1. Introduction

Over the past two decades, the concept of Institutional Development and Organisational Strengthening (ID/OS) has become increasingly important in relation to development projects. More and more development organisations talk about and address issues like institutional development, institutional strengthening, institutional capacity building, and organisational development. Though using different words, it all boils down to an increased attention to the organisational set-up of projects and development activities. There are various reasons for this increased attention.

*Increased attention to sustainability*

The major reason has been the increasing discontentment with the results of development projects. Too many project activities collapsed after the external partner’s assistance was terminated. In other words, the development project, its activities and the achieved results were not sustainable. The poor organisational set-up, including the unclear positioning of the project in the existing institutional setting is judged to be one of the major causes for sustainability problems.

*Increased attention to local capacity building*

Lack of sustainability is caused among other things by negligence of the incorporation of local institutions and organisations in the development processes. Of course, local organisations were not neglected deliberately, but their importance was not recognised or their absorption capacity was considered not to be sufficient to be structurally involved in the project. Therefore, it was considered that development activities could be carried out more efficiently without involving local structures. In doing so, local capacity to continue with the development activities was not established. Thus, sustainable development not only requires involving local institutions and organisations, but also improving, if necessary, their functioning. Moreover, development project activities will often be taken over by relatively young organisations within new structures. Therefore, extra effort and attention is needed to embed these organisations and structures in their operational environment.

*Rapid changes*

Development projects and organisations often not only face a rapidly changing environment, but are also constrained in their way of coping with these changes because of the rigidity of project plans. Donor policies and economic, social and political changes all constitute a challenge to development. Organisations operating under these conditions require instruments and tools to adequately analyse these changes and to assess their own capabilities to find adequate answers.
Professionalization of management

More and more it is acknowledged that managerial and organisational questions are of primary importance for increased sustainability of development interventions. Not the technical superiority of the project design, but rather the organisational set-up and the managerial skills available determine the success of development interventions. In this respect, more and more attention is given to professionalization of the management of development projects, requiring instruments, tools and approaches to improve upon the project set-up.

Coordination of development activities

A necessary but complicating factor in development is that often many organisations of different natures are involved in a specific development activity, thus requiring utmost attention for coordination and mutual adjustment. Therefore, managerial and organisational matters need not only to be addressed at the level of individual organisations, but also at the level of a cluster or network of organisations.

SWAp – Sector-Wide Approach

Many bilateral and multilateral donors (for reasons of sustainability and transaction efficiency) have adopted the Sector-Wide Approach (SWAp) as development cooperation concept and modality. This means that donors (prefer to) channel aid to recipient governments, rather than to a variety of local NGO’s. As the recipient government takes the lead over the development process of their country, that government may be the one to involve (finance) NGO’s and private sector actors. Whereas the SWAp itself entails a shift in institutional arrangements, it also heightens the need to pay attention to good governance, sector-wide co-operation, and organisational capacity assessment.

2. Concepts

In drawing up definitions for the various terms, we base ourselves on accepted interpretations in literature. For practical purposes however, we formulate these definitions as workable and concrete as possible, to avoid misunderstandings about the used terminology.

Organisation

An organisation can be defined in general as a complex of people and/or groups that, according to commonly agreed rules and procedures, strive to realise one or more pre-set objectives.

Organisations are formed for almost any type of objective or activity that requires the inputs of several people. An organisation does not have to be formal, with written constitutions, objectives, procedures etc., as long as there is a common understanding among its members about the objectives and the way to achieve them. As such, a women’s group producing baskets is an organisation, whether or not it is registered and whether or not it has a constitution.
When we speak about development organisations we mean organisations (from recipient countries as well as from donor countries) that have the specific objective to contribute to the development of a target population in a country, set of countries or part of a country.

Institution

The most cited definition of an institution is probably the one formulated by Uphoff: ‘Complexes of norms and behaviours that persist over time by serving collectively valued purposes’.

Using this definition, a distinction can be made between concrete and abstract institutions. Concrete institutions include government, schools, law courts etc.: they have an organisational structure. These are entities that are commonly valued and have a certain durability. Concrete institutions could be called the actors involved in a (development) setting. Analysis of their position and (potential) role can be of great importance in the design of development interventions. A concrete institution can be said to be an organisation that has acquired a certain degree of value and stability, so that it may be called durable.

Examples of abstract institutions are the law, the market system, unwritten social rules in a community, marriage, money etc. Again they are durable and commonly accepted. The acceptance may be based on an agreement, common understanding in society, a contract, or even force. The abstract institutions may be called the factors influencing the setting. They set the boundaries for development activities. In designing development interventions they are to be seriously taken into account as their effect on development activities can be of great importance.

Development interventions using an ID/OS approach may involve both kinds of institutions. If you want to promote a marketing cooperative (concrete institution) in a rural area, you will also have to consider the laws (abstract institution) that affect the legal set-up of such cooperatives.

Organisation versus institution

The terms institution and organisation appear to be almost similar. However, there are organisations that are not institutions, institutions that are not organisations and groups of people that are neither organisations nor institutions. The table below shows the differences between organisations and institutions in some examples. From this table we can see that an organisation is institutionalised when it can be regarded as durable or long lasting. A group is neither an organisation nor an institution when there are no common objectives and agreed procedures.

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Table 1. Similarities and differences between organisations and institutions

<table>
<thead>
<tr>
<th>Not an organisation</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>People in the street</td>
<td>Marriage</td>
</tr>
<tr>
<td>Individuals</td>
<td>Language</td>
</tr>
<tr>
<td>A cocktail party</td>
<td>Money</td>
</tr>
<tr>
<td>Organisation</td>
<td>Church</td>
</tr>
<tr>
<td>A Company</td>
<td>Civil Service</td>
</tr>
<tr>
<td>A Project</td>
<td>Council of elders</td>
</tr>
<tr>
<td>A new organisation</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Dimensions of organisations and institutions

<table>
<thead>
<tr>
<th></th>
<th>Duration</th>
<th>Delineation</th>
<th>Purpose</th>
<th>Control</th>
<th>Changeability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution</td>
<td>Long-term</td>
<td>Diffuse</td>
<td>Look for compatibility</td>
<td>In(ter)dependent parties</td>
<td>Hard</td>
</tr>
<tr>
<td>Organisation</td>
<td>Short or long term</td>
<td>Clear (pay role)</td>
<td>Unity of purpose</td>
<td>Answerable to one boss/board</td>
<td>Easy (easier)</td>
</tr>
</tbody>
</table>

Institutional Development (ID)

In line with the earlier definitions we talk about institutional development in relation to the actors and factors influencing a certain development effort.

A working definition of Institutional Development is the following:
The creation or reinforcement of a network of organisations to effectively generate, allocate and use human, material and financial resources to attain specific objectives on a sustainable basis.

The network may consist of several organisations and their interrelations working together to attain one or more specific objectives. Institutional development is not limited to institutions only. It aims at an improved (and more durable/sustainable) embedding of development interventions in the environment in which both organisations and institutions play a role.

ID emphasises the environment (actors and factors) in which the development intervention takes place. Sustainability of development activities and the imbedding of (development) organisations in their environment are key-issues in ID. As such ID concerns the position of the organisation in its environment and defines objectives and activities to concentrate on.
**Organisational Strengthening (OS)**

The concept of OS is in line with ID, but the two are not similar. A prerequisite for ID is that the organisation is capable of executing the required activities. OS concentrates on improving this organisational capacity. OS can supply tools to help analyse existing organisations and assess the necessities and measures to improve the functioning of these organisations and then to implement these changes.

We can now define Organisational Strengthening as *measures to improve the performance of an organisation*; or in the context of a development intervention: *Measures to improve the organisation’s capability to execute selected activities while striving to achieve the objectives of that intervention.*

3. **Development interventions**

All development interventions, including ID/OS, are eventually geared towards a target group. All development efforts should finally benefit the beneficiaries. The overall aim or objective of development efforts is the satisfaction of the needs of the target group. Development activities can be distinguished in three categories of interventions:

1. Direct Assistance
2. Organisational Strengthening
3. Institutional Development
The three categories of interventions are complementary. This does not mean that we can categorise development projects and/or programmes solely as ID, OS or DA. On the contrary, most development projects include two or more intervention categories. However, in each category different instruments and approaches can be applied.

**Table 2: Focus of different types of development interventions**

<table>
<thead>
<tr>
<th>Type of Assistance</th>
<th>Focus</th>
<th>Requires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Assistance (DA)</td>
<td>Concrete activities towards Target group</td>
<td>Needs analysis</td>
</tr>
<tr>
<td>Organisational Strengthening (OS)</td>
<td>Project/Organisation, improving capability</td>
<td>Organisational Analysis</td>
</tr>
<tr>
<td>Institutional Development (ID)</td>
<td>Network, improving co-operation improving embedding</td>
<td>Institutional analysis</td>
</tr>
</tbody>
</table>

One of the phenomena that can endanger the sustainability of project results is a one-sided focus on the project objectives, the contents of the activities so to speak. This may
mean that not enough attention is given to the implementing organisation and its functioning in the operational environment. With the growing awareness of the often poor sustainability of project results, attention is now shifting towards the capacity of the involved organisations, the relations between organisations and the embedding of the specific project activities within these organisations. Donors have become aware of the important role of involved organisations as intermediaries for the achievement of certain development objectives. It is suggested that those intermediary organisations, in addition to the specific project objectives, are the primary focus of project-related ID/OS activities.

When taking the development of small-scale enterprises (SSE) in a region as an example, DA activities may include provision of credit, management training and advisory services to entrepreneurs. OS activities may include the training of bank staff in dealing with SSEs and the training of trainers and advisors of SSEs. ID activities may include coordination of SSE support activities between the different organisations involved and the creation of a network structure.

ID/OS efforts may be focused on intermediary organisations like local and sub-regional government, cooperatives, unions of entrepreneurs, training institutes, credit institutions etc. The ultimate objective of improving the productivity of SSE, may reached sooner by assisting and strengthening the network of intermediary organisations than by focusing the project activities directly towards the small scale enterprises themselves, adding another intermediary, while neglecting the potential of existing intermediaries.

4. ID/OS approach

The concept of ID and OS implies a specific approach of development interventions. In this chapter we will discuss the guiding principles that form the basis for this approach.

Long-term process

ID/OS is a process that cannot be accomplished successfully through single short-term projects or programmes. Embedding of organisations and their objectives in the environment and structuring a network of relations between these organisations is almost by definition a process that requires considerable patience and time.

Flexibility

Furthermore, the process is a dynamic one. Situation and conditions change over time. Therefore, besides the long-term commitment, the ID/OS process requires also a flexible commitment, in which the different parties can evaluate their working relation from time to time.

Step by step approach

We strongly advocate an approach to planning and implementation of development interventions that underlines the need for flexibility instead of strictly adhering to pre-defined objectives and plans of action. ID/OS programmes cannot be planned by
conventional blueprint methods, but should be flexible enough to allow substantial adjustment and modification during implementation. Specificity in objectives and flexibility in means seem to be the appropriate characteristics of long-term programmes.

**Participation**

The ID/OS approach is based on the concept that broad support is needed for successful development interventions. It is a guide on how to design an intervention that can incorporate such support with all parties involved. ID/OS programmes become effective when those who are responsible for their implementation and their intended beneficiaries all participate in planning, management and evaluation. In our view, it is necessary to consult all relevant beneficiaries, intermediary organisations and development agencies involved at certain stages of a development intervention. By doing so, a better and generally accepted understanding of problems and objectives evolves.

**Sustainability**

Development projects can be called sustainable, when they ‘deliver an appropriate level of benefits for an extended period of time after major financial managerial and technical assistance from an external donor is terminated’. The ID/OS tools and instruments assist in assessing and formulating sustainable development activities in relation to (potential) institutional capacity of organisations.

**ID/OS is problem oriented (Basic Question)**

Essential for any analysis is a starting point, a problem field or a basic question that someone has in relation to his/her own work. As reality is (too) complex, such a starting point is needed to guide the analysis and to limit the information to be included. The ID/OS emphasises the importance of formulating an adequate question. Moreover, the starting point of any ID/OS analysis is the environment: the position and functioning of the project/organisation vis-à-vis the target group and other collaborating/competing organisations. Only after this position is clear, the capability of the organisation can be considered. Eventually, an ID/OS intervention should contribute to an improved fulfilment of the needs of the target group/beneficiaries.

Relevant ID/OS questions can be formulated in various ways. A number of problematic issues with their definitions are listed in table 3.

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2 Definition as formulated by the Development Assistance Committee (DAC).
Table 3. Possible ID/OS issues

<table>
<thead>
<tr>
<th>Core issue</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy</td>
<td>Acceptance and imbedding of the organisation in its environment</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The extent to which the products/services meet the mission</td>
</tr>
<tr>
<td>Efficiency</td>
<td>The utilisation of resources (inputs) in relation to its outputs</td>
</tr>
<tr>
<td>Suitability</td>
<td>Whether or not an organisation is “fit” to deliver a certain output, based on its interest, its availability and its affinity with the activity.</td>
</tr>
<tr>
<td>Continuity (sustainability)</td>
<td>The probability that an organisation is capable to continue (sustain) its core activities.</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Ability of the organisation to adapt to (internal or external) changes</td>
</tr>
</tbody>
</table>

*ID/OS is a change process*

The ID/OS process as explained so far implies change: sometimes small changes, e.g. adjustments of procedures, sometimes great changes, e.g. restructuring. In all cases people, individuals or groups, will be involved in these changes. Changes, even if commonly perceived as necessary, influence people in different ways. They can imply improvement, better outlook for the future, but also threats, fear of loss of benefits, work, prestige, or in other words give fear for the future. The ID/OS change agent (consultant, expatriate, project management team, etc.) will have to be aware of these complications when designing interventions.

Moreover, it should be realised that ID/OS interventions will affect a project/organisation at different levels: systems and structures as well as changes in individuals and the relations between these individuals. In the design of ID/OS interventions these changes at different levels should be acknowledged, accommodated and facilitated. Too often organisational changes consider only the structural point of view, neglecting the importance of change to individuals (learning) and their interaction. If in the design phase the effect of changes on the human factor is not taken into account, the implementation of the necessary changes may lead to opposition of the individuals or groups involved. This often leads to the (mis)conception that certain individuals cause resistance and have a negative or at least hampering influence on desired changes. Resistance may also be regarded as positive, as an opportunity to improve on the design of the ID/OS intervention using the expressed criticism. The positive involvement of all parties concerned in a constructive way is the real challenge of ID/OS.
5. Steps in designing ID/OS interventions

Basic Framework

Based on the above we can say that typically ID/OS interventions have two components of analysis: the analysis of the environment and the analysis of the (internal) organisation, synthesised in a plan to make the organisation or the network better able to carry out development activities. Schematically, this framework can be shown as follows:

**Fig. 2: ID/OS Basic Framework**

The ID/OS concept is based on the idea that preparation and implementation of interventions should take into consideration the real needs of the target group, the capacity of existing organisations to meet these needs, and the importance of various complementary organisations working together to deliver a complete package of services and products. The ID/OS analysis can take place at various levels: project, department, organisation, sector, local government etc. The scope might be broad or limited, but always requires a wide participation of stakeholders.

**Step 1: Institutional analysis**

The design of ID/OS interventions has its starting point in the description and analysis of the environment (context) of the development activity. An ID/OS approach is concerned with planning and implementation of development activities while defining the right actors or network of actors to realise these activities.

The context can be roughly divided into two subjects for analysis:

1. The Factors influencing the development intervention (operational environment). These factors can be geographical (regional), socio-political, cultural, economic etc. They can be related to the inputs, the process or the outputs of the development intervention. It is important to analyse whether they can be influenced or not, and who could influence them.

2. The Actors involved in the development intervention. (target groups, private enterprises, governmental organisations and NGOs in the broadest sense possible). Important components for analysis include:
- actors and their relations
- the coverage, gaps and overlaps
- binding/unbinding factors in relations between organisations

It is important to consider the needs of the target group and how these needs are met through the existing development interventions.

**Step 2: Organisational analysis**

The institutional analysis leads to a focal point, an entry point for the organisational analysis. Where the institutional analysis provides insight in opportunities and threats, the organisational analysis provides a view on the strengths and weaknesses of the project/organisation. It becomes clear what role a project plays and what hampers improvement of the performance. A general assessment provides insight in the major strong and weak aspects of the organisation as well as an indication of the balance between different organisational components. The general assessment provides a direction for a more detailed analysis of the relevant components of the internal organisation such as the strategies and planning, the systems and work processes, the structure, the management style, the staff motivation and the organisational culture. This detailed analysis provides concrete ideas on how to improve upon the weak components.

**Step 3: Organising the intervention**

The analysis phase leads to ideas on improvement of the organisation and its interlinkages with others. These ideas should be translated in a concrete ID/OS intervention plan. As such a plan requires change, it will be necessary to identify how different stakeholders will be affected by the change and where resistance might be expected. It should be identified how different stakeholders should participate and how responsibilities should be divided for the change activities.

Furthermore it may be important to analyse whether participating entities really are capable of implementing the required new tasks. What will be the bottlenecks?

Change requires learning. As such it will be important to identify the possible hindrances to learn and implement the changes. It will be necessary to design a change process that will accommodate addressing resistance, participation requirements and learning requirements of the various stakeholders.

See figure 3 for a full overview of the most typical and comprehensive ID/OS process an organisation can engage in, namely an ID/OS process that leads to a revised organisational strategy.
6. Conclusion

Institutional Development and Organisational Strengthening have become important activities in current development activities. As local capacity building is expected to become even more important in the near future, success of development activities will rely on properly planned and implemented ID/OS interventions. A participatory approach is a prerequisite for such an intervention. The combination with practical methods and instruments that assist in analysing and designing ID/OS interventions will be essential in this respect.