Capacity Building in Monitoring and Evaluation: Observations and Lessons from International Development Agencies

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1. Introduction

It has been clear since the 1930s that an essential characteristic of a successful organization is its ability to develop and use feedback mechanisms. Indeed, cybernetics, a field related to systems theory, argues that organizational feedback is critical to organizational survival. Today's organizations need to be able to generate timely information for decision-making, learning and accountability reasons. More specifically, in international development agencies monitoring and evaluation information can play a critical role in:

- Improving investments in programs and projects

- Improving resource allocation and budgetary decisions

- Influencing policy

- Informing institutional reviews

- Addressing external accountability needs/requirements

- Building stakeholder confidence and trust

Over the past 20 years, Universalia consultants have worked with international development agencies to increase the capacity of these organizations to monitor and evaluate projects and programs they invest in. We have helped them in assessing and developing monitoring capacity and assessing and improving their monitoring and evaluation (M&E) policies. We have also participated in a wide range of activities aimed at helping them to generate and use organizational information to improve their performance. This work has spanned all levels of organizations and has included some institutional work as well. In general, our experience shows that improving monitoring and evaluation capacity is an important organizational means for improving organization and systems performance.

This paper explores the concept of "monitoring and evaluation capacity building," a critical component of the feedback loop in organizations. We explore this issue through the lens of our experience as consultants working in a range of international development agencies. More specifically this paper will do three things: first, it will explore the idea of monitoring and evaluation capacity building; second, it will share observations stemming from Universalia's experience in building such capacity and finally, it will identify some lessons that may benefit others engaged in monitoring and evaluation capacity building.

2. Increasing demand and interest in accountability, oversight and learning

Public Administration is changing and evolving. Governments are under pressure to accomplish more with fewer resources. Moreover, governments are under increasing pressure to respond to global competitive challenges and external accountability requirements. They want and need effective, efficient and accountable public institutions, which can respond to national and international requirements.

Similar pressures are also being experienced by international development agencies. There is increased interest in and demand for greater accountability, oversight and learning by such agencies to their stakeholders:

- There is increased pressure on international development agencies to account for and learn from results, achievements, disappointments and failures.

- There is greater pressure on governance systems to provide evidence-based oversight. Recent scandals are but the most recent manifestation of a decade long process to improve organizational oversight by boards and councils.

- There are also demands for improved results-based reporting by these agencies, with increased focus on outcomes in addition to more traditional reports on inputs and outputs.

- There is a serious debate about the relative efficacy of investments made to international development agencies. Thus, there is increased interest by development agencies to understand the effectiveness, efficiency, relevance and impact of their development investments so as to help them define their niche and distinguish themselves for other development organizations

These demands are having various effects on international development agencies:

- The demand for improved results reporting necessitates that organizations have units and systems that can generate or certify required information[1]. The World Bank, CIDA and more recently the Asia Development Bank all have created separate result-based management units to advance not only improved results reporting but to create an organizational culture that supports an outcome orientation.

- There is increased pressure on evaluation and audit units within international development agencies to generate institutional performance data. This is particularly difficult when international agencies have difficulty defining their own institutional performance criteria.

> **Agencies responding to pressure:**
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> Developing corporate policies related to evaluation, monitoring, and performance measurement
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> Designing performance measurement systems,
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> Defining reporting systems and standards
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> Conducting or commissioning selected Agency evaluations
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> Supporting agency managers address their evaluation, monitoring, performance measurement needs (e.g. by providing coaching, training, procedures, guidelines)

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[1] Some agencies have established separate corporate RBM units that are distinct from evaluation and programming units

- There is more demand on oversight groups such as auditors and evaluators to provide evidence that organizations are fulfilling their institutional requirements.

As such, pressure is mounting to improve the capacity of Government Agencies and other organizations to respond to these external demands. In some cases the response is dealt with as part of a management issue. In other instances, the pressure is leading to the creation and or improvement of evaluation units.

3. Monitoring and evaluation capacity building: part of a larger performance improvement puzzle

In this context, governments around the world are trying to develop ministries and other public institutions that make more efficient use of their limited funds while using information to improve their performance. They are building capacity to learn and be more accountable, but how can they build capacity to improve performance? Two issues emerge; the first relates to capacity building as a general idea and the second relates to monitoring and evaluation as the specific subject of capacity building efforts.

The term "capacity building" (CB) is relatively new to the field of international development, having emerged in the 1980s. Despite its novelty, CB has become a central theme within and outside of international development agencies. CB has been associated with ideas such as institutional development and strengthening, training, human resource development and organizational development. Moreover, it has been characterized both as a means -- a central feature of organizational, system performance or, at a more macro level, sustainable development -- and as an end in and of itself.

Intuitively, all organizational and institutional development involves some sort of capacity building. If so, what is it? Table 1 provides some definitions from the capacity building literature:

Table 1: Definitions of Capacity building

1."Capacity building is the ability of individuals, groups, institutions and organizations to identify and solve development problems over time."(Peter Morgan for CIDA: 1997))
2. Capacity development is a concept which is broader the organizational development since it includes an emphasis on the overall system, environment or context within which individuals, organizations and societies operate and interact (and not simply a single organization). UNDP
3. "Capacity building is an explicit outside intervention to improve an organization's performance in relation to its mission, context, resources and sustainability." (INTRAC, n.d.).
4. Capacity building is "… any system, effort or process… which includes among it's major objectives strengthening the capability of elected chief executive officers, chief administrative officers, department and agency heads and programme managers in general purpose government to plan, implement, manage or evaluate policies, strategies or programs designed to impact on social conditions in the community." (Choen, 1993)
5. "...capacity is the combination of people, institutions and practices that permits countries to reach their development goals … Capacity building is... investment in human capital, institutions and practices" (World Bank, September 1996)
6. Capacity building is any support that strengthens an institution's ability to effectively and efficiently design, implement and evaluate development activities according to its mission (UNICEF Namibia, 1996).
7. Capacity building is the nurturing of the abilities needed by society to take control of its destiny and to manage and direct the development process' (Rau/CCPOQ, 1996:6)
8. "Capacity building is a process by which individuals, groups, institutions, organizations and societies enhance their abilities to identify and meet development challenges in a sustainable manner,. (CIDA, 1996)

9. Capacity building: "The process by which individuals groups, organizations, institutions and societies increase their abilities: to perform functions solve problems and achieve objectives; to understand and deal with their development need in a broader context and in a sustainable manner" (UNDP, 1997)

10. 'Capacity strengthening is an ongoing process by which people and systems, operating within dynamic contexts, enhance their abilities to develop and implement strategies in pursuit of their objectives for increased performance in a sustainable way" (Lusthaus et al. for IDRC, 1997: xiii).

There seems to be an emerging consensus that CB is a long-term process, is demand driven and contributes to improved performance (Unicef, 1999 pg 5). It also suggests a shift towards supporting the enhancement and strengthening of existing capacities. This is not to suggest that there is any far-reaching uniformity in regards to what and how capacities are built in organizations. Organizations are not all alike, varying in terms of their history, status, position, philosophy, reputation, decision-makers, existing capacity, leadership, external pressures and so forth. Thus, it cannot be expected that they all will go about capacity building in the same way. It is apparent that organizations must approach CB in terms of how they define themselves.

Over the last decade, Universalia has worked with clients[2] engaged in various monitoring and evaluation capacity building (MECB) projects in the wider context of CB. For us, MECB is not the sole work or responsibility of evaluation or audit units; rather it is an integral part of an organization's management system. We have found that while developing monitoring and evaluation capacity requires some technical skills and resources, the more fundamental requirements relate to needed changes to an organization's systems, i.e. its incentives, culture, structures, staffing, policies, processes and so forth.

Specifically, we see MECB as an intervention designed to improve the ability of an organization[3] to learn how to obtain and use project, program, financial and other types of organizational information [4] to improve its performance. MECB attempts to identify and respond to the various institutional demands for information and build the capabilities of the organization to meet these demands. As noted earlier, the capabilities include a wide range of organizational changes.

The following section describes some of Universalia's MECB experience.

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[2] We view some of our clients as partners. For us, partners recognize that the problem they are engaging in has no expert solution and thus are looking for a team to work with them—and learn with both of us recognizing mutual benefit.

[3] We use "organization" in a generic sense. In this context we see organization as subsuming individuals, groups, organizations and countries..

[4] Obtaining and using information is sometimes too broad a mandate. It is often necessary to describe in organizational terms what information systems MECB will tackle.

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4. Monitoring and Evaluation Capacity Building: An overview of some Universalia experiences

We have been involved in building monitoring and evaluation capacity in international development organizations over the past decade. While most of our work is done in the context of a client-supplier relationship, in some cases we see the relationship as a partnership. For us a partnership is a long-term relationship built on common values and mutual benefit. These longer-term relationships have allowed us to develop some of our ideas about MECB.

Our work falls into two broad categories. The first is **organization development (OD)** intervention, a system intervention. This type of intervention occurs when we are asked to work more holistically with the organization. In this case, MECB is a long-term organizational intervention aimed at changing both the technical and cultural systems of the organization. Our best example in this category is The World Conservation Union (IUCN)..

The second category involves the use of senior Universalia staff engaged in **discrete capacity building activities**. This includes diagnostic work, training and coaching in response to a client's various monitoring and evaluation needs. These were partial interventions that supported a capacity building effort. Our role was limited to serving as suppliers of specific technical skills (e.g. trainers or coaches in results-based monitoring or reporting). Over the years we have carried out many such activities for monitoring and evaluation units as well as program units in a large number of international development agencies and non-governmental organizations (NGOs).

A related area of our work involves a type of "institutional change". In many organizations it is believed that altering "the rules of the game" or guidelines will lead to improved capacity and institutional change. In this context, we helped clients to develop policies and guidelines aimed at shaping actors' practices.

Examples of MECB assignments are provided in Exhibit 4.1. Our experience indicates that the pressure for MECB change is coming from boards and funding agencies. It is not surprising to note that the motivation for change is often episodic, dictated by pressure. We have also noted a lack of on-going leadership with respect to improving monitoring and evaluation capacity. This is due, in part, to job changes, changing priorities and funding concerns. However, even under difficult circumstances, we see a unique opportunity to seize the interest in MECB.

Exhibit 4.1   Examples of Universalia's MECB experience

DEVELOPMENT AGENCY	LENGTH OF UNIVERSALIA INVOLVEMENT	PRESSURE ON DEVELOPMENT AGENCY	UNIVERSALIA ASSIGNMENT	INTERESTING FEATURES WITH RESPECT TO MECB
African Development Bank (AfDB)	Since 2003 and on-going	AfDB Board wanted better reporting of results.	Conducted a needs assessment and developed a roadmap for introducing a results based management system to guide AfDB projects and programs	This will be a holistic, systems intervention. It started with an institutional review of AfDB's readiness and existing capacity, and is currently generating a plan (roadmap) that addresses all system aspects. It will be implemented in 2005.

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Asian Development Bank (AsDB)	Recent, since 2004	Pressure from AsDB Board to engage in better outcome level reporting.	Developed and delivered pilot courses in results-based management (2004) to AsDB partners in China and the Philippines	AsDB recently created a RBM unit. It will be interesting to see if the unit will be able to find a way to influence other major AsDB programming and administrative units to change behaviors as required to accommodate results-based management approaches. AsDB wants to start its work with an institutional review to assess both its readiness and capacities.
Caribbean Development Bank	Since 2002, and now episodic	External funders want a stronger evaluation unit. Trained unit on use of RBM.	Designed and delivered training to CDB officers on how to evaluate organizations.	Similar to the AfDB the CDB is in the midst of a major organizational change driven by a desire to significantly increase the level of funding it will provide to its region. Building evaluation capacity is seen as an important step in its attempt to increase organizational capacity.
Canadian International Development Agency (CIDA)	Episodic since 1989	Pressure from the Office of the Auditor General-through senior managers to improve the Agency's ability to report on results to parliament.	Assessed the performance measurement capacities and needs of a Branch at project, program and branch levels Developed guidelines for results-based work-planning and reporting for partners of a bilateral country program (2003) Assisted in the development and testing of a policy and framework to guide RBM in the Agency (1993, 1996) Developed and delivered courses in results-based management for CIDA officers and partners (1995-date) Defined and developed evaluation management procedures for bilateral Project Evaluation management and Standards (1991)	Since the introduction of the RBM policy in 1993/94, many units within CIDA have independently invested in becoming more results-oriented. However, these have tended to be discrete investments than coordinated, holistic Agency approaches. While CIDA experimentation has led to the identification of interesting different approaches, it is not yet evident if the results of the investments made to date will be sustained at different levels—Program, Branch, Agency— time will tell.

DEVELOPMENT AGENCY	LENGTH OF UNIVERSALIA INVOLVEMENT	PRESSURE ON DEVELOPMENT AGENCY	UNIVERSALIA ASSIGNMENT	INTERESTING FEATURES WITH RESPECT TO MECB
			Developed NGO Evaluation Guidelines (1985)	
International Development Research Centre (IDRC)	Partner in developing evaluation approaches since 1995	Internal pressure. Managers wanted to develop tools to help their international Partners improve their evaluation capacity.	Created research and development opportunities which resulted in an organizational Assessment framework and framework for outcome assessment. Both tools are being used by IDRC partners Fruitful exchanges in Information sharing and advice about how to build MECB.	Informal private – public partnership has been very helpful to both parties
Inter-American Development Bank) IDB	Episodic since 1996	Evaluation unit wanted to standardize evaluation practices.	Developed an evaluation handbook *Evaluation: A Management Tool for Improving Project Performance* (IDB, 1997)	Shows the importance of policy and enforcement. The evaluation handbook is now widely used and available throughout IDB member countries.
IUCN	Partner since 1997	Donors, as part of a recommendation from an institutional review of IUCN, requested that it up an evaluation function	IUCN hired a coordinator who was tasked with setting up an evaluation function. Universalia has supported IUCN in building its evaluation function: structure, policy, training, role in monitoring, activities etc	This has been an 8 year partnership in helping IUCN develop a decentralized evaluation unit.
UNIFEM	Episodic since 2002	As a member of the UNDP family, UNIFEM was being pressured to become more results-oriented at an institutional level	Developed results-based performance framework to complement the corporate strategic plan Analyzed the organization's performance measurement and reporting capacities and needs	Strong leadership, interest and commitment to Results-Based Management among senior managers encouraged and enhanced overall commitment to and support for initiatives undertaken by the organization. It is believed that this will increase the likelihood of such results being sustained at the organizational level.

DEVELOPMENT AGENCY	LENGTH OF UNIVERSALIA INVOLVEMENT	PRESSURE ON DEVELOPMENT AGENCY	UNIVERSALIA ASSIGNMENT	INTERESTING FEATURES WITH respect to MECB
World Bank (WB)	Episodic since 2001	Board pressure for better results reporting.	Building the unit compact, training in the use of the compact, improving CAS RBM, Developed and delivered a Program Evaluation course: Train the trainer Explored ECB in Ghana for OED. Conducted a meta evaluation of Chile's attempt to improve evaluation function Reviewed Canadian experience in building evaluation associations Participated in IPDET	MECB is complex and requires an institutional perspective —creating the institutional perspective is very difficult

5 . O b s e r v a t i o n s / L e s s o n s

Observations from our decade of experience in helping international development agencies build their monitoring and evaluation capacity are provided below:

MECB is likely to be more effective in agencies that have clearly defined "why" they need a stronger M&E system and "what " it is to be used for.

Monitoring and evaluation are two important feedback systems in organizations. Monitoring represents the regular data managers obtain to provide insight with respect to whether or not the organization is on target given its plan. Evaluation provides a broader set of feedback data, which in many instances is highly reliant on monitoring information. In our experience, the "feedback function" is often neither clearly defined nor well developed. Organizations need to understand how to use M&E evidence or feedback for both accountability and learning purposes. We have found that many organizations regard M&E as a bureaucratic requirement rather than as a way to improve organizations' work practices. In our experience, there is little sustainable change or impact on organizations when capacity building responds solely to bureaucratic requirements. On the other hand, when M&E and MECB are part of a larger change effort and M&E is used as a feedback mechanism in support of the change effort, their value to the organization improves.

The more complex the social, political and economic context becomes, the greater the need for MECB to be dealt with holistically.

Not long ago, Universalia was confronting evaluation issues that were primarily related to projects and programs and their relatively narrow sphere of influence. While this continues today, our project and program work is now expanding to encompass a set of evaluative questions that are confronting nations and global treaties.

What this means is that the clients we are working with need robust M&E systems capable of generating data to answer broader questions. We have found that information systems (monitoring

systems) are often inadequate to this task. Similarly, managers are unable to respond to the more complex issues being raised. In other words, there is insufficient capacity to deal with increased M&E complexity.

In the past, our typical entry point focused on a specific, discrete need related to M&E (e.g. designing and delivering management training in RBM or program evaluation, defining performance indicators etc.). Clients often saw their needs in isolation from the bigger picture. However, we have found that the results of interventions are frequently not sustained at the organizational level if the discrete need is addressed without attention to other essential ingredients (such as systems, incentives, supportive culture)[5].

It is our view that the sustainability of capacity building interventions is enhanced when the necessary conditions for success are identified and addressed in an integrated fashion, rather than discretely (eg linking the feedback function to accountability requirements, HR management capacities, info systems, financial procedures and so forth).

MECB efforts are more successful when they obtain leadership support aimed at the particular intervention level.

Leadership is a central component of any change effort. This is the case in MECB. In the absence of an acceptable organizational champion, MECB is dealt with as a superficial technical fix. It is the organizational champion or leader who is able to articulate the type of organizational change that is needed and garner support from staff to engage in MECB. It is the organizational champion who is able to create internal ownership of the MECB processes that support a sustainable change effort. As we went through our experience, the most successful and satisfying assignments were those were there was strong support and commitment from the key leaders in the organization. When this was absent, the sustainability of results of the intervention was typically modest.

A related observation relates to how external consultants are utilized in this change process. In our experience, the change process is most successful (that is leads to sustainable results) when guided and driven internally, not externally. Sometimes we have found this a difficult balance when those responsible for leading the charge are not well informed about MECB.

MECB approaches are more successful when they are adapted to an organization's culture.

MECB is about changing an organization's norms and values. It deals with creating an organizational climate that values feedback and learning. It involves a staff that sees accountability as a useful organizational idea; one that needs to be managed fairly without engaging in "blame games". Most of the organizations with which we have worked see M&E as a control function not central to learning. In general, they accept the need for learning and espouse a desire to use M&E as part of their learning organization, but do not know how to use it as a tool for learning and change. As a consequence, a large number of our organizational interventions emphasize the need for culture change and for behaviour consistent with the culture change that is desired.

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[5] However, there are usually residual benefits at the individual level (e.g. participants in ad hoc RBM project level training).

A readiness assessment and an action research design permit the particular MECB approach to be adapted to the particular needs of the organization.

Our experience illustrates that the use of evidence-based design and change strategy (diagnosis, action feedback etc.) is probably the most appropriate approach to MECB. MECB is essentially a change strategy that helps an organization gather and use data to improve decision-making. Similarly, it is best undertaken as an action-learning change process. In this way, "learning by doing" is built into the process and reinforces the learning aspects of MECB. Such an approach allows one to "Practice what you preach." This approach allowed us to have better dialogue with our clients and pay more attention to identifying objectives and clarifying expected results (short, medium and long-term), as well as to risks, assumptions and feedback, thus mitigating problems as they occurred.

An on going-communication strategy increases the probability that MECB will be integrated into the organization.

The theme of this lesson is "communicate, communicate, communicate." Once again, we are struck by problems caused by people who do not understand what is being done. Communication distortion occurs for many reasons, thus MECB events require that multiple channels be used to get the message out. Poor communication is often the cause of MECB failure!

6. Conclusions

MECB is a new and interesting avenue of work in the international field of evaluation. From our perspective there is increasing demand for services in this area and a dearth of people with experience in looking at this issue. The field is exciting and a challenge for all of us. What is needed is more people to share their experience and lessons. We invite you to do this with us.