NGO Capacity Building: 
The Challenge of Impact Assessment

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ABSTRACT

There is increasing investment in a range of capacity building initiatives in the development world. One of the major challenges is how to assess the impact of capacity building and then use and disseminate the findings in a timely, user-friendly and meaningful way. There are also challenges associated with the role of self-assessment and personal narrative in impact assessment, and the degree to which qualitative indicators can be used to balance quantitative measures. The inherent issues of attribution, who carries out such assessment, and the level of investment needed to undertake credible impact assessment are just as relevant for capacity building as other development interventions. This paper is based on the initial analysis by INTRAC’s new Praxis Programme into some of these issues. In particular, this analysis draws on the experience of NGOs working in Africa and Asia, and some of the innovative processes and practices they have adopted to meet the challenge of assessing the impact of capacity building.

The Impact Assessment Imperative for Capacity Building

“Capacity building” is a term beset by conflict and confusion (Lewis 2001. p.11). It is open to a number of different interpretations. At one level it is concerned with building the organisational capacities of NGOs to survive and fulfil their mission. At another it is concerned with building the capacity of civil society in its broadest sense, and strengthening the capacity of key stakeholders (including communities, families and individuals) to participate in the political and social arena (Eade 1997. p.35). There is particular confusion and conflict over the approach adopted by donors and Northern NGOs to strengthen Southern NGOs due to the inherent issues of power and autonomy in such partnerships. There is no one universally accepted definition of capacity building as the diversity of literature in this area demonstrates (Sahley 1994; Eade 1997; James 1998; Lewis 2001; Smillie & Hailey 2001, James 2002). Furthermore, capacity building as a term is not easily translated into different languages and perhaps not surprisingly, is rarely used outside the development community or the non-profit sector.

Yet in spite of, or perhaps because of, the latitude of interpretation, the need for capacity building is universally accepted. It is understood that community groups, NGOs and other civil society organisations are at the

1 While recognising that capacity building is contested ground, this paper has focused on one aspect - the operational challenges of assessing the impact of interventions intended to build the organisational and management capacities of NGOs and other civil society organisations to develop and make most efficient use of new and available resources to empower and help the most vulnerable.
forefront of efforts to tackle poverty, ill health, environmental degradation, and social injustice as well as mitigate the effects of conflict and humanitarian disasters. This places huge pressures on these over-stretched and under-resourced organisations, which threaten their operational effectiveness and organisational viability. As a result governments and donors alike have recognised that they need invest in building the capacity of such organisations.

As capacity building has been increasingly prioritised at the core of many development strategies, there is growing interest in the dynamics and efficacy of different capacity building interventions, as well as an appreciation of the need to assess their long-term impact. This paper highlights some of the challenges for those involved in assessing the impact of capacity building interventions. It seeks to move beyond the easy option of merely posing difficult questions. By drawing on the experience of INTRAC’s evolving attempts to monitor and evaluate capacity building work in Africa and Central Asia, as well as some of the initial analysis of the new Praxis Programme in this area, this paper aims to present some practical responses to such challenges.

The Forces Promoting Impact Assessment in Capacity Building

In recent years, funding constraints, media exposure and the development of a contract culture have created demands for increased accountability as to the way aid funds have been spent and their long-term impact. The last decade has witnessed increasing pressure on aid budgets, currently being further exacerbated by events in Iraq. This aid squeeze has led most major donors to go through a rigorous process of prioritising aid. Decision-makers have increasingly asked projects to provide them with comparative information, preferably linked to millennium targets, in order to choose between different aid options. Capacity building investments, although often recognised as indirect and longer-term, are still not exempt from such demands.

This trend has been reinforced by the New Public Management strategies of the 1980s and 1990. These led to widespread interest in improving the efficiency and effectiveness in the delivery of public services. Performance measures and effectiveness criteria were applied to test whether public services were of sufficient quality and value for money. Politicians and public sector managers have set great store in the ability of performance measurement systems to deliver improved public sector services, and increasingly performance measures and indicators constitute an important element of public sector management. These measures cover such diverse concerns as waiting lists in hospitals, the performance of primary schools, the reliability of train services, or suicide rates in prisons. More recently there has been a gradual shift from non-monetary measures towards quality-based effectiveness measures, and a more holistic approach to performance measurement. For example, more attention has been paid to integrated performance measurement frameworks such as the Balanced Scorecard and the Performance Prism (Hyndman & Anderson 1998; Neely 2002). But overall, the “audit society” has arrived with a vengeance, and as Paton (2003) has commented non-profits now operate in an environment permeated by “expectations of measurement”.

Within civil society, many NGOs themselves are emphasising the importance of learning about the effectiveness and sustainability of capacity building interventions. For example, the International Federation of the Red Cross’s Capacity Building Framework (2001) acknowledges that all capacity building interventions must be measured and documented to ensure a degree of accountability and facilitate cross-organisational learning. Thus, there is a wider recognition of the need to assess the longer-term impact of any capacity building intervention, rather than merely focus on short-term outputs and outcomes.

The net effect of these three forces has been to propel impact assessment into the forefront of the capacity building agenda.

**Major Challenges in Impact Assessment of Capacity Building**

Yet linked to this growth in the use of performance measures, the expansion of the audit culture, and the continued reliance on monitoring and evaluation, is an on-going debate about the value and effectiveness of such processes. More specifically, for those working in the development arena, the debate has highlighted some of the methodological problems associated with measuring the effectiveness and impact of complex development programmes, particularly in intrinsically complex aid interventions, such as advocacy and capacity building (Oakley 1998 & 2001; Roche 1999; Cracknell 2002). There are major challenges in:

- meeting donor needs for quantification;
- being multi-dimensional and user-friendly;
- demonstrating attribution;
- measuring intangible changes in relationship;
- ensuring sufficient skills and infrastructure are available to both collect and analyse data, and
- the overall cost-effectiveness of such processes.

These challenges are analysed in turn. First, numbers are the staple diet of the international aid system. In order to reassure back donors that their money has been well-spent and has made a measurable difference, quantitative indicators are required. There is an obvious and understandable rationale behind wanting to be able to see and quantify results. The problem is that because human change is such a complex process, such demands easily and often lead to overly complicated, heavy, expensive and unworkable systems. There is a tendency to establish too many performance indicators or try to measure too much. This can place unnecessary pressure on the existing infrastructure and increase the difficulty of focusing on relevant measurement (Neely 2002). There are also frequent and fundamental mistakes made in choosing what measures or performance indicators to use. Furthermore, decisions made during the implementation phase may render some types of performance measurement impractical as organisational priorities shift or change. There is therefore a considerable challenge in providing the aid system with the numbers it needs, but ensuring that these numbers are both meaningful and practical to collect.
To address the issue of assessing such complex processes, new integrated, multi-dimensional frameworks are proposed (Paton 2003). Cracknell (2002) also suggests that the future might lie in a combination of participatory approaches and methodological pluralism. Paradoxically, the development of these new integrated systems and complex multi-purpose frameworks comes at a time when there are increased calls from official agencies (including from USAID and DAC) for more user-friendly systems to assess the success of development interventions.

The attribution of a change in a whole system to one particular input is another fundamental challenge. This question of attribution represents a major obstacle to performance improvement and organisational learning. The interplay of internal and external factors as well as changing circumstances complicates the task of attributing responsibility and establishing causal relationships (Paton 2003, Engelhardt 2003). Yet it is argued that if organisational learning and performance improvement are to take place, performance has to be measured in ways that allow changes, and to be attributed to particular contributions or conditions. This is a particularly difficult task when dealing with a multiplicity of actors and complex partnerships – likened to “nailing jelly”.

There is a new awareness that mechanistic measures do not give a realistic answer – neither to complex questions of attribution no as to whether any particular intervention has any tangible impact. An over-reliance on quantitative data may mean that the real essence of change is not recorded or understood. As Einstein pointed out, ‘Not everything that counts can be counted’. Even USAID, traditionally one of the strongest advocates of comprehensive, measurable indicators warns of the dangers of “false precision” associated with such measures. They note that “by their nature measures of institutional capacity are subjective. They rely heavily on individual perception, judgement and interpretation”. As a consequence they are “relative and not absolute measures”, and as a result can be misleading (USAID, 2000). There is also concern that the use of such mechanistic measures can be overly reductionist. The importance of changes in relationship is increasingly viewed as central to development processes, but big questions remain as to how to measure such things. As Taylor (2003) commented “to capture the changes that are of most importance to developmental practitioners we cannot reduce things of quality to quantities and little boxes. We end up considering only that part of what is important that is easily measured” (Taylor 2003:11). Impact assessment in capacity building must rise to this challenge of measuring what is important, not merely what is easy.

The question of who assesses the impact raises another considerable challenge. On the one hand recent comparative research by the Maastricht-based ECDPM (2003) concluded that there is a “growing awareness that externally led evaluations are often inappropriate or counter-productive” in the field of capacity development. They advocate for more self-assessment. On the other hand, Paton (2003) has also highlighted the role of manipulation and human error in undermining such assessment systems. Experience tells us that staff or stakeholders may feel threatened by the measures used, associating them with sanctions or seeing them as bureaucratic control mechanisms. Consequently, they are likely to manipulate data and present results in a favourable light. They are also
critical of the time and resources needed to gather and analyse data, and the quantity of paper generated to support the audit trail.

A final challenge is that meaningful assessment is expensive, and effective assessment depends on sufficient institutional capacity as well as sufficient investment. There are clearly a wide range of methodological difficulties and process-related problems inherent in the way performance management systems are applied, which jeopardise their reliability and credibility. This then begs the question as to what are the characteristics of an impact assessment system that is valued and internationally credible, and what are the operational issues that such a system must address.

**Practical Responses to these Challenges**

The Oxford-based International NGO Training and Research Centre (INTRAC) has been actively involved in assessing the impact of its capacity building interventions. One aspect of this work has been working with international NGOs, donors, networks of partner NGOs and other civil society organisations to develop new impact assessment systems. This paper draws on this experience in both Central Asia and Southern Africa, and the work of INTRAC’s new Praxis Programme, to assess some of the challenges in designing impact assessment systems that are cost-effective, credible, and meet the needs of different stakeholders.

In Kazakhstan, Kyrgyzstan, and Uzbekistan INTRAC’s Central Asia Programme has been working in partnership with local NGOs and other civil society organisations to develop a shared understanding of the impact of its work in the region since 1994. To this end it has facilitated a process whereby the staff of local NGOs have worked together in focus groups and workshops to develop their own measures and means of assessing the programme’s impact on their own work. Initial conclusions about the process suggest that their involvement has meant that they are more motivated, and more engaged in the dynamics of the capacity building process. It has meant that they are much more aware of the issues involved in monitoring and evaluation, and the design of impact assessment systems. However, the process is very time-consuming, and it has been hard to maintain a consistent level of stakeholder involvement in the process. It has also highlighted the participants’ poor analytical capacities and the need for greater investment in skill development and more training to help facilitate such participatory processes.

In Malawi, INTRAC has been involved in assisting local and international NGOs develop systems that enable them to monitor and evaluate the quality of its capacity building work and assess the influence and impact of this work on the capacity of its partners. With one international NGO, a new system was designed in conjunction with network members and their partners through a highly participative process that revolved around a series of interviews and stakeholder workshops. It incorporates a mix of tools and methods, including a development of a self-assessment tool and the use of participative exercises or reflective narratives to capture the elements of change, and the influence and impact of capacity building interventions. One consideration was that the new system should not become an excessive
burden and as a result it was designed to be relatively simple to use, but consistent with good practice in monitoring and evaluation processes.

Reflecting on this experience, and reviewing some of the other commentaries in the area of impact assessment a number of operational insights emerge. These include:

1. Careful Design with Stakeholders
2. Light & Simple: Evolutionary & Integrated
3. Self Evaluatory & Triangulation
4. Balance of Different Methods & Tools
5. Accept Plausible Association, not Direct Association
6. Investment and Cost-Efficiency

1. Careful Design with Stakeholders

One of the principal reasons why impact assessment and other performance measurement systems fail is because of the failure to invest sufficient funds and time in their design, development and implementation. The lack of suitable infrastructure to collect data or narrative perceptions or the skills to analyse this material, let alone disseminate it in an appropriate and readable manner, all work against successful assessment. It is not sufficient merely to gather the data or alternatively perceptions, the skills and insights of those who interpret it are as crucial. As O'Neill (2002) commented we need more “intelligent accountability” to help us identify the key issues and analyse them more effectively because “much that has to be accounted for is not easily measured, it cannot be boiled down to a set of stock performance indicators, and so those that are called to account should give an account of what they have done, their successes and failures, to others who have the sufficient time and experience to assess the evidence”.

Experience suggests the benefits of a participatory design process in addressing these issues - a design process that clarifies with the stakeholders:

- How capacity building is thought to occur;
- Why different stakeholders need the system;
- Who the system is really for and consequently who owns it;
- What is to be assessed.

The vague and confused definitions of capacity building stem from important, underlying conceptual differences between stakeholders about how capacity building is assumed to occur. Different stakeholders (and even people within stakeholder groups) have their own theories of how change occurs. These theories often remain sub conscious and therefore different stakeholders have very different understandings of capacity building, although they use the same term to describe it. To effectively assess capacity building impact, it is first necessary to come to some consensus about what that capacity building impact is and how it occurs.

There is also a need to clarify why the impact assessment is being undertaken. Experience confirms that all too often such systems suffer from confused objectives and contradictory purpose because of the failure to
clarify roles and apply terms appropriately. There are a number of different interpretations as to what is the appropriate role of any impact assessment system including:

- **Legacy Role**: identifying what changes have occurred, and analysing and documenting them in such a way that records the changes occurred and their impact;
- **Communication Role**: communicating achievements and long-term successes in such a way that motivates staff and stakeholders, and encourages others to adopt similar processes or make similar investments;
- **Governance Role**: ensuring a degree of accountability by monitoring investment into specific activities and outputs, and tracking their outcomes and impact in a systematic and transparent manner;
- **Learning Role**: generating information and perspectives on the changes, and analysing and disseminating them in such a way that all stakeholders can learn from the relationships and processes involved and the mistakes made;
- **Policy Role**: generating data and analysis that can be used to reform policies, develop new strategies, improve government or donor practices, or strengthen advocacy campaigns.

Experience suggests that those involved in designing impact assessment systems need to distinguish between the different roles in order to ensure that evidence is collected, analysed and disseminated in a way that befits whatever role the assessment is expected to play.

Ultimately too it is important to clarify who the system is for. Merely stating that it is for the benefit of all stakeholders has often meant that such systems remain driven by the external donors and the resulting information is not used by the partner. It has also often meant that the needs of the donors predominate and lead to the unworkable, heavy bureaucratic systems that undermine the quality of the very development work the donor is trying to support. Each stakeholder should take responsibility for addressing their own information needs and not merely ‘delegate’ (or burden) these needs to a more resource-dependent partner to fulfil.

Finally at this design stage, it is necessary to clarify what is to be measured and when. Impact assessment is concerned with assessing the long-term and sustainable changes resulting from specific capacity building interventions. In other words impact assessment is about identifying what is left behind, or the “legacy” of a particular intervention. Too often there is limited appreciation of the distinction between the activities performed or outputs, the short-term outcomes and the long-term impact. Frequently they become conflated and confused. Understanding the output-outcomes-impact spectrum is crucial to designing an effective assessment system. Indicators of the outputs (or the effort) are the activities actually implemented. Indicators of the outcomes (or the effectiveness) are the immediate and short-term products of a particular intervention, whereas any assessment of the impact (or the change created) is concerned with how the current situation differs from the original circumstances. Unless these distinctions are understood and acted on, it is unlikely that any impact assessment exercise will succeed.
2. **Light & Simple: Evolutionary & Integrated**

The evidence points to the need for an impact assessment system to be as simple and practical as possible. While such a system should be able to offer an insight into the outcome of any attempts to build capacity, it needs to be sufficiently simple to distil the essence of the changes that have occurred.

The demand by local development staff for light and simple assessment systems is surprisingly supported by USAID (at least in principle), an agency that has a reputation for rigorous evaluation processes. USAID themselves assert that, “the best measurement systems are designed to be as simple as possible - not too time consuming, not unreasonably costly, yet able to provide managers with good information often enough to meet their management needs” (2000:6). This usually requires considerable prioritisation – for example leaders being asked to pick 3 indicators of what for them constitutes effective leadership from a list of more than 20. Many development practitioners working in the field are calling for the use of fewer, better-targeted indicators (Binnendijk 2002).

While it is recognised that such systems should not depend on a myriad of complex indicators, it is also recognised that such systems should be sufficiently flexible to evolve over time and genuinely reflect the changes that have taken place. Consequently, a prerequisite for a successful impact assessment system is the availability of adequate base-line data on which to base any assessment. So investment in the collection of such data at the planning stage is essential. Such systems should also be integrated into other planning, monitoring, and evaluation processes or frameworks to not only avoid duplication, but also to capture other evidence of change.

3. **Self-Evaluation and Triangulation**

Self-evaluation in capacity building is important if it is to contribute to and not undermine the ultimate goal of capacity building. There is a growing recognition that the findings of any impact assessment system will not be valued or valid unless there is some form of self-evaluatory process involved. As ECDPM (2003) concluded “self-evaluation has been recommended for capacity-development ... The use of participatory self-assessment methods that involve organisations’ members and external stakeholders is crucial. The single most effective way of ensuring that an evaluation produces useful results is to involve intended users throughout the evaluation process.” In a similar vein the Canadian agency, IDRC, has noted that “recipient organisations gain very limited experience with and benefits from donor-imposed assessments... There is a large gulf between prescription and performance change... This demands the active engagement of those involved and affected ... It is not simply a question of organisations participating in their own diagnosis. It relates fundamentally to an organisation owning the process.” Unless there is an element of participatory self-assessment then the process is likely to fail.

The INTRAC experience in Central Asia and Africa supports the view that an impact assessment process needs to be owned by those who it affects and who can best engage in it. Increased participation by community groups, staff and volunteers, and other local stakeholders encourages a degree of
ownership in the process and the interpretation of the findings. It ensures the system is adapted to the local environment, and enables a degree of flexibility that negative and unexpected consequences can be assessed. But above all it helps keep focus on issues that are key to the needs and reality of local stakeholders both today and in the long-term.

While the benefits of increased participation and self-assessment include the increased likelihood of more realistic findings, improved learning and better use of resources, there are some obvious drawbacks. These include the concern that there is no external reference point and the process is open to accusations of subjectivity and bias. Moreover, fears about the potential for organisational self-deception will always be there. It is worth balancing this self-assessment with some form of triangulation to ensure that delusional tendencies are avoided. To some extent they can be mitigated by strategies to promote greater openness and honesty; clarifying expectations of the assessment; using a trusted external facilitator working confidentially with individuals and focus groups; and using a self-assessment process that is based on the organisation’s own criteria. For example, in the work with one international NGO a SAFE (Self-Assessment FramEwork) Assessment Tool was developed that integrated elements of quality and quantity of service delivery and external relationships. The design process allowed NGO partners to prioritise their own indicators of organisational change with the aim that the tool remain relatively comprehensive without becoming an unworkable shopping list. The findings of such a self-assessment process can easily be triangulated against the international funding NGO’s own pre-funding assessments as well as external evaluations by outside consultants. Triangulation represents a pragmatic way of measuring complex realities using a mix of methods and tools - both quantitative and qualitative – with the purpose of producing usable findings and credible analysis. This helps balance subjectivity with a certain degree of objectivity (Adams 2001).

4. Balance of Different Methods & Tools

As well as assisting in triangulation, a balance of methods and tools also helps address different stakeholder needs. If NGOs are to continue to accept money from the aid system that requires numbers, it has to take responsibility for providing that information. There are a variety of fairly simple ways of achieving that. In a number of contexts in Africa, INTRAC has used retrospective capacity scoring systems to enable clients to quantify the extent of capacity changes over time. At the initial stages of capacity building work, INTRAC has sometimes used an organisational assessment (OA) baseline with scores. In other cases INTRAC has used the more traditional questionnaires with numbers to indicate the extent of agreement with a particular statement. It is possible to generate quantifiable change, though there will always be qualifications to their relevance or accuracy.

As has already been noted there is concern about over-reliance on quantitative measures and indicators, and as a consequence there is growing acceptance of the need to apply a mix of methods and tools to capture data that is both sufficient, appropriate and credible. There is a recognition that quantitative measures have limitations in the area of impact assessment because of their inability to
• capture the relationships between the different components, which is often more important than the components themselves;
• identify shifts in power and relations between people in the organisation and with outside institutions;
• appreciate the nuances of change (OA tools are reductionist and tend toward the mundane, where things not easily counted are ignored);
• explain why something occurred;
• weigh the change relative to very influential contextual changes.

Consequently, there is now more understanding that any credible attempt to assess the impact of capacity building initiatives should incorporate a range of qualitative approaches – including reflective commentaries, case studies, role-plays, characterisation or drawing and narratives. For example, the South African-based capacity building organisation, CDRA, has argued for the need to commission narrative “stories” to fully explore the depth and complexity of human change. Such stories are the simplest vehicle through which complex situations can be described. By cultivating our ability to tell stories we can both convey and protect the kernel of what is being sought and what has been achieved. Such narratives are also crucial to facilitating organisational learning by helping staff and volunteers engage in new ideas and innovative practice (CDRA 2001; Taylor 2003).

CDRA argue that developing such stories is an art that needs to be cultivated by development practitioners. Regular practice in observation, woven into vivid and incisive stories, and then taken further into the drawing of lessons and the formulating on concepts is invaluable. Practitioners need to be able to read organisational change and also have the self-understanding to see themselves as part of any process. They need capacity for reflection, even while being deeply engrossed and present. In other words the development practitioner is part of the story (Taylor 2003).

There is therefore now a general acceptance that mix of approaches is necessary to evaluate capacity building and assess impact (Fowler 1998; Roche 1998; Taylor 2003). This changing attitude to the need to capture qualitative change is well reflected in the approach ActionAid Uganda adopted in their review of the impact of organisational change (Wallace & Kaplan 2003). This review consisted of commentaries on group discussions, interviews, and the use of a personal narrative by one of the consultants to explore feelings about the process of change they had become part of. The role of story is increasingly recognised by donor agencies, and USAID Malawi have even employed a staff person to write such stories.

The increased use of such reflective and participatory approaches raises issues about the impact of local culture on evaluatory processes, and to what extent impact assessment systems are culture bound (Kelly 2002). Performance measurement systems can no longer be looked upon as standard processes with universal indicators. The value and credibility of assessment systems depends on how well they can be adapted to local circumstances while still being internationally accepted and comparable. But there is concern that, while such tailor-made frameworks and context-specific measures can reflect the exigencies of the local culture and the needs of local communities, they are expensive to design and of limited value in terms of consistency and comparability. Similarly the introduction of more
participatory approaches and use of qualitative or narrative processes is criticised because of the expense involved both in terms of collection and analysis. A further criticism is that because these approaches are inherently subjective, they will only result in partial and incomplete analysis.

5. Accept Plausible Association, not Direct Attribution

It is apparent from the capacity building assessment processes that one of the biggest challenges in designing and implementing any impact assessment system is how to resolve the issue of attribution. In any complex, multi-faceted programme where there are a number of interventions at different points and locations over the years it is hard to identify direct causal links. This is partly because of the multitude of interventions and changes being made, and partly because of changes in personnel (particular at a leadership or governance level), and partly because changes in the external political and economic environment have many unforeseen effects. As with any attempt to track specific causal linkages there will be many interpretations and explanations as to what has provoked any change, and it becomes a fraught and fruitless task to attribute change to any one factor or intervention.

One way round this is to allow for plausible association. This can be described graphically through the Ripple Model (see below). In this model the capacity building intervention is like a drop of rain or a pebble that lands in water - the ripples flow outwards to bring about changes at an individual level (James 2002). For example, it is plausible that a training course may bring about improved knowledge, new skills and attitudes. If course participants have been able to implement their learning in their organisations, then it is also plausible that change may also be experienced at a wider organisational level. For example, the improved technical skills of staff and the improved functioning of the internal organisation should also enhance the quality of services provided by the partner to the communities. Ultimately this should result in changes in the behaviour of the ultimate beneficiaries. The size and direction of the ripple is thus influenced by (and in turn influences) the context in which it moves. It is clear from this model that the capacity building intervention is merely one intervention among many that brings about change, but that by using the concept of plausible association it is possible to judge whether change at one level does indeed ripple out to bring about changes at a wider level.
INTRAC has used semi-structured interviews with open-ended questions about what has changed and why to elicit information about plausible association. It has also used time-line drawings of major events in the life of an organisation to discern whether particular capacity building interventions were perceived as significant.

6. Investment & Cost Efficiency

The INTRAC design processes in both Asia and Africa highlighted the complexity of this work. It is also apparent that it is as much about analysing and disseminating findings in a meaningful, timely and cost-effective manner as it is about collecting data, measuring indicators, or gathering insights. All too often, evaluation and assessment reports contain large amounts of complex and inappropriate information that meet donor requirements but are of little value to the organisations being assessed. It is apparent that the success of such systems depends on how they are applied and utilised, rather than the specific indicators or frameworks used.

There are both direct and indirect costs attached to introducing and applying such complex systems. They are expensive in terms of staff and consultancy time, as well as the cost of collecting data, analysing it, and presenting it in an appropriate and engaging manner. There are costs associated with the development of skills and understanding in these areas. Indirect costs include the impact on internal systems, the diversion of
attention from more pressing needs, and the cost to the organisation in terms of personal frustration, resistance and low morale. In many NGOs such costs are financed out of overheads, rather than programme funds. It is therefore crucial that donors begin to allocate sufficient funds to cover both the direct and indirect costs associated with such systems.

**CONCLUSION**

This paper has offered an overview of some of the challenges in assessing the impact of capacity building interventions. It is clear that this is a rapidly changing field, which is beset by definitional problems, methodological debates, contradictory criticisms, and uncertainty as to the primary purpose of such systems or strategies. We conclude that the key is not the choice of framework, but how it is applied. It is essential to make the process as important as the product – to create simple, participative frameworks that use different processes to examine the dynamic and multi-dimensional character of what they are trying to measure.

There is ongoing concern about the cost of implementing such systems, and whether they are really cost-effective and deliver what they purport to. Many of these issues can be addressed through greater stakeholder participation, using a mix of methods and tools, and the improved analysis and dissemination of findings. While these may be time consuming and expensive, they are a worthwhile investment, if the ultimate purpose of impact assessment, namely to identify long-term and sustainable change, is to be achieved.

All the evidence suggests that successful impact assessment depends on significant investment of funds. The transaction costs of assessing impact are high, and if it is to be implemented successfully, donors need to cover the direct and indirect management costs and associated overheads. If this is not done, such processes will be poorly implemented, generate little information of operational value and suffer from limited credibility. If donors are not prepared to cover the full cost of effective and appropriate measurement processes, they must question whether they should continue to impose them. The minimalist approach to project funding with its emphasis on trust and low transaction costs is a viable and cost-effective alternative that should be considered. One can only but conclude that unless impact assessment systems are seen as an investment that can add genuine value, rather than a burdensome cost, they have little chance of measuring success or assessing the real impact of capacity building work.
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