the work] we became friends.”

Respondent from sub-recipient organization

Interviewers then asked respondents if there were any expectations or priorities set by NPI EXPAND that did not align with their own organizational goals. No organization mentioned any misalignment between NPI EXPAND and their organization – most organizations specifically mentioned they felt the process was very participatory and that NPI EXPAND provided support to the priority setting process but didn’t impose its own views. Most respondents described NPI EXPAND’s role as facilitating and

guiding the partner to identify the gaps they cared about most and those that could be addressed with currently available resources (through NPI EXPAND or other organizational resources) and would have the most impact on the organization if tackled first.

CAPACITY STRENGTHENING SUPPORT RECEIVED

NPI EXPAND interviewers asked the local organization respondents to detail what type of capacity strengthening support they received, and how they received it (CS methodologies used). Generally, the respondents reiterated the capacities they started out wanting to improve (see above) were the type of CS support they received, with a few specifically mentioning support in developing an organizational strategic plan, formulation of budgets, governance (e.g., supporting board development), improving data management systems, and technical/topical training (e.g., social accountability). In some instances, the local organizations came to NPI EXPAND at a later point in time with additional requests for CS to respond to new organizational needs. Where possible (including where funds allowed), NPI EXPAND supported these additional requests. For example, one local organization originally requested assistance with financial assessments, but then as NPI EXPAND started to work with them on strengthening their financial systems, it was revealed they needed to adopt a more sophisticated accounting software (QuickBooks), and NPI EXPAND helped them to do this.

CS support was delivered through a variety of methodologies including:

- Reviewing and providing feedback on documents
- Hands-on demonstrations or collaborative work
- Virtual and in-person trainings
- Facilitating processes or development of plans (e.g., strategic plans, resource mobilizations plans)
- Sharing information resources

The frequency of interactions was not specified by most, but one organization mentioned meeting every two weeks to discuss progress against their CS plan and another mentioned NPI EXPAND staff sometimes visiting their office for hands-on assistance, or even accompanying the sub-recipients during their work with their own grantees to provide real-time feedback and coaching.

Sub-recipients were also asked which CS activities were the most useful. Opinions were mixed. One respondent highlighted the support for internal policy development and training on gender issues. Another said efforts to help with organizational structure (i.e., governance) and systems, which they felt would help with their sustainability. A third organization couldn't point to a hierarchy, noting:

“I wouldn't say one was more important than the other...[I would] just say that... almost all of them are very important.”

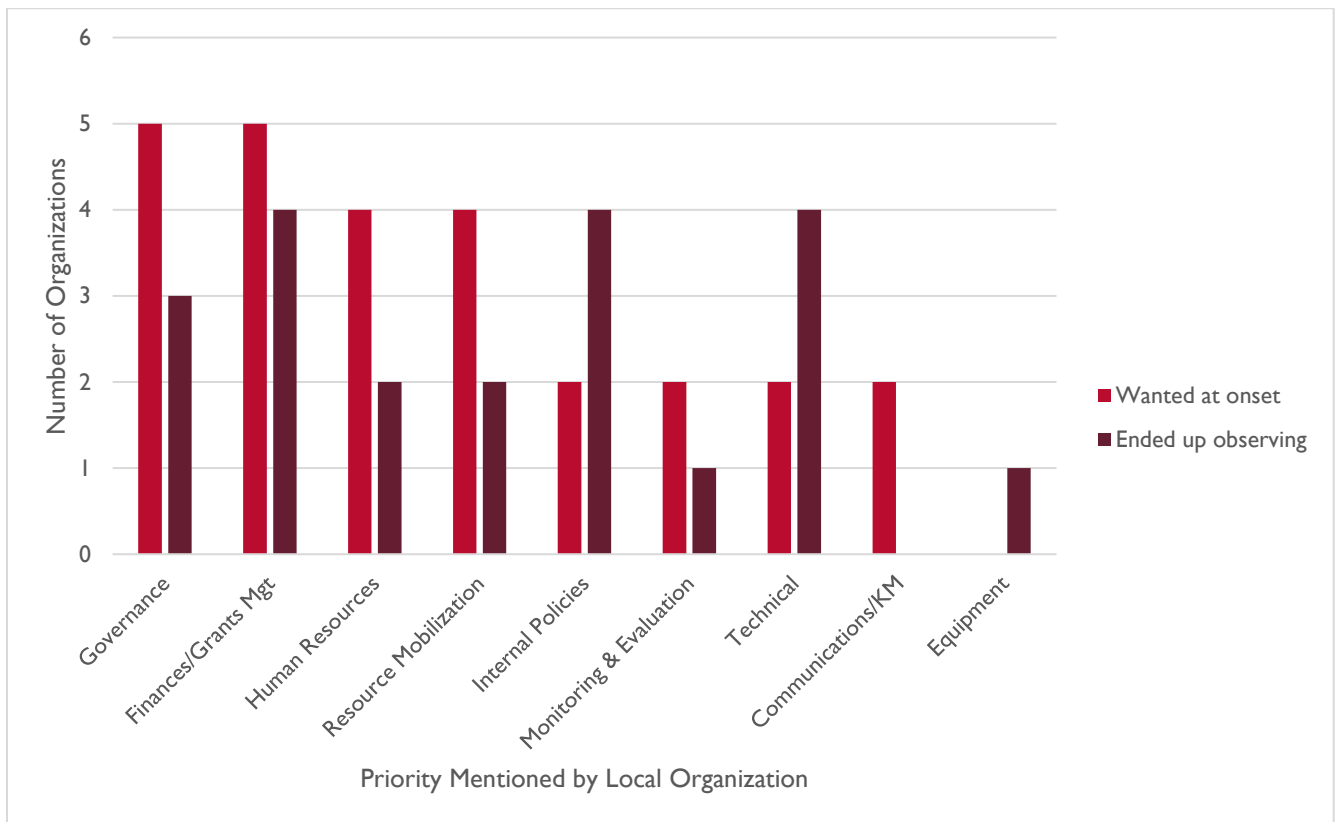
Respondent from sub-recipient organization

With respect to the best CS approach/methodology, respondents did flag that training was certainly not enough, and one was explicit that they had bad experiences with global implementing partners that only focused on training, saying they didn't feel they experienced any significant improvements with this approach. Respondents pointed to hands-on support as really meeting their needs, through such things as routine meetings with NPI EXPAND coaches/mentors, as well as using consultants to help them with specific tasks like drafting a human resources (HR) manual. Two respondents described the in-person support – accompanying the local organization on program activity implementation and linking organizational strengthening with project activity to promote learning-through-doing – as being particularly well received. Although training alone was not an appreciated methodology, one organization did comment that the virtual and face-to-face technical trainings they received were “extremely important for strengthening our work.” The variety of perspectives on CS methodologies confirms the current global thinking that CS plans need to use a variety of methodologies, and that there is a place for all CS approaches (USAID, 2022).

SELF-REPORTED ORGANIZATIONAL CAPACITY IMPROVEMENTS

Respondents were asked if they observed capacity improvements within their organization after receiving NPI EXPAND support. The majority (5/7) of respondents highlighted improvements in financial management, procurement, and grants management, with some specifying the development of internal policies or manuals (e.g., procurement policy, and finance manuals) (see Figure 3).

Figure 3. CS Priorities at Onset vs CS Observed



Two organizations mentioned improvements in governance (e.g., adequately constituted and oriented Board of Directors). One specifically mentioned mainstreaming gender and social inclusion into their routine activities. Several expressed confidence in developing or revising tools/manuals internally in the future. One organization went on to describe how it is replicating these skills with its own local partners/grantees, such as taking them through an OCA, and helping them develop their internal financial and M&E systems. Another organization mentioned they had recently completed USAID’s Non-U.S. Organization pre-award Survey (NUPAS) assessment and saw results and improvements in nearly all areas they had hoped to improve upon, particularly governance and their accounting processes.

“I think we are now more structured too and we stand a better chance now to implement programs more effectively and with the with now some level of coordination and the board. The board is also playing its role and so I think we have a point where everyone, the organization, every part of the organization knows what is expected of them. I think that is a big achievement for us as a grassroots organization.”

Respondent from sub-recipient organization

Although strengthening technical capacities did not arise as a priority in the onset of their collaborations with NPI EXPAND, five of the seven sub-recipients stated that interactions with NPI EXPAND enhanced their technical offerings and/or technical delivery of their programs. For example, one group mentioned NPI EXPAND assisting with developing a tool for integrating health services that the sub-recipient then used to train community health workers for use in day-to-day activities, which also assisted with collecting data.

“We feel we are now more organized to implement programs...it’s very clear who [does what] from the administrative and executive level...we are now more structured too and we stand a better chance now to implement programs more effectively with now some level of coordination.”

Respondent from sub-recipient organization

NETWORKING

A key objective of NPI EXPAND’s capacity strengthening approach is to support local organizations’ ability to expand their networking and collaboration within their local system. This is because it is important to recognize that development challenges will only be solved within a network or local system, not through stand-alone action. Each actor within a local system can contribute different skills, strengths, and resources to address local health challenges (USAID, 2022), thus strengthening local capacity to network and collaborate to optimize coordination and joint action is more likely to yield sustainable solutions and impact. Global literature points to many ways networking adds to organizational resilience. Organizations that are deeply embedded in the local business and cultural context are better positioned to understand and address community needs (Batti, 2014), they may be better positioned to anticipate and adapt to changes in the funding landscape (Guttentag & Renoir,

2018), and networking may allow organizations to obtain skills and knowledge they may not otherwise achieve independently (Gonzalez Morganti et. al, 2012).

NPI EXPAND developed different networking strategies according to the local context within which each sub recipient was working. While NPI EXPAND issued separate awards to multiple local organizations, wherever possible, awardees were organized into consortia, technical working groups, and/or informal groups that met to confer over common implementation issues. For example, in Kenya, the local partners worked closely with the county government as a key steward of project activities, as well as with different community structures and health providers. In Pakistan, NPI EXPAND awardees were organized into education and health working groups, which worked closely with technical and regional ministries. In Senegal, NPI EXPAND established a completely new local entity, 3CAP Sante, comprised of local advocacy organizations who were organized into technical “clusters” around different advocacy objectives. The Senegal effort also conducted a formal organization network analysis (ONA) to provide a baseline picture of working relationships among these organizations. The ONA was useful to the 3CAP Sante to guide strategies to increase relational strength and resilience of the entire group and its individual members.

When asked if their CS activities had any bearing on how their organization worked with local actors, across the board, the respondents noted that their work with NPI EXPAND also broadened their network and developed more or deeper connections with other organizations and/or government. Two linked these improved relationships to new resource mobilization opportunities, two linked their partnership building to scaling up their interventions to other geographic areas (by either themselves or another organization), and one highlighted specifically their investments in monitoring, supervision, and grant management skills helped them to coordinate better within the local system.

“I can say we have come across new partners with whom we are trying out different things... [We] put a proposal together in January... with a partner that we had not worked with before.”

Respondent from sub-recipient organization

PERFORMANCE IMPROVEMENT

SELF-REPORTED ORGANIZATIONAL IMPROVEMENT

Each sub-recipient had different indicators and approaches to measure their organizational performance. Sub-recipients used internal management indicators (e.g., financial performance indicators), organizational-strengthening output indicators (e.g. the number of policies developed), and project performance indicators (e.g., number of people reached with health messages or provision of contraceptives). Organizational metrics were set based on OCAs/TOCAs, strategic plans, or other internal processes; programmatic metrics were either set by the project or in one case, these were standard country government metrics. In all but one case, sub-recipients said they set the metrics themselves (when not government standard indicators), in collaboration with NPI EXPAND. Sub-recipients emphasized that metrics should be very context- and organization-specific and determined in a participatory manner. A couple of respondents specifically mentioned needing to develop indicators that measure programmatic results or impact. USAID’s guidance on measuring performance improvement under [CBLD-9](#) encourages flexibility in selecting organizational performance measurement

indicators, to ensure they are context specific and relevant to the organization receiving CS. However, CBLD-9 discourages a focus on process or output indicators as those will not capture actual performance improvement.

All sub-recipients described their capacity strengthening efforts as being successful, describing their organizational progress with positive phrases such as having “made progress,” or “met goals.” A couple paired this with acknowledging there is more work to do, while others were more unequivocal:

“I think this has generated fantastic results, exceeding the expectations of our organization.”

Respondent from sub-recipient organization

When asked whether anything might have affected their performance improvements, only four organizations responded. Three mentioned staff shortage or turnover, and three mentioned the external/country context, such as political instability/conflict. Other comments included a general lack of human and financial resources to implement their capacity strengthening activities, and how project-based funding impacts longer-term efforts when funding is interrupted.

Project-wide, from 2023-2024, 61 grantees in Brazil, Ethiopia, Kenya, Mali, Pakistan, Senegal, and Tanzania reported that they were pursuing their own performance improvement priorities with USG capacity strengthening support (USAID indicator CBLD-11). Of the 45 NPI EXPAND grantees whose performance metrics were tracked from 2023-2024 for USAID indicator CBLD-9, thirty-six (80 percent) reported improved performance. These were from Brazil, Ethiopia, Kenya, Pakistan, Senegal, and Tanzania.

REVIEW OF PROGRAMMATIC METRICS

With the release of USAID’s LCS Policy (2022), the international development community is now exploring how we can measure improved organizational performance and draw causal links between capacity strengthening and local organizations’ performance within their local system. In effect, we seek to ask and answer if the investments in capacity strengthening results in local organizations reaching more people, delivering more services, advocating more effectively, and ultimately, impacting the health indicators in its environs.

Unfortunately, there are multiple challenges to correlating CS and programmatic performance improvement, including:

- The timelines often used to monitor programmatic performance after CS investments are usually short – a year or two
- External factors can heavily influence a local organization’s delivery of health interventions, for example, weather events, disease outbreaks, political instability
- The terms of a subaward itself will influence programmatic delivery; if the subaward funds both CS and project implementation, it is likely the organization will have better results reported against program metrics because funds are supporting additional activities

NPI EXPAND reviewed the programmatic indicators of the seven sub-recipients it interviewed to see whether the data could add helpful information to the narratives surrounding their CS journeys. Below we have provided some illustrative and anonymized information to retain confidentiality while still illustrating the challenge of distilling the influence of CS on programmatic performance.

Organization A

Organization A tracked three indicators that they linked to their performance goals: (a) the number of clients they were serving through the sale of a water, sanitation and hygiene (WASH) product; (b) provision of contraceptive methods using a standard family planning indicator – couple years of protection (CYP), which counts the number of years the acceptor is protected from pregnancy and accounts for different contraceptives having a different typical duration of use; and (c) how many individuals were estimated to be reached with health messaging by various media channels such as radio, TV, online, print, community dialogues, or interpersonal communication (see Table I).

TABLE 1. ORGANIZATION A PROGRAM METRICS

PERFORMANCE INDICATOR	FY2021			FY2022				FY2023				FY2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
# of clients served (WASH intervention)	ND	218	290	120	210	182	15,234	614	0	0	275	514
# of couple years of contraceptive protection (CYP) provided	10,379	23,952	22,159	13,772	15,822	20,405	29,261	12,759	16,215	18,831	27,547	8,273
# of individuals exposed to health messages through various media	ND	ND	ND	ND	ND	ND	ND	287,935	210,427	557,437	3,142,563	314,860

Unfortunately, the data do not provide a straightforward narrative for any of these indicators. For example, Organization A’s WASH indicator shows an astronomical increase in FY22 fourth quarter (Q4); this was because a commodity was about to expire and so was given away for free. However, no units were provided for half of FY2023 due to stockouts of the product. If one omits FY22 Q4 data as an anomaly, and looks at annual provision, it seems like performance is improving – in FY22, 512 units were provided over three quarters; in FY23, 889 units were provided; and in the first quarter of FY24, 514 units were provided, leading to a logical assumption that if the indicator tracking continued, the organization will likely surpass FY23 indicators.

However, the CYP indicator for Organization A is uneven, and it does not suggest an increase in clients served over time (see Figure 4). FY2022 data were higher than FY2021 and FY2023 was higher than FY2021 but lower than FY2022. A trendline indicates service provision of CYP was essentially flat.

Finally, the number of people reached with health messages increased over each quarter in FY2023, i.e., programmatic performance improved, but this could be attributed to more funding going towards media buys (see Figure 5).

There is no pre-intervention data to hint at the organization’s previous performance in any of these indicators – NPI EXPAND started working with this organization in FY2021.

Figure 4: CYP Provided by Organization A with Trend Line

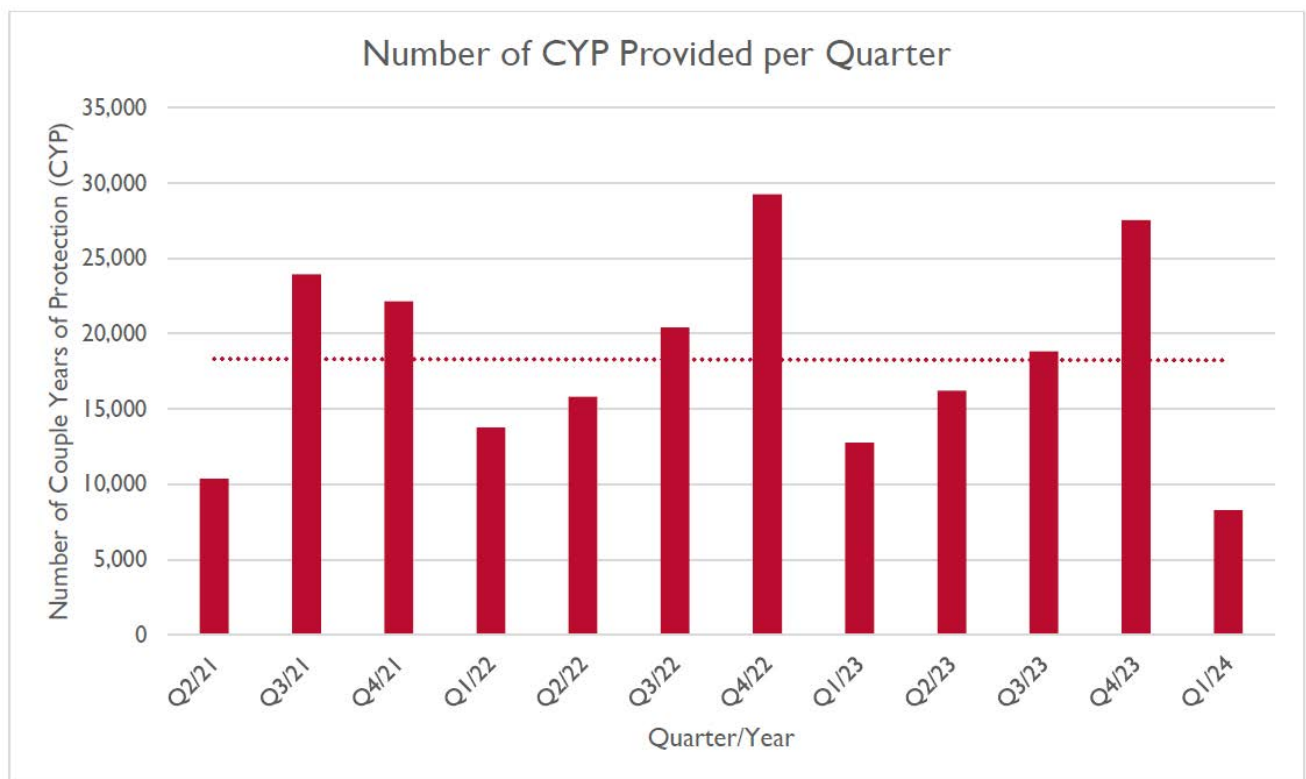
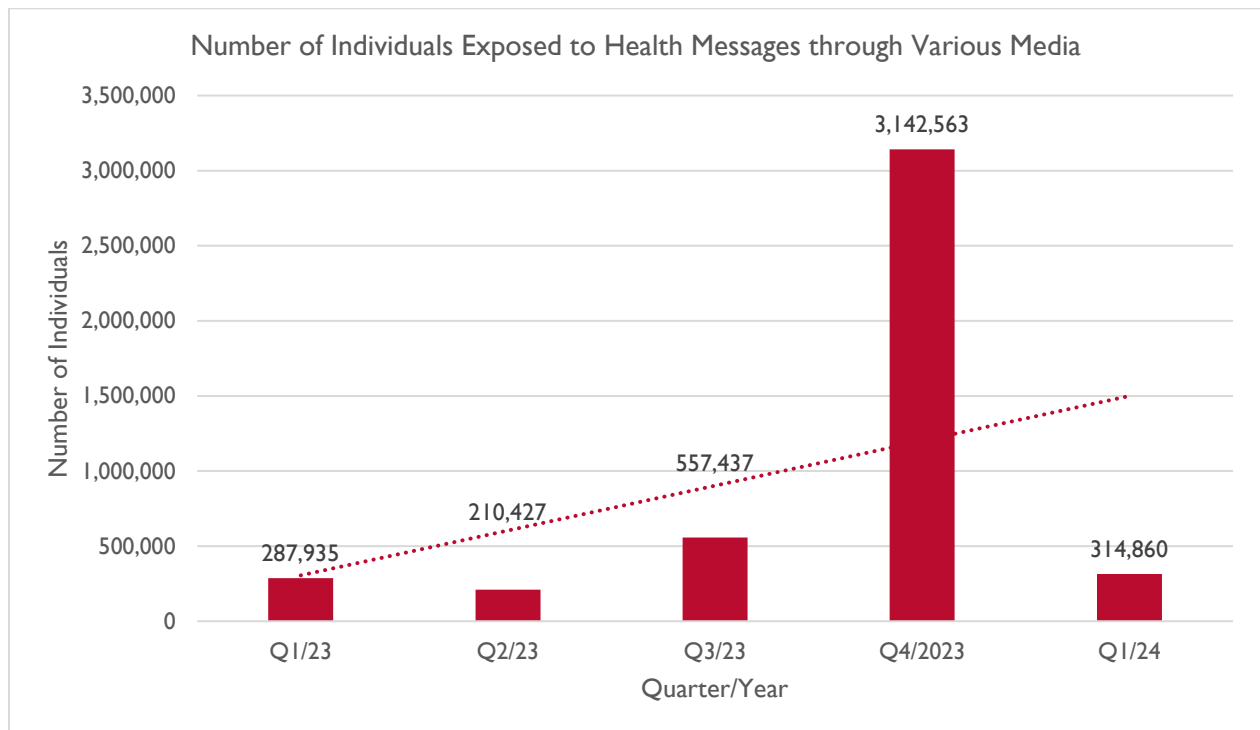


Figure 5: Number of Individuals Exposed to Health Messages through Various Media



Organization B

Organization B was conducting community mobilization interventions and providing quality improvement-related support to government-run health service-delivery sites. These sites solicit client feedback on the quality of services on a quarterly basis. Table 2 (next page) provides the community feedback scores the facilities received during the period in which Organization B received funding from NPI EXPAND to both strengthen its own capacity, as well as provide quality improvement interventions to the health facilities. Table 2 shows that for all indicators, performance by Q1 2024 is higher than at the beginning of the NPI EXPAND support a year previously (note that Q4 2023, client feedback was not solicited by the facilities). Theoretically, these data trends lend evidence that the organizational strengthening that occurred during this period contributed to improved programmatic performance. However, looking at the performance data does not take into account what else might have happened in those catchment areas to influence positive trends – external circumstances could have either facilitated or limited these gains.

TABLE 2. ORGANIZATION B PERFORMANCE METRICS

	FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1
1. Client received caring, respectful, and compassionate care (percent who agreed)	55%	67%	69%	ND	66%
2. Acceptable waiting time (percent who agreed)	53%	67%	67%	ND	69%
3. Medicines, supplies, diagnostic services available (percent who agreed)	47%	61%	65%	ND	65%
4. Infrastructure acceptable/available (electricity, water, rooms) (percent who agreed)	51%	66%	70%	ND	63%
5. Ambulance available/managed well (percent who agreed)	44%	58%	64%	ND	63%
6. Health center was clean and safe (percent who agreed)	57%	71%	73%	ND	73%

CHALLENGES IN GAUGING PERFORMANCE IMPROVEMENT

In summary, the health indicators reported by the local organizations over the duration of their subawards were not sufficient to support conclusions regarding the impact of capacity strengthening on programmatic performance due to the highly contextual nature of the data, difficulty in mounting rigorous studies to determine attribution, and unavailability of documentation on organizational performance prior to NPI EXPAND collaboration. Nonetheless, all the NPI EXPAND sub-recipients interviewed reported they felt their organization was more structured, stronger, better positioned, exploring new funding opportunities, and had improved networking skills within their local system due to the CS investments. A few provided specific comments about how they felt external actors were perceiving their work. For example, Organization A relayed that *“the MoH was so impressed with the results that they are planning to scale up the campaign in other districts...and are looking for additional partners to support [our] work.”* Another organization also reported that external actors saw them as having improved in their work: *“I think [we] successfully met [our] goal set by improved data quality and positive feedback from stakeholders, including community and government counterparts.”*

SUSTAINING GAINS AND FUTURE CS GOALS

When NPI EXPAND interviewed the respondents on what they needed to sustain the organizational improvements they had achieved, and what areas they thought they could benefit from more capacity strengthening support, **resource mobilization** was of primary concern. One organization elaborated, explaining that even when you attend trainings on resource mobilization, they are not practical: *“they actually tell you fantasy-like things [that your organization can’t implement].”* While they didn’t elaborate, it could be that generic resource mobilization trainings may be too high-level, assume that local organizations have greater business development capacity than they do, or are not attuned to the actual chances of the local organizations have of obtaining funding. In effect, resource mobilization (and any trainings in general) need to be tailored to the capacities, vision, and unique position of the organization(s) within the local system. Another organization noted having an in-house resource mobilization expert would have been helpful.

Some commented on the fact that there was not enough time to implement and/or the grant amount didn’t cover activities to fully actualize organizational changes (such as rolling out and training on newly created internal policies). They emphasized that adequate staff and financial resources are needed to fully institutionalize changes, particularly when staff are largely assigned to one project.

There were also some concerns about sustaining the CS efforts in the face of staff turnover, and the need to support and train new staff that join the organization.

Three organizations also highlighted the need for more support in M&E and reporting to donors so they could better track, monitor, and report on their work.

ROLE OF DONORS AND INTERNATIONAL ORGANIZATIONS IN LOCAL CAPACITY STRENGTHENING

Capacity strengthening for local organizations remains a priority area for USAID; the global community is likely to see both CS-oriented projects like NPI EXPAND as well as the overall integration of CS objectives within other USAID health and other sector activities. NPI EXPAND asked its sub-recipients

what USAID and the international community should focus on going forward to support the capacity strengthening of local organizations, so it leads to performance improvement.

One respondent emphasized that local organizations need support in establishing multiple “essential pillars” of a strong organization (e.g., if they do not have good governance, it cannot go far). OCAs/TOCAs tend to highlight six key areas or pillars: governance; financial management and administration; human resources; networking; monitoring, evaluation, and learning; and technical expertise. International partners can be particularly helpful in facilitating organizational capacity assessments, coaching through blind spots, and linking local organizations to best practices, useful tools, or SME consultants to support local organizations holistically.

Specifically, four respondents emphasized the need for more support on resource mobilization, including proposal writing, sustainability planning, navigating the USAID bidding/contracting process, and how to deal with indirect rates. Two organizations recommended more assistance in M&E such as USAID reporting, self-evaluations for continuous improvement, and integrating indicators from different projects into a single M&E system for data management and more holistic understanding of organizational impact. The multiple reporting structures and templates local organizations must contend with can be overwhelming, and they would prefer it if reporting could be simplified.

When asked about any final reflections, sub-recipients reiterated the need for more resources, diversified funding, and for donors (particularly USAID) to reflect on their own procurement processes to make it easier for smaller (nascent or emerging) organizations to apply for funds. There was also a comment from one respondent that it would be helpful for donors to revisit indirect cost rates and policies, as the ability to have project funding support indirect costs allows organizations to build and maintain their organizational structure and capacities. As of October 1, 2024, USAID will now allow organizations which do not have a negotiated indirect cost rate agreement (NICRA) to incorporate a 15% charge for overhead (previously only 10%) into their budgets (called a de minimus indirect cost rate). This can be used for many organizational overhead costs, including CS activities or hiring their own CS consultants.

“We would request if USAID could also make sure that as they advertise... that they also have consideration for, would call ourselves, smaller organizations, so that we are not always locked out of large funding [opportunities].”

Respondent from sub-recipient organization

5. DISCUSSION AND LESSONS LEARNED

The feedback from the NPI EXPAND sub-recipients validated the current state of thinking in local capacity strengthening, including key principles and guidance put forth in USAID’s LCS Policy. Sub-recipient reflections, as well as NPI EXPAND’s overall programmatic experience, also underscores the need for the global CS community to reflect more on how to assess the links between CS investments and local organizations’ improvement in programmatic performance.

CAPACITY STRENGTHENING MUST BE OWNED, EMBRACED, AND DIRECTED BY THE RECIPIENT ORGANIZATION

ORGANIZATIONAL CAPACITY ASSESSMENTS

Best practices in CS start with a participatory and appreciative capacity action planning so that the current capacities, performance goals, and prioritized capacity strengthening activities to meet performance goals are clearly articulated. NPI EXPAND found that a **self-assessment** approach, involving multiple organizational actors and emphasizing that CS funding is not linked to pre-determined priority activities, enhanced ownership over the process and results. To achieve programmatic impact, the local organization may also want a technical component to its OCA (TOCA). Providers of capacity strengthening assistance should note that local partners may experience **assessment fatigue** if they have been recipients of CS from multiple organizations/donors. This is a growing risk given the increased attention on and funding for CS, particularly by USAID. CS providers should consider building on findings of recent assessments, using abbreviated or tailored assessments or facilitated prioritization conversations, and/or using existing CS plans as their roadmap for further investments in CS for local organizations.

In NPI EXPAND, there were instances where the OCA/OPI process was skipped, and an existing sustainability or capacity strengthening plan was used to guide capacity strengthening activities. In NPI EXPAND Brazil's program we had many local partners with a short period of engagement, so they use Strengths, Weakness, Opportunities, Threat (SWOT) analysis to prioritize needs and guide selection of a limited number of capacity strengthening activities that could benefit the greatest number of awardees. and guide selection of a limited number of capacity strengthening activities that could benefit the greatest number of awardees. and guide selection of a limited number of capacity strengthening activities that could benefit the greatest number of awardees. and guide selection of a limited number of capacity strengthening activities that could benefit the greatest number of awardees.

OWNERSHIP OF THE PROCESS

Capacity strengthening should be demand-driven. The local organization should be firmly in the driver's seat at the onset, from the baseline assessment, setting the CS priorities in-line with their organizational goals, and ongoing reflection of progress and monitoring success. This includes establishing a process for the CS recipient organization to provide timely and honest feedback to the CS provider, so both entities can pivot and adapt as needed to meet the recipient organization's needs and achieve its performance goals. CS providers should also be fully cognizant of their duty of care (do no harm) to local organizations, their responsibility to anticipate, mitigate, and manage unintended consequences of local capacity strengthening (LCS Policy Principle 6), and intentionally embrace mutual learning. It is also pivotal that local organizations fully understand and embrace a health project that has a CS dimension; some may not be interested in or understand such a scope. Implicit in this is the need to ensure the whole organization is engaged and on-board, not only key leaders, since organizational capacity strengthening will require changes at many levels. As such, it is important to spend time up front discussing the scope of work and performance goals with diverse members of the organization, to ensure broad input into and understanding of the CS plan and ensure that prioritized activities will have the adequate staff time, resources, and buy-in to be accomplished, with the support of the CS provider. Obtaining buy-in and participation from local partners is critical, both in terms of understanding the project's capacity strengthening objectives, and in performance measurement. Some local partners may

not be interested in or understand the scope of a health program that has a CS aspect: clarity around the scope of work and performance goals is important to reduce confusion and ensure mutual understanding of the CS journey to be undertaken, if a CS journey is to be undertaken at all. Programs should also respect the choices of local organizations that don't feel they have CS needs and who want to focus on program implementation. Alternatively, local organizations may feel they can manage their own CS needs by gaining implementation experience or managing CS internally.

FLEXIBILITY IS ESSENTIAL

Capacity strengthening efforts need to be flexible and responsive to the local organization, both at the onset when determining CS priorities, and throughout the process as additional technical assistance/capacity priorities might emerge and as feedback is received. It is notable that the profile of sub-recipient CS priorities at the onset of their interaction with NPI EXPAND differed from what capacities they ended up strengthening. Likewise, the organizations had differing opinions as to which CS methodologies/activities they found most helpful. These experiences reflect comments from SMEs that CS cannot be donor or partner-imposed; CS needs to reflect and respond to the local system's needs.

LOOK OUT FOR BLIND SPOTS

During the capacity assessment process only two out of the seven organizations flagged technical CS as a goal, whereas over the course of their partnership with NPI EXPAND, four organizations received technical CS (refer to Figure 2 above). This was not isolated to these respondents – NPI EXPAND observed this general tendency across the project (Barnes, 2023), where local sub-recipients almost never talked about technical CS needs at the onset. This could be due to a general perception that capacity strengthening is primarily about improving management, organizational systems, financial and procurement protocols, and compliance with donor regulations. As such, when first asked about CS priorities, a local organization might not immediately think through its technical offerings or other capacities/opportunities for growth. Another possibility is that organizations may overestimate their technical capacity or are hesitant to identify any potential gaps lest it harms its reputation. Or it could simply be that organizations with global or regional footprints providing CS technical assistance can make observations and introduce new tools and approaches that worked elsewhere for local organizations to consider adapting for their context – in effect, one does not know what one does not know. No matter the cause, organizations providing CS support have a unique opportunity to support technical excellence and other types of capacity beyond organizational policies and processes, which in turn will improve performance.

A COMBINATION OF CAPACITY STRENGTHENING APPROACHES SHOULD BE USED

NPI EXPAND deployed a variety of fit-for-purpose CS methodologies, which is in-line with current global thinking (see Box I). The diverse feedback from sub-recipients on which CS approaches worked best for their organizations (i.e., different organizations appreciated different CS approaches) underscores the need for CS providers to have many “tools in their toolbox” and align their methodologies with what will fit best to the local organization's current context and CS goals. That said, mentoring and learning-by-doing seemed particularly well-received.

LINKING CAPACITY STRENGTHENING TO PROGRAM PERFORMANCE IMPROVEMENT IS COMPLICATED

The international CS community needs to grapple more directly with how structured projects can be in measuring and correlating capacity strengthening and programmatic performance improvement (NPI EXPAND, 2024). Relying on short-term program metrics to determine whether an organization's capacity was genuinely improved is not sufficient, particularly when looking at short timeframes and multiple indicators. CS providers should consider using other qualitative approaches such as result harvesting or Most Significant Change (NPI EXPAND, 2024) assessments, although these require additional resources, including experienced facilitators. Likewise, adaptive capacity strengthening based on real-time needs and changing external environments may not be conducive to being measured through traditional metrics (NPI EXPAND, 2024). When the CS global SMEs were asked about examples of when CS correlated to organizational performance improvement, they confirmed that correlation is difficult to prove. They also had clear suggestions, based on literature and their own experiences, on what CS approaches are unlikely to yield the best results (see Box 3). The SMEs did highlight the promising CS practices they have noted in other contexts:

- Twinning/network fostering approach – borrowing and adapting an approach that worked for a peer was powerful, especially when the peer organization or group could offer concrete, tangible examples of how the organizational change would benefit them
- Community buy-in to the project – when CS interventions are interactive, participatory, done in the local language, and engage the community, there's a higher likelihood they positively impact programmatic performance
- Holistic CS approaches that engage local governance bodies, adapted to locally articulated needs
- Successes were demonstrated quickly – quick wins make the community more invested in continuing the work

NPI EXPAND's lessons learned on linking capacity strengthening investments to program performance improvement include the below:

PERFORMANCE IMPROVEMENT METRICS

Whenever possible, performance indicators should be identified alongside development of the CS plan. This will ensure the metrics being used to track performance changes are linked to the organization's performance objectives, their desired areas for capacity improvement, and the CS activities the project is conducting with the local partner. These indicators should be set by the local organization, with input from the organization providing CS assistance as needed. The methodology for collecting indicators should be discussed in detail (e.g., clear definition of the indicators, how they will be collected, how often, and by whom). Additionally, consensus on how indicators will be analyzed is important to address up front. Some key questions to ask might be:

- Will improvement measurements be based on the general trend line for each indicator? Meeting or exceeding targets? Monthly or quarterly performance over the previous year (to account for seasonal fluctuations)?
- Does each indicator need to improve, or just the majority of indicators?

- How will contextual factors be considered when assessing performance improvement?

The organization providing CS technical assistance will likely also need to be flexible (which is recommended by USAID's LCS policy) regarding what performance metrics are being used, as those desired by the local organization might be different from those developed and agreed upon between the donor and CS project in the umbrella monitoring, evaluation, and learning plan. Additionally, performance metrics set by the local organization should also be aligned with the priorities of the local community(ies) they serve to ensure the local organization's work is sustainable and responsive to local needs. This may be a particular issue for health projects where the donor might see CS objectives as secondary to meeting health service delivery goals.

Furthermore, the goals of CS efforts, as well as methodology and indicators selected to track performance improvement should be shared and discussed with other relevant stakeholders, such as government counterparts, other collaborating partners, the community(ies) they are working to support, and the relevant donor(s). Within the USAID context of global projects engaging with Missions for country-level support, achieving understanding and alignment between the global project, the local organization, USAID HQ, and the USAID Mission is of particular importance to ensure there is a clear shared understanding of how performance will be documented over time.

Finally, performance indicator tracking is made much easier with a management information system (MIS) that can provide opportunities for analysis of data trends over time. While Excel or paper-based record keeping is accessible and low-tech, organizations should consider adopting slightly more sophisticated software to reduce user error and provide dashboard visualization. Organizations can explore using DHIS2, SmartSheets, or other similar tools. A dashboard visualization feature can allow for at-a-glance understanding of progress and trends.

TIMELINES

Improvement in capacity and performance are both generally long-term goals and should be viewed as such. Assessing capacity and performance after a year may show improvements based on some metrics that were selected, but they will have limitations, such as attribution of the performance improvement to the CS investments, the effect of the external context (e.g., elections, country conflict, or economic shocks affecting program achievements), and the sustainability of the performance improvement beyond the subaward period of performance. To get a deeper understanding of the sustainability of CS investments, additional research would be required as a post-project study, if possible.

ATTRIBUTION

By far the most complex challenge in linking CS to performance improvement is the issue of attribution. Multiple factors, both internal and external, influence the ability of an organization to implement its activities and achieve health impacts. Factors may include:

- Grants to implement both CS and health activities may yield improved program performance simply because more program activities are funded/implemented
- Donor funding may encourage local organizations to undertake technical areas that might not be within their normal scope of work, and as such, the local organization might be undertaking a learning curve or staffing-up alongside other CS efforts

- The performance metrics chosen at the onset may not capture all the organizational and performance changes that occurred during a flexible CS effort - additional qualitative measures that can capture complexity, systems, and unintended outcomes should be used in coordination with quantitative performance metrics
- External context has a significant impact on program performance – political instability, weather events, economic fluctuations can interrupt program delivery and thus affect performance; likewise, there is usually a natural fluctuation in program delivery/metrics over the course of implementation, such as reduced activities during holidays, or road accessibility for both organization activities and health clients during a rainy season. These external factors underscore the need to take a multi-year approach to assessing CS impact on performance improvement to uncover trends over time.

Box 3. What Doesn't Work in Capacity Strengthening Efforts

- Too much focus on training/transferring skills when the partner doesn't have the staff to carry it forward or only one person is trained and then is reassigned or leaves the organization. Any skills-building should be undertaken with an eye to institutionalizing the capacities.
- One-time or off-the-shelf trainings, or donor-driven trainings that are not adapted to local contexts or aligned to the organization's priorities. Any formal trainings should be tailored to the participants and local needs and scaffolded with other CS interventions such as ongoing mentoring to ensure lasting skills building.
- Over-reliance on the "Founder Effect;" when nascent or emerging organizations are personality-driven, particularly by a charismatic founder, its successes may not be sustainable if the founder retires/leaves. TOCAs and CS plans should purposefully account for the founder effect and plan for succession, including identifying capacities that need to be institutionalized.
- Conducting a standardized OCA or NUPAS and calling it a CS intervention. An organizational assessment is only the first step in any capacity strengthening journey.
- Excessive focus on investing in donor compliance to ensure local organizations are "safer" for USAID to give money to directly, particularly if this results in funding organizations to undertake projects unrelated to their mandates/organizational missions. Investment in compliance capacities is valuable but shouldn't override other organizational priorities. Likewise, donor-induced drift in organizational focus can exacerbate capacity deficits and affect programmatic performance.
- A focus on "tools" and rigidity about those tools. Global tools should be adapted to fit the needs of the organization. Likewise setting up monitoring systems should benefit the organization (e.g., M&E systems, timesheets, etc.) and not just be for donor reporting or auditing purposes.
- Not enough time built into the CS support to establish a link between capacity strengthening efforts and programmatic performance of the organization. Abrupt withdrawal or lack of transition planning from external support, silo-ing rather than supporting the org to be important within its own ecosystem
- Participants aren't engaged in their own learning if it's not demand-driven; people will learn but not apply what they learned to improve the organization.

NPI EXPAND interviews with global CS experts

6. CONCLUSION

NPI EXPAND's extensive experience with providing subawards and capacity strengthening support to over 90 local organizations has provided real-world experiential validation of the current global thinking surrounding CS methodologies. NPI EXPAND's approach to CS was demand-driven and used multiple and diverse methodologies to strengthen local organizational capacity. Furthermore, the project took a holistic view of CS to extend beyond interventions to improve administrative/managerial capacities, to include technical skills-building, improve organizational adaptability, and extend the organization's networking within a local system. NPI EXPAND's approach put its local partners in the "driver's seat" of their own CS, ensuring CS plans reflected their organizational priorities.

As a result, the local organization respondents interviewed for this report recounted several successes in strengthening their organizational capacity, some quite beyond initial expectations. Interestingly, while technical capacity strengthening was not a major priority for some organizations at the onset, several did improve their technical capacities through NPI EXPAND training and mentoring, which garnered recognition from other local system actors (i.e., for scale up). Furthermore, resource mobilization was flagged as an important capacity strengthening goal for NPI EXPAND sub-recipients, and between October 2022 and March 2024, of the 62 organizations working with NPI EXPAND with CS Plans, two dozen obtained new funding streams after working with the project.

Nonetheless, NPI EXPAND's experience also highlights the challenges of correlating and measuring programmatic performance improvement due to CS investments, particularly in the short term. Assessing links between CS and programmatic impact is complex, particularly as external factors can affect performance and programmatic achievements. Demonstrating any links requires more rigorous conceptualization and methodological design. Nonetheless, it stands to reason that when an organization can plan more strategically, operate more effectively, network more successfully, adapt more quickly, and demonstrate excellence in its technical delivery, it will be more impactful on the health and development outcomes within its local system over time. As such, follow on studies should be conducted post project completion to better understand long-term outcomes of CS investments.

One key learning from NPI EXPAND is that the development community needs to avoid seeing CS and program implementation as two separate activities and when you are doing one, you cannot be doing the other one. Learning by doing was a critical approach to CS in NPI EXPAND and was the most appreciated and impactful form of CS as relayed by the recipient organizations. Providing CS within the context of program implementation not only supports the adult learning principle of learning by doing, but it organically reveals any needs or weaknesses in real-time, allowing the CS-providing organization an opportunity to adapt and respond immediately as needed. There is still a perception that CS is primarily training and is provided as a "break" from implementation of programs. This also needs to be broken down so that CS activities are more integrated with program implementation.

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ANNEX A. INTERVIEW GUIDES

LOCAL ORGANIZATION (SUB-RECIPIENT) INTERVIEW QUESTIONS

1. We are going to be asking about your experience with both capacity strengthening and performance improvement, so we'd like to start with a quick definition of what we mean by both before we start the first question. When we talk about capacities, we are referring to the knowledge, skills, and abilities of an organization. This is an intrinsic ability that is demonstrated by that actor through their performance. Performance refers to the extent your organization can effectively and consistently achieve your intended outcomes. Improved performance is the main criteria for determining whether capacity has increased. With that in mind, could you reflect on your original capacity assessment and capacity strengthening plan and tell us what types of capacities you were aiming to improve during the grant implementation?
2. Who set the priorities for capacity strengthening? Tell us about that process.
 - a. How did you determine the type(s) of capacity strengthening support you needed?
 - i. *[Probe on individual, organizational, systems, technical, relational]*
3. When setting your organizational priorities for capacity strengthening and performance improvement, were there any priorities or expectations from NPI EXPAND that you felt did not align with your own goals?
 - a. If so, how did you handle it?
4. Could you please describe the capacity strengthening support your organization received from NPI EXPAND?
 - a. *[Probe on levels and types of CS support such as individual, organization, systems; technical organizational, grants management, relational.]*
 - b. *For each type of support mentioned]:* What types of activities did that support entail?
 - i. *[Probe: pre-award support, training, mentoring, facilitating networking or relationship building]*
5. What capacity improvements did you observe, if any?
6. Are there any areas in which you think your organization would benefit from more capacity strengthening support? If so, please explain.
7. What were some metrics or indicators you used to monitor/measure performance?
 - a. What process did you use to select the metrics or indicators you used to monitor whether organizational performance improved? Please describe.
 - b. *[Probe if needed]* Did you set your own performance targets and metrics? Please describe the process for us.
 - i. Do you have any other suggestions on how organizations should choose their performance metrics? *[Internal note: the question tries to understand if the TA provider was prescriptive, or if it was more of a partnership]*
8. How would you describe your success in achieving the performance goals you decided to measure through those metrics?
 - a. If the desired performance goals or targets were not achieved, what do you think was the reason(s)?
 - b. What are some of the factors that you think may have affected performance improvements – whether external or internal? *[for example, internal factors like staff turnover or morale, or external factors like political shifts]*

9. What types of capacity strengthening activities do you think were the most useful for your organization to improve performance in programmatic outcomes? *[Internal note to remind participants of definitions of capacity and performance in this context if needed]*
 - a. *[Probe]* Please elaborate on what aspect of capacity (organizational or technical) the activity targeted and how that translated to improved performance, if at all.
 - b. In your opinion, what were the least helpful types of capacity strengthening support you received? Why?
 - c. Based on your experience with capacity strengthening support, both from NPI EXPAND and through other TA providers, what do you think would make capacity strengthening initiatives more effective? Are there other types of support you have experienced that were more effective? If so, please describe why.
10. Did the capacity strengthening efforts have any impact on how your organization worked with partners or other actors in the local system?
 - a. *[Probe]* Did you gain new partners, relationships, contacts that you think will be important to your organization's performance in the local system in the future?
11. If your organization showed improved performance, what do you think your organization should do to sustain the results?
 - a. What do you think government partners or international development partners should do to help you sustain the results?
12. Which areas would you like USAID-funded capacity strengthening projects like NPI EXPAND to focus more of their support on for purposes of performance improvement?
13. Is there anything else you would like to add related to what we talked about today?

GLOBAL SUBJECT MATTER EXPERTS INTERVIEW QUESTIONS

1. Could you please share some of your experiences from working in the capacity strengthening field?
2. NPI EXPAND's work with local partners is focused primarily on two types of capacity strengthening - organizational (focused on the structures, processes, and management systems) and technical (related to the areas of expertise/implementation by the organization). Based on your experience working with local organizations and partners on capacity strengthening, and using these definitions of these two types of capacity strengthening,
 - a. What has worked to increase organizational capacity? What about technical capacity? (Please provide specific examples for both)
 - b. Can you tell us about an example or two of when you've seen capacity strengthening correlate to organizational performance improvement?
 - i. *[Probe]* What do you think were the factors that enabled that link or result?
 - c. Can you tell us about an example or two of when capacity strengthening did NOT lead to org performance improvement?
 - d. What do you think are the main challenges for achieving organizational performance improvements that organizations can sustain?
 - e. What do you think are the main challenges for ensuring organizational performance improvement is locally led?
 - f. Have you seen any methods or approaches for improving local partners' capacity that you believe to be particularly promising or effective? If so, please describe them.
3. What are some approaches you have used, or are familiar with, to measure improvements in organizations' capacity and performance?
 - a. What do you think are some common challenges in measuring capacity and performance improvements?

- i. Follow up: do you have ideas for mitigating those challenges?
 - b. One of the biggest challenges for the NPI EXPAND project is that we have a relatively short time to provide capacity strengthening support. Since both capacity and performance improvements often take a long time to observe, do you have any recommendations or suggestions for measuring capacity and performance improvement when you only have a short period of time to work with a local partner?
4. In your experience, how do you think capacity strengthening support should be offered to local organizations in order to avoid overburdening or overwhelming the organization?
 - a. *[Probe]* Should different types of support be offered simultaneously or sequentially? If it depends on the organization and its context, what has been the most pressing need or important starting point in your experience?
5. We know that local partners do not work in a vacuum. What do you think are some practical approaches for supporting local organizations to engage more proactively or more effectively with their local system or other actors in their environments to achieve their long-term goals?
6. What areas are you most interested in exploring, or seeing others explore, as the dynamics of providing capacity strengthening support to local partners continue to evolve?
7. What opportunities or success factors should donors and aid providers invest in or explore to contribute toward sustainable capacity strengthening of organizations?
 - a. *[Probe]* For example, do you think they should invest more in/strengthen local CS providers, commit to long-term support that spans project cycles, other suggestions?

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