

# ORGANIZATIONAL CAPACITY BUILDING FRAMEWORK:

## *A Foundation for Stronger, More Sustainable HIV/AIDS Programs, Organizations & Networks*

### INTRODUCTION

*Governments, donors, and NGOs have made significant investments in capacity building, but the term is often vaguely defined and operationalized, and impact is difficult to measure. The mechanisms for planning, implementing and evaluating organizational capacity building can also be dramatically different in practice. Meanwhile, the chorus of capacity building enthusiasts continues to grow. In 2009, the World Bank put out a new and significant publication—Capacity Development Results Framework<sup>1</sup>—that stresses a strategic and results-oriented approach to nurturing the building and rational utilization of capacity at national and sub-national levels. There is also recognition that sound capacity building approaches and practices are essential to achieving PEPFAR targets and the Millennium Development Goals, as well as the PEPFAR and Global Health Initiative goals of health systems strengthening, country ownership, and sustainability. These approaches and strategies are also aligned with the commitments from the Paris Declaration on Aid Effectiveness, 2005.<sup>2</sup>*

1. “The Capacity Development Results Framework – a strategic and results oriented approach to learning for capacity development”, The World Bank, June 2009

2. <http://www.oecd.org/dac/effectiveness/parisdeclaration/members>



The nature and needs of health service organizations, both public sector institutions and civil society organizations, are changing dramatically. This is especially true for HIV/AIDS implementing organizations. Many of these entities are being asked to take over programs, integrate programs or assume new organizational mandates, scale up existing services, manage larger budgets and employ larger workforces. These organizations face expectations for greater accountability and transparency as well as improved organizational results. As such, these organizations and donors must pay attention to needed improvements in leadership and governance, financial management, human resource management, planning and logistics, monitoring and

evaluation, grants management and other internal systems and processes, team work, partnership and alliance building, and resource generation. Many organizations would benefit from more effective communication and decision-making processes. Capacity building in these areas can contribute greatly to the efficiency and effectiveness of any organization.

The framework in this Technical Brief offers a simplified and systematic approach to organizational capacity building that most local implementers, especially those that provide HIV/AIDS services, can draw from to better fulfill or expand their mandates. ■

## ACRONYMS

<b>AIDSTAR</b>	<b>AIDS Support and Technical Assistance Resources</b>
<b>CBO</b>	<b>Community Based Organization</b>
<b>COTR</b>	<b>Contract Office Technical Representative</b>
<b>CSO</b>	<b>Civil Society Organization</b>
<b>IT</b>	<b>Information Technology</b>
<b>M&amp;E</b>	<b>Monitoring and Evaluation</b>
<b>NGO</b>	<b>Non-governmental Organization</b>
<b>PEPFAR</b>	<b>President's Emergency Program for AIDS Relief</b>
<b>USAID</b>	<b>United States Agency for International Development</b>

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We hope the conceptual framework presented in this technical brief assists local implementing partners, including civil society organizations, NGOs and public sector institutions, as well as donors to improve on their organizational capacity building processes and approaches. The good practices and indicators used in this document should be considered based on the type and current capacity of the organization. While there are minimum standards for the organizational practices, not all will be applicable to every organization. ■

## I. THE PURPOSE OF THE ORGANIZATIONAL CAPACITY BUILDING FRAMEWORK

The organizational capacity building framework presented here was developed by the AIDSTAR-Two Project, in collaboration with USAID. Funded by USAID, AIDSTAR-Two's overall objective is to contribute to stronger and more sustainable, country-led HIV/AIDS programs, organizations, and networks. Like other frameworks, this one serves to hold together a set of ideas or practices that comprise a broad approach or course of action. It provides an *operational* understanding of organizational capacity building, particularly in the context of local civil society organizations although it has applicability to a wide range of organizations, including government institutions at local, regional and national levels.

Specifically, the framework serves to:

- Assist local implementing institutions and organizations, capacity building providers and donors to understand and utilize the principles, concepts and practices of organizational capacity building.
- Describe the process of designing, implementing, measuring and documenting capacity building interventions capable of improving an organization's performance, or the skills and competencies of its staff.
- Encourage the capacity building community to use a more systematic approach to improve the efficacy of organizational capacity building.

## II. DEFINITION OF TERMS

The definitions of certain common "capacity building" terms frequently used in this document provide a basis for discussions and forging a common understanding. A glossary of other terms is provided on page 21.

- **Capacity:** the ability or power of an organization to apply its skills, assets and resources to achieve its goals.
- **Capacity building:** an on-going evidence-driven process to improve the ability of an individual, team, organization, network, sector or community to create measurable and sustainable results.
- **Organizational capacity building:** the strengthening of internal organizational structures, systems and processes, management, leadership, governance and overall staff capacity to enhance organizational, team and individual performance.

### III. GUIDING PRINCIPLES FOR ORGANIZATIONAL CAPACITY BUILDING

If done well, organizational capacity building can contribute to sustainability, ownership, improved organizational services and products, and a sense of common purpose. It can also enhance institutional flexibility in responding to change, problem solving and learning.

Incorporating certain principles in the design, implementation and monitoring of organizational capacity building initiatives and programs is critical to successful capacity building processes and sustainable results. These principles include:

- **Ownership and Leadership:** For organizational capacity building to be useful and effective, the organization that is the subject of the capacity building assistance must own the process. This means capacity building assessments and planned improvements are defined and carried forward by the implementing organization, with the guidance and assistance of any external partners as needed. Senior management must commit to the process, providing ongoing leadership, management and technical support.
- **Demand-driven Technical Support:** The need for external local, regional and/or international partners, in providing technical assistance and support for capacity building efforts of local organizations will vary based on the organization requesting the support. The way in which capacity building technical assistance is offered and facilitated is key to the effectiveness and sustainability of interventions. Organizations need to work collaboratively with any external organization providing the technical assistance to identify, participate in and potentially endorse the key concepts of any external technical assistance. As organizations change and grow there may be new or additional opportunity to seek external support or technical assistance.
- **Participation:** Capacity building ideally involves the organization at all levels including other relevant stakeholders as appropriate in order to ensure buy-in and commitment, build real local capacity and enhance sustainability. Participation also involves commitment of time and other resources on the part of the organization.
- **Context-specific:** The selection of capacity building approaches, tools, and methodologies is based on the context in which the organization, team, or individual operates and its current level of capacity. Context, for example, can reflect resource-constrained or post-conflict environments, or can be driven by donor expectations or national policies.
- **Evidence-based capacity building practices:** Capacity building approaches, tools, and methodologies are designed or selected based on proven evidence of impact and appropriateness for the type of organization, setting and needs.
- **Results-oriented capacity building:** Implementing organizations should develop and use indicators to measure progress toward achieving capacity building results. To help monitor and improve organizational performance, organizations should set performance targets and measurable results, analyze impact, correct course if necessary, identify lessons learned, and determine if the organizational capacity building practices were effective.
- **Learning and knowledge exchange:** All those involved in capacity building need to prioritize the documentation, dissemination, and application of lessons learned and promising practices in this area and share this information. Strengthening the capacity building evidence base should be a high priority for all.

## IV. COMPONENTS OF THE ORGANIZATIONAL CAPACITY BUILDING FRAMEWORK

**E**ffective organizational capacity building consists of evidence-based approaches to meet a hierarchy of needs over time. Capacity building must occur with the full support of the organization's leadership, if investments in capacity building are to pay off.

Additionally, organizational capacity building is complicated by a multiplicity of environmental factors including culture, politics and even geography. Organizations also operate within broad, sometimes overlapping and often complex contexts with laws, regulations, ordinances, policies and other government, community and donor priorities.

This framework is an attempt to provide some consistency and simplicity, especially for civil society organizations implementing HIV/AIDS programs, but can serve as a model for non-health related organizations as well.

The organizational capacity building framework presented here is organized around four components: organizational functions, organizational practices, standards and indicators.

- Organizational functions:** These are the set of core organizational features that need to be present and functioning together effectively in a sustainable institution. This framework defines five primary functions of an organization or a network (see Diagram 1 below):
  - **Mission, vision, and strategy:** the organization's purpose and approaches that define and underline programs and activities, and inform the planning process.
  - **Structure:** programs, projects, offices, departments/units, lines of authority and accountability, decision making and communication mechanisms to accomplish the mission and goals of the organization.
  - **Management systems:** integrated internal systems that enhance utilization of all resources and assets to advance the organization's mission. Examples of these systems include human resource management, financial management, health information, drugs and supply, and monitoring and evaluation.
  - **Partnerships, external relations and networking:** mechanisms and approaches for building and nurturing effective alliances and networks in order to leverage support and extend the scope and effectiveness of services and overall mandate of the organization.
  - **Leadership and governance:** stewardship, defining values and promoting standards of ethical practice, mobilizing resources,

### DIAGRAM 1.

#### Organizational Functions



effective trusteeship in setting strategic direction, detecting and correcting undesirable trends or distortions.

By conceptualizing organizational life in this manner, local organizations, governments, donors and capacity building providers can determine with some precision where to target their interventions. All these components are important, but leadership and governance appear in the middle of the diagram, since they are especially critical and often serve as the glue that binds and promotes the effectiveness of all the other functions.

The primary functions constitute the core elements that are normally the focus of organizational assessment and capacity building interventions. Additionally, understanding who the beneficiaries or clients of these interventions are guides the next step, which is to determine which functions need improving. The subject or client of an intervention could be an individual, team, department, an entire organization, network or community.

2. **Organizational Practices:** These are the essential processes and activities that organizations require to demonstrate capacity in any one of the core functions. For these practices to be sound, they must be supported by and encouraged through policies, structures, systems and actions. To increase an organization's efficiency and effectiveness, all of the practices described in this framework are essential. Capacity building interventions

must take them into account, while bearing in mind the absorptive capacity of the organization receiving the assistance. Without a deep understanding of these practices and how they interact, effectiveness and sustainability of capacity building programs can be at risk.

3. **Standards:** These are the established internal norms or requirements of an organization, which can be used as measures to gauge development and identify capacity building needs. Just as there are standards for clinical medicine and public health, so are there standards for organizational functions and practices. However, some level of customization may be necessary for different contexts and levels of organizational maturity. Organizations work toward the achievement of these standards over time.
4. **Indicators:** These are the metrics used to monitor and measure progress in meeting the standards for each essential organizational practice. Measuring intermediate progress and longer term results requires a systematic approach with metrics that assess efficiency, effectiveness and impact.

The framework on the following pages provides a comprehensive picture, with examples, of organizational functions, practices, standards and indicators. When understood and applied together, the components of the capacity building framework bolster the functionality of a program or organization. ■



## V. THE ORGANIZATIONAL CAPACITY BUILDING FRAMEWORK

*Capacity Building interventions are identified and implemented to help an organization improve its practices so that it can achieve the established standards. Indicators are a means of gauging the success of the chosen capacity building intervention on achieving the desired standard.*

*This framework presents the core organizational functions, essential organizational practices under each function and the standards by which organizations can gauge their current development and identify capacity building needs. The functions and the standards define what capacity needs to be built or reinforced. The framework also includes indicators and gives examples of how to measure progress against the standards.*

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<p><b>Mission, Vision &amp; Strategy</b></p>	<p>Creating an organizational mission</p>	<p>The mission statement exists in writing, is widely known and regularly reviewed to assure that it reflects the current organizational purpose.</p>	<ul style="list-style-type: none"> <li>▪ A clear mission exists and is known by over X% of the staff.</li> <li>▪ Frequency of measure: Annually</li> </ul>	<ul style="list-style-type: none"> <li>▪ Discuss the mission in a staff meeting and ask staff to state the mission statement</li> <li>▪ <b>Key Questions:</b> <ul style="list-style-type: none"> <li>(1) Can staff explain the mission statement?</li> <li>(2) Is the mission statement used in everyday work, in organizational materials, in meetings and in funding proposals?</li> <li>(3) Is the mission statement used to guide strategy?</li> </ul> </li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Mission, Vision &amp; Strategy</b> (continued)	<p><b>Developing a strategic plan</b></p> <p><b>Monitoring the plan periodically</b></p>	<p>The organization has a written strategic plan that reflects its mission, contains strategic objectives and is based on a review of strengths and weaknesses, the external environment and client needs; it also states priority areas and measurable objectives, is referred to for management decisions and operational planning and is reviewed regularly.</p>	<ul style="list-style-type: none"> <li>■ A strategic plan, aligned with the national HIV/AIDS strategy and the documented needs of the community, is developed with board members and staff representing different levels of the organization.</li> <li>■ Frequency of measure: every 3–4 years</li> </ul>	<ul style="list-style-type: none"> <li>■ Is the plan aligned with the national HIV/AIDS strategy?</li> <li>■ Are the strategic objectives in the strategic plan consistent with the organization's mission?</li> <li>■ Does the plan show a clear pathway from the current situation to the stated strategic objectives through well developed strategies?</li> <li>■ Does the strategic plan take into account the documented needs of clients and potential clients?</li> <li>■ Number of staff and board members involved in development of the strategic plan; detail gender, position in the organization, rank.</li> </ul>
<b>Developing an annual work plan</b>	<p>The organization has an annual work plan or operational plan with measurable results, activities, timelines, responsibilities and indicators, and is linked to the program budget and developed with participation of staff.</p>	<ul style="list-style-type: none"> <li>■ Annual work plan is implemented.</li> <li>■ Frequency of measure: Annually</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Questions for key staff:</b> <ol style="list-style-type: none"> <li>(1) Can staff explain the strategic plan?</li> <li>(2) Is the strategic plan used regularly, in organizational materials, in meetings and in funding proposals?</li> </ol> </li> <li>■ Annual operational plan exists with measurable results and actions designed to move forward the strategic plan strategies, objectives, and deliverables. People responsible and due dates are clearly noted.</li> <li>■ Percent of results and key actions that are completed.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Questions for key staff:</b> <ol style="list-style-type: none"> <li>(1) Can staff explain the strategic plan?</li> <li>(2) Is the strategic plan used regularly, in organizational materials, in meetings and in funding proposals?</li> </ol> </li> <li>■ Annual operational plan exists with measurable results and actions designed to move forward the strategic plan strategies, objectives, and deliverables. People responsible and due dates are clearly noted.</li> <li>■ Percent of results and key actions that are completed.</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Mission, Vision &amp; Strategy</b> (continued)	Developing an annual work plan (continued)		<ul style="list-style-type: none"> <li>■ A monitoring and evaluation plan with clear targets and indicators that match the organization's strategic and operational plans and is consistent with the national HIV/AIDS strategy, donor requirements for M&amp;E and reporting is implemented.</li> <li>■ Frequency of measure: Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>■ M &amp; E plan exists and periodic review schedule is followed with people responsible and due dates.</li> </ul>
<b>Developing business plans for new products, services or markets</b>	The organization has a staff capable of developing sound business plans to secure funding for the design and launch of new products or services, or existing services and products entry into new markets (regions, target populations, etc) and a sound business plan exists.		<ul style="list-style-type: none"> <li>■ Business plan implemented.</li> <li>■ Amount and type of funding length and source received as a result of presenting their business plan</li> <li>■ Number of new products or services launched or existing services/products extended to new regions or populations as a result of implementing their business plan</li> </ul>	<ul style="list-style-type: none"> <li>■ A detailed work plan exists to support the implementation of business plan</li> <li>■ Resources (budget line/staff) allocated to promote plan</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Structure</b>	<p><b>Developing an organizational chart that defines lines of authority and accountability</b></p>	<p>The organization has a structure which is well-designed and relevant to the mission; vision and key functions of the organization are clearly defined and appropriate.</p> <p>The organization has an organizational chart or organogram that defines lines of authority, supervision and accountability. This is also included in the organization's manual of policies and procedures.</p>	<ul style="list-style-type: none"> <li>An organizational chart that is regularly updated and consistently used</li> <li>Frequency of measure: Annually</li> </ul>	<ul style="list-style-type: none"> <li>Organizational chart exists that shows reporting lines and supervisory relationships, and it has been disseminated to staff</li> <li>Chart updated to show new structure</li> <li>Chart used to resolve issues pertaining to lines of authority and accountability</li> </ul>
<p><b>Establishing formal internal communication mechanisms to share necessary information</b></p>	<p>The organization has clear communication mechanisms, understood by all staff, to share information including changes in procedures or regulations and other important matters across organizational units and among staff at different levels.</p>	<ul style="list-style-type: none"> <li>Communication channels—memos, letters, emails, conference calls, bulletins, newsletters—exist and are used consistently to share information internally.</li> </ul>	<ul style="list-style-type: none"> <li>Type, quality and quantity of communication channels</li> <li>Funds are allocated to support communication channels</li> <li>Number of staff who express satisfaction with communication channels</li> </ul>	
<p><b>Establishing clear staff roles and responsibilities</b></p>	<p>Roles and responsibilities are defined in the policy and procedures manual and used as the basis for assigning work.</p>	<ul style="list-style-type: none"> <li>Roles and responsibilities are defined in the manual, and are updated in the light of new initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Updated manual on roles and responsibilities</li> <li>Staff assignments serve organizational strategies</li> </ul>	
<p><b>Establishing clear decision making protocols</b></p>	<p>The organization has a clear and inclusive process for making all significant decisions and carrying out those decisions.</p>	<ul style="list-style-type: none"> <li>Senior managers and leaders listen to and consider the views of staff before making significant decisions.</li> <li>Staff are encouraged to make significant decisions regarding their own work.</li> </ul>	<ul style="list-style-type: none"> <li>% of staff who report they were consulted before significant decisions were made</li> <li>Meeting reports</li> <li>Number of consultative meetings before significant decisions are made and carried out</li> </ul>	

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Leadership and Governance</b>	<p><b>Complying with local registration and tax status requirements</b></p>	<p>Organization is legally registered, is aware of tax status and is fully compliant with tax obligations and labor laws.</p>	<ul style="list-style-type: none"> <li>▪ Valid registration certificate exists.</li> <li>▪ Tax waiver certificate exists.</li> <li>▪ Tax pin number exists.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legal registration documents</li> <li>▪ Link to labor law expert or tax advisory services</li> </ul>
	<p><b>Developing standards of ethical practice that preserve and strengthen public's confidence</b></p>	<p>Organizational values and ethical principles are written down, widely known, and board and staff are held accountable for adhering to them.</p>	<ul style="list-style-type: none"> <li>▪ Organizational values statement exists.</li> <li>▪ Code of ethics exists.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of staff and board who can explain the organization's values statement</li> <li>▪ Number of staff and Board members who have read and signed code of ethics</li> </ul>
	<p><b>Promoting transparency and accountability</b></p>	<p>The organization procures goods and services and issues grants in a fair and transparent way; financial information regarding the organization is made available to members, beneficiaries, and donors.</p>	<ul style="list-style-type: none"> <li>▪ Annual and quarterly reports contain financial information and are disseminated to members, beneficiaries and donors.</li> <li>▪ Regular internal and external audit mechanism exists.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Standardized financial data collection methods and infrastructures exists.</li> <li>▪ Standardized financial information is readily accessible and routinely disseminated to stakeholders.</li> <li>▪ Uniform practices for quantitative analysis of financial performance exists.</li> <li>▪ Number of suitably credentialed financial management workforce</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Leadership and Governance</b> (continued)	<b>Establishing and maintaining a functional board of directors</b>	<p>The organization has a board of directors with clear terms of engagement, a code of ethics and regularly functioning board committees for specific areas, such as revenue generation, compensation, financial management, risk management, and public relations, programs and services.</p> <p>Board membership is drawn from a broad spectrum according to board procedures; all members have relevant experience. Board displays a high willingness and proven track record of investing in learning about the organization and addressing its issues.</p>	<ul style="list-style-type: none"> <li>■ The board of directors meets on a monthly or quarterly basis.</li> <li>■ Meetings are well planned, documented and occur at regular intervals with excellent attendance.</li> <li>■ Board of directors reviews financial information of the organization, strategic and operational plan and budget, donor requirements, etc. and participates in fund raising.</li> <li>■ Board has clear Terms of Reference and a good understanding of its key functions and those key functions are all consistently carried out.</li> <li>■ Board term limits are defined. Officers are elected/appointed according to board procedures.</li> <li>■ Board of directors engages in leadership development training or capacity building activities on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>■ Meeting minutes are taken and disseminated to all board members and if appropriate key stakeholders and staff.</li> <li>■ Agenda for board meetings demonstrates variety of key roles and functions.</li> <li>■ Board Terms of Reference on file and regularly updated.</li> <li>■ Number of meetings attended by all board members</li> <li>■ Board election notices and reports</li> <li>■ Number of board development activities</li> </ul>
	<b>Mobilizing resources</b>	<p>The organization follows a medium and long-term revenue-generating strategy, balancing diverse sources of revenue to meet current and future needs.</p>	<ul style="list-style-type: none"> <li>■ The organization obtains and uses diversified funding sources to support its programs and services.</li> </ul>	<ul style="list-style-type: none"> <li>■ Percent of annual revenues generated from diverse sources</li> <li>■ Percent of annual operating budget that is covered by income generated through service delivery</li> <li>■ Organization had submitted at least one proposal for external funding within the last 12 months.</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Leadership and Governance</b> (continued)	<p>Defining values</p> <p>Developing and formally adopting written code of ethics</p>	<p>Organizational values and ethical principles are written down, widely known, and board and staff are held accountable for adhering to them.</p>	<ul style="list-style-type: none"> <li>▪ Key values statements are documented and accessible to staff.</li> <li>▪ Staff receive training and orientation on values and ethical principles of the organization.</li> <li>▪ Frequency of measure: Every 3–5 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct a survey asking staff to state the values of the organization.</li> <li>▪ <b>Key Questions:</b> <ol style="list-style-type: none"> <li>(1) Can staff explain the key values of the organization?</li> <li>(2) Are the key values considered/used in proposal development?</li> <li>(3) Are the key values considered/used to develop strategy?</li> <li>(4) Are the key values tied to staff performance and review process?</li> </ol> </li> </ul>
<b>Partnerships, External Relations and Networking</b>	<p>Formulating an advocacy policy</p>	<p>The organization has a clearly defined strategy and annual operational plan for policy engagement and advocacy with relevant stakeholders, based on the national policy context and the needs of civil society.</p>	<ul style="list-style-type: none"> <li>▪ Advocacy plan implemented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular and recurring joint meetings of agency leaders</li> <li>▪ Budgetary commitment to cooperative partnership efforts</li> <li>▪ Resource, asset, or information sharing</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Partnerships, External Relations and Networking</b> (continued)	<p>Investing in a wide range of networking and partnering activities (including community mobilization efforts)</p>	<p>The organization has strategic links with external organizations and has an internal process to share technical expertise and experiences, has applied best practices to its program and shared this information with stakeholders and appropriate staff.</p> <p>The organization has strategic and operational links to key stakeholders including the community and mobilizes them to engage with the national and local response to HIV.</p> <p>The organization has a clear referral process and strong linkages with government, private or NGO health or social service providers to ensure that clients requiring HIV and AIDS treatment or health services have access to them and are followed. Clients are consistently referred to the right locations when needed and do not encounter problems at referral sites.</p> <p>The organization has participatory planning and decision making processes that involve stakeholders (including representation from project beneficiary groups and communities). Their views are consistently integrated into program design to improve the continuum of care. Community is mobilized to be active in program activities.</p>	<ul style="list-style-type: none"> <li>▪ Annual joint strategic and operational plans implemented</li> <li>▪ Mechanisms that promote multi-sectoral coordination and collaboration exist</li> <li>▪ Partners hold each other accountable for progress</li> <li>▪ Community mobilization strategies implemented</li> <li>▪ Community engagement plan implemented</li> <li>▪ Networked referral system meets the needs of patients</li> <li>▪ Stakeholder mobilization plan implemented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual joint review events/summits</li> <li>▪ Number of memoranda of understanding or partnership agreements</li> <li>▪ Number of staff trained in partnership policies and practices</li> <li>▪ Number of agreed joint targets met over the last X months</li> <li>▪ Regular and recurring meetings with community leaders and representatives</li> </ul>



Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<p><b>Management Systems</b></p>	<p><b>Establishing a financial management system</b></p>	<p>The organization has complete and appropriately documented financial management systems, which are known and understood by staff and which are consistently adhered to, reviewed and updated.</p> <p>The organization has complete and appropriately documented financial control procedures, which are known and understood by staff and which are consistently adhered to, reviewed and updated.</p> <p>The organization has complete and appropriately documented financial reporting procedures, which are known and understood by staff and which are consistently adhered to, reviewed and updated.</p> <p>The organization has complete and appropriate documented audit systems.</p> <p>Organizational systems are in place and have the accompanying documentation and staff capable of using and updating the systems.</p>	<ul style="list-style-type: none"> <li>▪ Financial management system based on sound business principles implemented</li> <li>▪ Program managers work with financial staff to develop and monitor budgets that support the annual operational plan and other programmatic initiatives/decisions.</li> <li>▪ The finance system presents an accurate, complete picture of expenditures and cash flow in relation to program outputs and services.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The accounting system generates regular reports tracking expenditures against the budget and noting variances.</li> <li>▪ The budget is linked to the annual operational plan for the current year.</li> <li>▪ The system produces accurate, timely information on expenditures.</li> <li>▪ Information generated by the system is used to make management decisions (i.e. analyze costs, used to allocate resources for planned activities).</li> <li>▪ Percent of units/programs/departments/work groups within the organization that are using planning and budgeting procedures to strengthen service delivery performance.</li> <li>▪ The number of qualified accountants and bookkeepers</li> <li>▪ Appropriate software package to automate financial management</li> <li>▪ Evidence of activities in yearly accounting cycle: <ul style="list-style-type: none"> <li>– Designing a budget</li> <li>– Managing cash flow</li> <li>– Financial controls; financial audits</li> <li>– Financial analysis and financial reporting</li> </ul> </li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Management Systems</b> (continued)	<b>Developing a Human Resource Management (HRM) system</b>	<p>The organization has complete and appropriately documented HR policies and procedures, known and understood by staff and consistently adhered to, reviewed and updated.</p> <p>Clear recruitment and deployment guidelines exist, the process is transparent, and the guidelines are consistently applied. HR staff are trained to apply the guidelines. The organization has strategies for retaining staff that are reviewed and modified to ensure effectiveness. Exit interviews are conducted and information on departing employees is stored. Opportunities for career advancement are available.</p> <p>A clear supervision plan exists which details supervisory responsibilities. Supervisors are trained and understand the process for assessing staff performance. Assessment is conducted for all staff at a minimum of once a year. Changes in staff work status, salary and benefits are consistently filed, up to date and available to staff.</p> <p>Standards and procedures exist for regular reports; findings are used to review HR trends; improve management and performance and achieve outcomes; staff who submit reports consistently get prompt feedback.</p>	<ul style="list-style-type: none"> <li>■ HRM policies and practices are documented, distributed and adhered to throughout the organization.</li> <li>■ An HR unit with qualified staff exists and oversees the implementation of HR policies and practices.</li> <li>■ A professional HR structure exists, with defined roles and responsibilities.</li> <li>■ Logical job descriptions are created and available.</li> <li>■ Job expectations are disseminated to providers.</li> <li>■ Systems or policies are in place and used as reminder/supervision for job expectations.</li> <li>■ Systems exist whereby job expectations are used for performance appraisal.</li> <li>■ There is a defined structure or pathway for career advancement.</li> <li>■ There is evidence of a culture or system of employee recognition and rewards; a merit-based promotion system is in place.</li> <li>■ Planners and program managers regularly receive and use HR data to make planning and management decisions.</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular reports with HR data necessary for planning, policy making or health program decision making</li> <li>■ The organization conducts at least one annual employee job satisfaction survey.</li> <li>■ Staff and supervisors have ready access to job descriptions.</li> <li>■ Job descriptions are updated each time a replacement hire is recruited.</li> <li>■ Quarterly supervisor-supervisee meetings</li> <li>■ A plan exists that outlines human resource priorities for the current year.</li> <li>■ A detailed work plan exists to support the implementation of the human resources priorities.</li> <li>■ The resources to implement the plan are allocated.</li> <li>■ An organizational chart exists and has been disseminated to staff.</li> <li>■ A personnel policy manual exists and is accessible to staff.</li> <li>■ An employee data system exists and is regularly monitored.</li> <li>■ A performance management system exists and includes accurate job descriptions, clear lines of supervision, feedback, and goals for the future.</li> <li>■ Percentage of performance reviews that have been completed and submitted to the HR office in the last year</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Management Systems</b> (continued)	<p><b>Developing a Human Resource Management (HRM) system</b> (continued)</p>	<p>The organization has a documented process, supported by regular training and coaching for staff, to encourage regular supportive supervision.</p> <p>The organization has performance planning, monitoring and evaluation policy that includes staff incentives, such as bonuses, promotions, or opportunities for continuing capacity building and formal training.</p> <p>The organization organizes its work around work groups or teams; the team is held accountable for results.</p>	<ul style="list-style-type: none"> <li>▪ Planned program of supportive supervision, a program that acknowledges staff for exemplary function with rewards and/or incentives; solicitation of employee opinion about job satisfaction</li> <li>▪ Teams are implementing key performance goals.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The number of supervisory training or orientation courses conducted for supervisors</li> <li>▪ Annual employee recognition events/awards</li> <li>▪ Number of special team assignments or work projects that are delivered on time and within budget</li> <li>▪ Number of teams that keep meetings focused on results</li> <li>▪ Number of work groups teams that identify and act on opportunities</li> </ul>
<b>Establishing a knowledge management and learning strategy</b>		<p>The organization has a clear process for gathering, documenting, and packaging quality information, best practices and lessons learned for broad distribution and use throughout the organization and with external clients.</p>	<ul style="list-style-type: none"> <li>▪ Knowledge management strategy implemented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of tools and publications</li> <li>▪ Descriptions of use of tools and best practices, gathered from knowledge of staff, feedback from clients, organization website</li> </ul>
<b>Investing in leadership and management development for staff</b>		<p>The organization promotes improvements in leadership and management practices to strengthen service delivery outcomes.</p>	<ul style="list-style-type: none"> <li>▪ The organization implements effective leadership and management development activities for staff that focus on service results linked to health outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct work climate assessments for staff</li> <li>▪ % increase in service utilization rates that can be linked to specific improvements in leadership and management practices</li> <li>▪ Number of teams that identify specific service delivery targets and achieve them</li> <li>▪ Management and leadership development program</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Management Systems</b> (continued)	<b>Developing and supporting teams that manage change efforts in the organization</b>	The organization has an environment that fosters effective change and actively supports internal change agents and programs.	<ul style="list-style-type: none"> <li>The organization implements routine and non-routine changes with minimum disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>Number of routine changes such as organizational turnover and staffing replacements, or changes in human resource policies that are implemented within specified time frame</li> <li>Number of non-routine changes such as new products or services, restructuring, scale up or down sizing that are implemented within specified time frame</li> </ul>
<b>Installing an information technology function</b>		Information technology (IT) procedures are in place and communicated to staff.	<ul style="list-style-type: none"> <li>Functional IT plan</li> </ul>	<ul style="list-style-type: none"> <li>% of staff expressing satisfaction with: <ul style="list-style-type: none"> <li>IT services, products and reliability</li> <li>Effectiveness of communication channels between IT and its users</li> <li>Mean time for vendors to respond to service calls</li> </ul> </li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Management Systems</b> (continued)	<b>Instituting an organizational monitoring and evaluation process including project performance management</b>	<p>The organization has a good M&amp;E plan. Data on program activities are available, up to date and regularly used for follow-up monitoring, program adjustments, planning and determining progress towards stated targets. Data are shared with relevant stakeholders.</p> <p>The organization has performance expectations and a system that assesses performance against standards; takes client satisfaction into consideration, includes an analysis of gaps or weaknesses and has a process to address them.</p> <p>Standards and procedures exist for regular reports; findings are used to review trends, improve management and performance and achieve outcomes; staff members who submit reports get prompt feedback.</p> <p>The organization approves work plans, reviews data, progress reports, provides guidance as necessary and makes at least semiannual supervision visits and results are discussed with management and technical staff.</p>	<ul style="list-style-type: none"> <li>▪ Baseline data is collected and used to compare periodic monitoring.</li> <li>▪ All required reports are completed, submitted on time and disseminated.</li> <li>▪ Organizational units systematically use information to plan and monitor performance.</li> <li>▪ Frequency of measure: Baseline &amp; quarterly</li> </ul>	<ul style="list-style-type: none"> <li>▪ The organization has used data and information to compare performance or service delivery targets in the most recent operational and/or strategic plans.</li> <li>▪ The organization's reports include tables, graphs and/or charts to illustrate trend/time analysis of information and include written analysis next to the tables.</li> </ul>

Organizational Functions	Examples of Essential Organizational Practices	Standards	Indicators	How can we measure this?
<b>Management Systems</b> (continued)	<b>Establishing and maintaining a Quality Assurance (QA) system</b>	The organization has established an ongoing evidence-driven system for assessing and improving the quality of services. Well trained teams regularly use the QA system.	<ul style="list-style-type: none"> <li>▪ Guidelines, clinical protocols, standard operating procedures and performance standards exist, and are regularly updated to improve these core dimensions of quality:               <ul style="list-style-type: none"> <li>– Technical competence of staff</li> <li>– Access to service</li> <li>– Effectiveness and efficiency of service</li> <li>– Continuity of care</li> <li>– Safety (both for clients and providers)</li> <li>– Amenities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ A written QA plan exists.</li> <li>▪ % of relevant staff trained in the use of guidelines and protocols</li> <li>▪ % of staff who routinely apply service quality standards in their practice</li> <li>▪ % of budget allocation devoted to QA</li> <li>▪ Conduct periodic survey to establish % of clients satisfied with quality of services</li> <li>▪ Review current supervisory system to determine type of QA in place</li> <li>▪ Conduct assessment to establish adequacy of facilities, logistics and equipment</li> </ul>
	<b>Establishing and maintaining information management system</b>	The organization has a clear system for collecting service and financial data; the plan is used to inform planning and management decisions.	<ul style="list-style-type: none"> <li>▪ Routine service and financial data collection system in place</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of accurate reports submitted on schedule</li> <li>▪ % of managers who use data and utilize findings to analyze trends to improve the quality of services</li> </ul>
	<b>Developing and maintaining supply management system</b>	The organization has a transparent, cost-effective and efficient supply system that is used to forecast and procure supplies (drugs, equipment, office supplies and consumables) in relation to their demand and use.	<ul style="list-style-type: none"> <li>▪ A supply system with procedures and guidelines exists.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of relevant staff trained to consistently use the supply system</li> <li>▪ Supply system norms, procedures and guidelines</li> <li>▪ Reduction in number of stock-outs reported</li> </ul>

## VI. MONITORING AND EVALUATION

**M**onitoring and evaluation are an integral part of all successful development activities including capacity building. Organizational capacity building interventions must be monitored, evaluated, and documented. Such a process offers data on the results of capacity building interventions and provides the evidence for corrective actions and the use of more effective practices and tools if approaches are not successful. Indicators are used to track progress and provide a basis for effective monitoring and evaluation.

When local implementing organizations and capacity building providers have determined the level and focus of organizational capacity building and have assessed current capacity of organizational practices against standards, they can design, deliver

and measure tailored interventions that respond to the assessed needs, by addressing weaknesses in specific practices, and using clear standards and indicators to measure progress.

The indicators in the framework are based on the organizational functions to be strengthened. It is important to select the appropriate indicators for improvements based on the results to be achieved and to monitor progress against these to determine the results and impact of capacity building. ■

## CONCLUSION

Underlying the rationale of organizational capacity building—and its popularity—is the notion that it will lead to local implementing organizations that are better able to address the health needs of their communities in both the short- and long-term.

Providing quality services along the HIV/AIDS prevention-care-treatment continuum requires managers who can lead their teams to results as well as committed, competent and supported staff at all levels. Together, these teams can develop and sustain high-performing organizations that possess a clear mission, a shared vision and viable strategies; and structures and systems that support the mission, vision and strategy. Other essential ingredients include good governance and leadership practices that translate into a productive work environment; the management capacity necessary to model and inspire a work ethic that is disciplined, results oriented, and reward based; and, finally, strategic partnerships that allow an organization or network to expand its core services and reach more clients.

This framework defines the elements that must be present for a systematic approach to organizational capacity building in order to meet these needs. Taking into full account the essential elements of organizational capacity building described here can enhance understanding and practice in different contexts, and improve comparability across different capacity building programs and organizations. It is important to note that the practices and indica-

tors within this framework should be considered a guideline. While there are minimum standards for the organizational practices, not all of these will be applicable to every organization, especially as capacity building is a process that takes place over time.

In addition, the framework can be used to guide the development of a monitoring and evaluation strategy to measure success of the organizational capacity building efforts and possibly evidence of its impact on the ultimate goal: improved and expanded service delivery. Just as the fields of public health and clinical medicine are informed and advanced by continuous and detailed research-based scrutiny, the field of capacity building must be subject to similar standards and organizational practices. This conceptual framework provides an opportunity for donors, practitioners and implementing organizations to adopt a systematic evidence-based approach to capacity building at all times, and to insist on the use of common standards, essential organizational practices and indicators to monitor and measure impact. As an organization engages in a systematic capacity building process, it acquires new knowledge about organizational results and outcomes; what it is doing well and in which areas it needs to improve. Ultimately, this contributes to stronger and more sustainable HIV/AIDS programs and health services that are able to prevent infections; treat the sick as well as improve the lives of people living with HIV/AIDS. ■



## APPENDIX A. GLOSSARY OF KEY TERMS

**Evidence:** Evidence is a fact or concrete observation that supports the identified stage of development. Convincing evidence answers the question, *what can we see or hear, or what do we know, that tells us that something is true?*

**Mission:** An organization's mission is its purpose, the reason it exists. It provides guidance, consistency, and meaning to decisions and activities at all levels. It answers the question, *why do we do what we do?*

**Strategy:** An organization's strategies are the broad approaches used to define the programs and activities that will fulfill the organization's missions and goals. The strategies answer the question, *how will we get where we want to go?*

**Structure:** Structure refers to the programs, projects, and offices that make up an organization. Structure answers the question, *are we organized in a way that facilitates what we want to do and where we want to go?*

**Systems:** Systems are independent functions that allow an organization to do its work. Organizational systems answer the question, *what helps us carry out our activities?*

**Values:** An organization's values are the beliefs and ethical principles that underlie its mission. They give meaning to the organization's work and form the basis for staff commitment. They answer the question, *what are the core beliefs and principles that we all share and that give meaning to our work?*

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