



THE AFRICAN <sup>CAPACITY</sup>  
BUILDING FOUNDATION

*MEASURING PERFORMANCE  
OF INTERVENTIONS IN CAPACITY BUILDING:  
SOME FUNDAMENTALS*

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# MEASURING PERFORMANCE OF INTERVENTIONS IN CAPACITY BUILDING: SOME FUNDAMENTALS

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## ABSTRACT

This paper is an attempt to define a set of fundamentals around which generic measures can be developed to assess performance levels of interventions in capacity building. It notes that most measures are derived with respect to inputs, processes, outputs and impacts and that there is an inordinate preoccupation with impact in the measurement of performance. Starting off with the input-process-output-impact framework, the paper presents an approach, which examines measures from the point of view of the *relevance, effectiveness, efficiency, ownership, impact and sustainability* of an intervention. It argues that impact measure on its own is meaningless in the assessment of the success of a capacity building intervention until, for instance, the issue of the ownership of the skills and institutions that generate the impact and the sustainability of such impact has been addressed.

## I. INTRODUCTION

An intervention in capacity building can be defined as a support, which starts with the identification of a capacity building project or program idea, progresses through the development of that idea into a project or program onto the implementation of its activities, as well as the delivery of outputs of products and services and most importantly outcomes/results (impact of the intervention). Measuring performance of such a support in capacity building is not a readily straightforward exercise, as it is not devoid of conceptual and methodological difficulties. One reason for the difficulty encountered by the exercise is that the benefits often associated with capacity building are not conveniently quantifiable and consequently the rate of return to investment in capacity building cannot be defined for a number of interventions without a significant margin of error. In short, for most interventions, the rate of return to investment cannot be meaningfully derived. Measures that are used in practice therefore focus on other

means of performance assessment. Most commonly used measures are derived for Inputs, Processes, Outputs and Impacts.

In this paper, it is argued that measurement of the performance of an intervention can be examined at four levels. These are at the level of the organization/agency funding the intervention and managing the capacity building process, as represented, for instance, by the African Capacity Building Foundation (ACBF); the level of the organization/agency directly implementing the capacity building activities as represented by the policy research centers, the training institutions, advocacy organizations, the policy reform implementation units, and the project implementation unit, among others; the level of the capacity building project or program, illustrated, for instance, by a public sector reform program, a public sector-private sector-civil society consultative program, a tertiary education reform program, and a health sector reform program; and at the level of the impact of the intervention on development indices, for instance, impact on sectoral and macro policies and programs, impact on policy and institutional reforms. This is but one set of levels at which performance measures can be derived. There are numerous others. This suggests that there is no single commonly accepted way in which performance measurement is undertaken. What to measure and the level at which to undertake the measurement depend on the objectives of the measurement and the main issues of interest to the agency conducting it. There are therefore no “the performance indicators or frameworks” in the measurement of the performance of an intervention. This, however, does not make an effort to derive a set of generic performance measures a wasteful exercise.

This paper approaches the issue of measurement from the point of view of fundamentals that could and indeed should be measured in the assessment of the performance of an intervention in capacity building. It argues that what should constitute generic measures should be defined not simply on the basis of inputs, processes, outputs and impact, but on the need to establish a basis for assessing relevance, effectiveness, efficiency, ownership, impact and sustainability of an intervention. To this end, the paper does not take on the micro process measures at the level of the capacity building agency such as the length of the capacity building project cycle and the time required by each phase of the cycle, the quality of the capacity needs assessment and project document, the quality of project supervision, the rate of fund disbursement, among others. The reason is that the associated measures expectedly vary widely across agencies and may thus not have a wide appeal in terms of application. Nonetheless, they can be useful in assisting capacity building agencies to identify good practices against which they can benchmark their performances.

## **II. THE NEED FOR PERFORMANCE MEASURES IN CAPACITY BUILDING INTERVENTION**

There are numerous reasons why performance measures are required for the assessment of the rate of return to investment in capacity building intervention. The main ones are presented below. These are to:

- Measure performance
- Monitor performance
- Evaluate performance
- Define and set benchmarks and implement performance improvement plans
- Design performance tracking system, support transparent assessment of performance and accountability for results
- Guide organizational growth and development and attribute the impact of intervention

## **III. QUALITIES OF PERFORMANCE MEASURES**

Good measures of the level of performance are expected to satisfy a number of prerequisites in terms of qualities. There is a copious and rich literature guide on these. A summary of some of the key qualities expected of performance measures is presented below:

- a) Performance measures must provide evidence on achievement of objectives, focusing on:
  - Quantity of output
  - Quality of output
  - Timeliness of output
- b) They must be objectively verifiable
- c) They must be objective-oriented
- d) They must be plausible
- e) They must be independent

## **IV. PROPOSAL ON MEASURES OF FUNDAMENTALS**

### **(a) What to Measure in Interventions in Capacity Building:**

What should be the focus of measures in the assessment of performance of an intervention in capacity building? A good framework for the assessment of performance of a capacity building intervention must have at least three determinants or levels to the performance measures that it generates. These are - *Agency level, Project/program-*

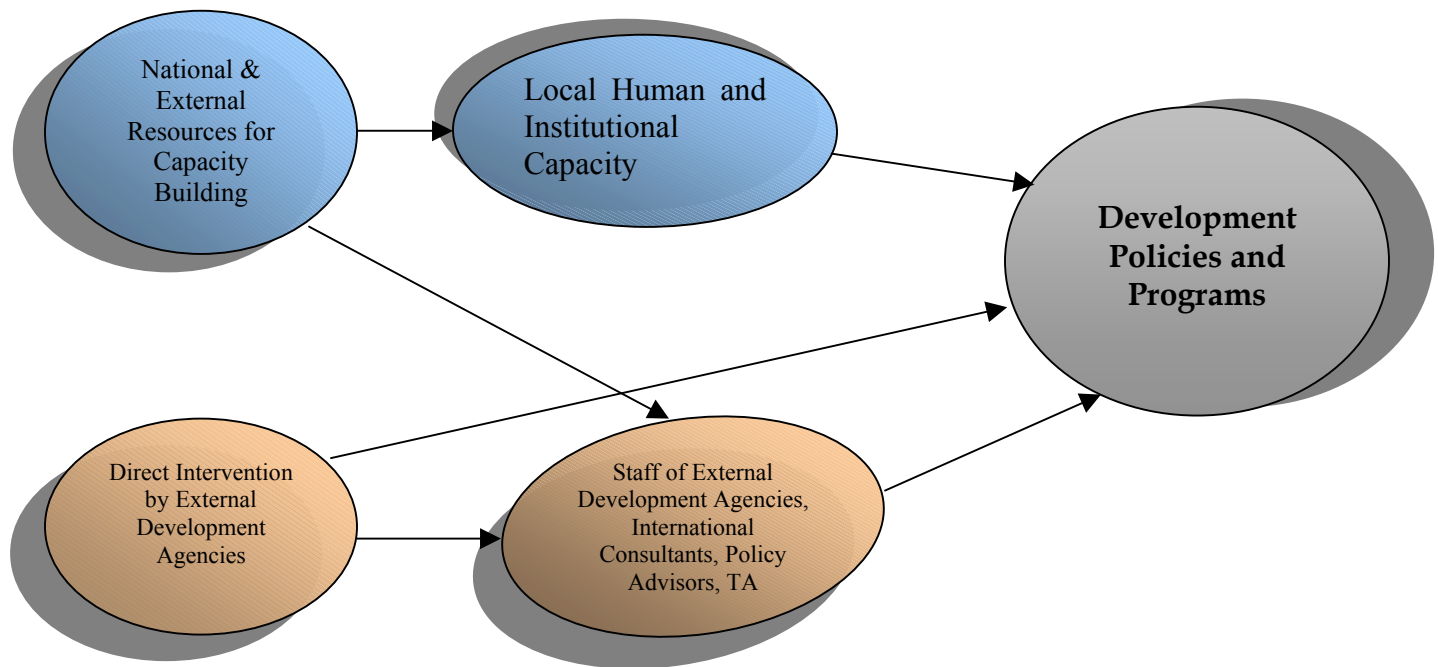
*level process and the Micro level* . Understandably, because funders and beneficiary stakeholders tend to be more concerned about results or outcomes than the process by which they are generated, agencies measuring performance tend to focus on one element, and that is “Impact”. “Impact” is however one of six fundamentals at the “Macro level” of performance measurement. If for the sake of generating generic measures, a performance measurement framework refrains from Agency and Project-level measures because of the likelihood of wide variability across agencies, it will make sense for development agencies and stakeholders to have a common set of measures that are universally applicable. In this section, the set proposed is referred to as the “Fundamentals” in the measurement of performance in capacity building intervention. These are:

- **Relevance of intervention**
- **Effectiveness of intervention**
- **Efficiency of intervention**
- **Ownership of intervention**
- **Impact of intervention**
- **Sustainability of intervention**

It is inadequate to single out Impact of intervention in the assessment of performance for at least two reasons. First, the assessment of impact does not as yet have a clear framework for attributing the contribution of capacity building to the resultant changes that may occur such as - *responsive fiscal, monetary and financial policies and programs; transparent budgeting process; enhanced accountability in the use of public resources; accountability for results in work performance; effective and efficient management of public debt; effective and efficient public service delivery at the sectoral level; greater participation of stakeholders in policymaking or enhanced stakeholders consultation*. Changes that occur at the level of impact measurement may be fortuitous. They may have been propelled by external influences, or through the application of a results-based management strategy, which may not have explicit capacity building activities.

And second, the sources of influence on changes in development policies and programs may not necessarily emanate from national capacity as illustrated in fig. 1.

**Fig1: SOURCES OF INFLUENCE ON NATIONAL DEVELOPMENT POLICIES AND PROGRAMS**



While, no doubt, a national development process has increasingly become open to unavoidable external influences and pressures, yet the real success of a capacity building intervention is its ability to develop local skills and institutions, which can effectively draw on global information and knowledge to address national development problems. Such skills and institutions must be owned locally for growth and development to be sustainable. Thus, impact on its own is meaningless in the measurement of success in capacity building. The answer to the question, *who owns the skills and institutions that generated the impact*, is just as important because an impact has to be sustainable for an intervention to lay claim to successful transformational outcomes or results.

**(b) Levels of Measurement**

In this paper three levels of measurement are identified. These are:

**b.1 Agency with Capacity Development Mandate/Task, Investing Resources and Supporting the Capacity Building Process** - project development, appraisal, approval, implementation, monitoring and supervision and evaluation.

**b.2 Project-Level Process Indicators** measuring:

- Adequacy of inputs
- Effectiveness and efficiency of inputs transformation process:
  - Quality of consultation in project development
  - Quality of capacity needs assessment exercise
  - Time lapses in the phases of the project life cycle
  - Timeliness and quality of project supervision
  - Rate of disbursement to project activities
  - Extent of compliance with grant covenants
  - Extent to which planned resources were used to meet project objectives
  - Etc.

**b.3 Macro Level Measures - Fundamentals in the Measurement of Performance in Capacity Building Interventions**, which look at broader level measures at the Agency level as well as at the Intervention itself, not in the context of a project, but the “outcome” of the synthesis of Inputs, transformation process through a project/program that is developed and implemented, and the resultant output. The fundamentals relate to the following measures:

- **Relevance**/appropriateness of the Intervention
- **Effectiveness** of the Intervention
- **Efficiency** of the Intervention
- **Ownership** of the Intervention
- **Impact** of the Intervention
- **Sustainability** of the Intervention

Thus, for comprehensive measurement of performance in capacity building, an agency should necessarily develop and apply measure at all three levels:

- Agency level
- Project-Level Processes
- Macro Level

**(c) Proposed Fundamentals in Performance Measurement**

**C.1 Measuring Relevance of Intervention**

Relevance refers to the appropriateness of an intervention relative to the capacity needs it is expected to address. The intervention strategy and instruments must be relevant for them to have the desired impact. Relevance can be assessed at the level of the agency, which builds capacity and at the operational level. At the level of the agency, it is often necessary to find out whether an agency is the most relevant or suitable one to undertake



a particular intervention. Consequently, the relevant measures at this level will consist of the following, among others:

- The mandate of the agency in capacity building
- The areas of specialization of the agency in capacity building or its core competencies
- The agency's field experience

At the macro level, the relevance of an intervention can be assessed by means of the following measures:

- The source of the idea that generated the intervention
- The suitability of project or program activities relative to capacity needs. This is a function of the appropriateness, depth and quality of needs assessment and the extent to which capacity needs have changed before the intervention was made.
- The appropriateness of the design of the intervention.

As the level of stakeholders or beneficiaries' participation in the determination of the concept of an intervention and the needs assessment on which it is built is vital to ascertaining the relevance of a capacity building intervention, quantitative measures will consist of:

- (a) The proportion of core beneficiary institutions of an intervention contacted during capacity needs assessment and the design of the intervention.
- (b) The proportion of potential beneficiaries sampled relative to the total in the assessment of the need for the intervention and its design.
- (c) The quality of the consultation made among potential beneficiaries, shown by the degree of representativeness or appropriateness of the sampled population of potential beneficiaries.
- (d) The dynamism of the capacity needs to be addressed by the intervention - If needs are highly dynamic an intervention is very likely to be irrelevant before it is completed. This is approximated by the flexibility and adaptability of the intervention strategy and instruments, which must allow for an appropriate approach to the intervention.

## **C.2 Measuring Effectiveness**

### **Agency Level instruments**

- Adequacy and quality of its human and institutional capacity *approximated by the response time (adequacy) relative to performance benchmark, and quality of output.*
- Size of financial resources available relative to the capacity need
- Effectiveness of intervention strategy
- Accessibility to cutting-edge information and knowledge in the areas of its operation

(internet access, regularity of training, participation in international knowledge and information-sharing workshops and seminars, ability to leverage organizational knowledge)

### Macro Level Instruments

- Extent to which planned resources are used to meet project objectives
- Rate of disbursement of project resources
- Extent to which the intervention addresses the capacity needs identified
- Quality of capacity built
- Extent to which capacity built is utilized – measured by job performed relative to that in which capacity was developed or relevance of present work schedule to acquired capacity.

### C.3. Measuring Efficiency

Simply put, efficiency means increasing output without a corresponding increase in cost. Alternatively, it means delivering an existing level of output at a declining cost of production. The reason why this can occur is as a result of *productivity gains* in the production process. Productivity gains are *increasing returns to capacity*. What are the sources of productivity gains? There are a number of them. The main ones are:

- Training to enhance productivity
- Application of new technology
- Application of new knowledge
- Use of experience
- Changes in incentives system that provides better motivation
- Improvement in systems, processes and procedures to enhance workflows and speed of response
- Change in operational strategy – for instance, why send staff abroad for training when local trainers can be trained to regenerate skills?
- Improvement in people management and leadership to encourage enjoyment of work and commitment.

Efficiency needs to be measured at all three levels identified above. Efficiency can be measured in respect of *financial resource utilization, in time management, in the use of human resources, in the delivery of services, as well as in the capturing and use of new information and knowledge*. For the two levels that are of interest – *Agency and Macro Levels* - the following indicators are proposed:

- Average cost of output over time captured by: **administrative cost/output; administrative cost/total operational programs; or administrative cost/total disbursements.**
- Response Time: time lapse or cycle in the production of a new output, a new project, a new piece of research, etc measured by the **length of the phase from project development to implementation.**

- Speed of access to operational information: the time it takes to access information for operations or decision-making.
- Time it takes to make a decision and follow up on a recommended action
- Appropriateness of intervention/production strategy and choice of instruments: this answers the question – is the capacity building intervention strategy efficient? For instance will it not be more cost-effective to train trainers instead of individuals?

So, essentially, efficiency can be measured at two levels of an operation, namely:

- Resource Efficiency
  - Finance use
  - Turn around time
- Strategy Efficiency

This means that measures of efficiency have to be developed for three instruments, namely:

- Use of financial resources
- Time it takes to produce a unit of output
- The alternative means of production and the cost relative to the one used.

#### **Agency Level Measures:**

- Share of administrative expenses in total operations budget
- Turnaround time in service delivery – meeting enquiries, making disbursements, etc.
- Turnaround time in accessing new technologies
- Turnaround time in the development and appraisal of a new project (efficiency in the use of knowledge)
- Rate of return to investment
- Unit cost per output
- Length of the (output producing) production cycle.

#### **Macro Level**

- Unit cost of servicing a dollar project
- Unit cost of managing a dollar grant

### **III.4 Measuring Ownership**

Ownership can be described as the extent to which a country, an organization or a group of stakeholders has unrestricted influence or control over a resource, an activity, process or an output. Unless a capacity building process is owned by its stakeholders, it is not very likely to be sustainable. Ownership and sustainability are therefore two sides of the same coin.

Ownership in capacity building interventions centers around three main issues:

- Ownership of the financial resources with which capacity is built.
- Ownership of the capacity (human skills and institutions) that generated policies and programs for development.
- Ownership of the policies and programs that result from the skills and institutions used (capacity).

In measuring the level of local ownership in capacity building, it is desirable to take all components of the ownership factor into consideration.

(a) *Ownership of Financial Resources:* To build capacity, a country or an organization needs financial resources. These come in the form of internal resources, grants, loans, non-human technical assistance, among others. The financial resources provide the means with which to build human capacity, recruit international consultants to supplement local capacity and acquire equipment. The extent to which a country or an organization owns the capacity building process is therefore a function of its control over the resources through which capacity is built. The more a country owns the resources with which capacity building interventions are undertaken, the more it tends to own and thus control the capacity building process, provided such financial resources are not used to secure the services of high-cost international consultants instead of the building of local capacity. If locally owned financial resources are used to finance international consultants who in turn design local policies and programs, it means the human capacity with which the policies are generated is not owned locally. This, by extension, applies to the policies and programs that are generated by the international consultants.

What does this tell us with respect to financial resource ownership? Ownership of financial resources is one of three key measures of the level of ownership of capacity building intervention. Owning financial resources is not necessarily a guarantee that a country or an organization will own the capacity and the policies and programs that its use will support. This is the case, if the financial resources are used for expatriate consultants who provide substantial inputs into the policymaking process.

What then are the measures of Financial Resource Ownership?

*Share of National Funding in  
Total Funding in Capacity Building*

*National Funding*  
*Total Funding*

At the project level, it can be measured by the share of co-financing contributed by the beneficiary stakeholders in total project funding requirement:

*Share of co-financing in  
Total Funding*

*Co-financing*  
*Total Funding*

*Ownership of Capacity:* The success of a capacity building intervention is the ability to build national capacity that is required to design, implement, monitor and evaluate policies and programs locally. Thus, ownership of the capacity that delivers development policies and programs is the hallmark of a successful capacity building process. Owning capacity however is not a sufficient condition for owning policies and programs in a country. Capacity owned must be functional and productive. It is only functional and productive when it has a commensurate share of influence over policies and programs. A country or an organization can have internal capacity, yet it may still be relying on external consultants, expatriates or international multilateral organizations for the design, implementation and monitoring and evaluation of its policies and programs.

How then do we measure the extent of Ownership of the Functional and Productive Capacity for development policies and programs? One measure is the share of influence between local capacity and external technical assistance or international consultants on key policies and programs. If the level of the remuneration and benefits paid to external consultants or to support technical assistance to a country or a project approximates the value attached to that form of capacity and thus the share of its influence on policymaking, then the ownership of the functional and productive capacity can be measured by comparing the shares of local capacity and external consultants in total recurrent cost. The larger of the two will approximate the relative influences on the decision making process. Thus:

Ownership of Functional Capacity = Share of Influence on Policies and Programs

$$\frac{\text{Professional Staff Remuneration}}{\text{Total Administrative/Recurrent Cost}} \quad \text{vis-à-vis} \quad \frac{\text{Technical Assistance Cost}}{\text{Total Administrative/Recurrent Cost}}$$

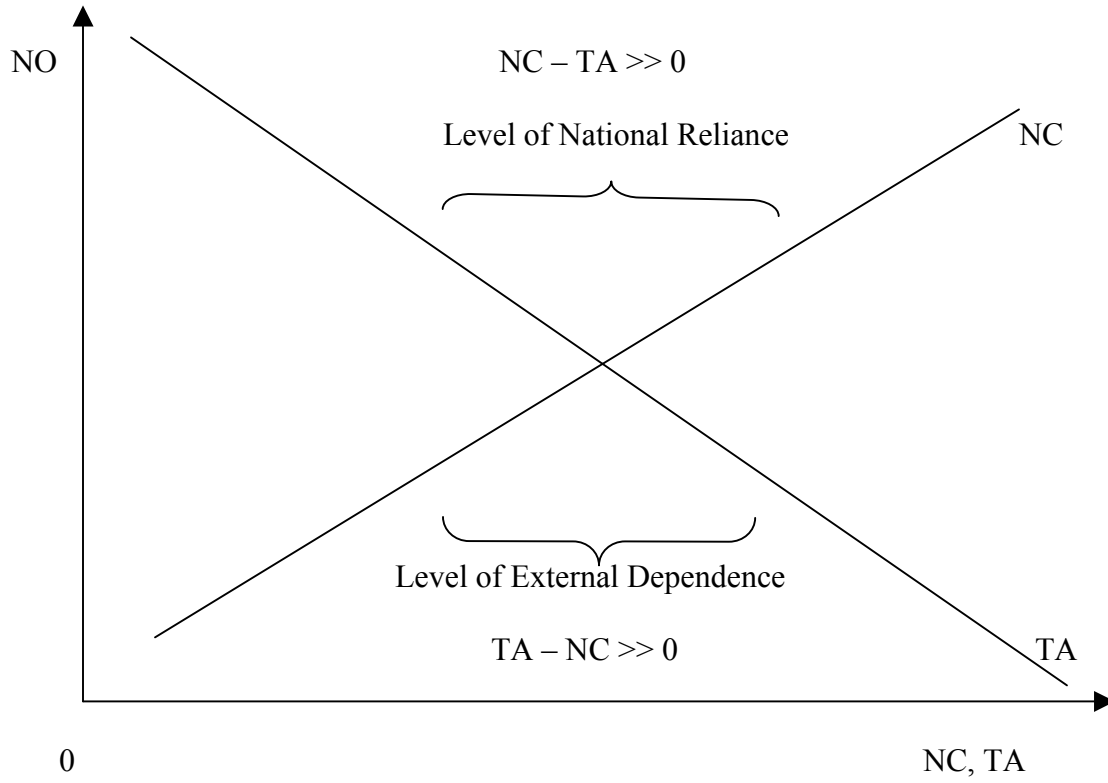
Some countries or organizations may not have resident external consultants. Their policies and programs may be developed outside by other institutions and sent in for implementation. The implementation and monitoring of such policy and program package can also be done by the external institutions without the cost showing up in the national budget. Thus for instance, financial and economic reform programs can be designed for a country by the IMF and the World Bank and sent in for implementation. At the expense of these institutions, specialist can be financed as resident advisors to assist core ministries and agencies such as finance, economic planning and the central bank to implement such programs. Visiting missions from the headquarters of the multilateral organizations can take charge of monitoring of the implementation. Thus, in this case the capacity and the resultant policies are externalized without the cost showing up or being captured by the measure in which the consultants are paid for from local resources. To capture the level of ownership of functional capacity in this context, a suitable measure is needed. Such measure will be the number of sectoral and core policies and programs that are developed externally as a share of a country major macro and sectoral policies and programs. This can be defined functionally as:

$$\text{Share of Externally Developed Policies and Programs} = \frac{\text{Number of Core \& Sectoral Ministries \& Agencies with Externally Developed Policies and Programs}}{\text{Total Number of Core Public Sector Ministries and Agencies}}$$

*Policy and Program Ownership:* The ultimate success in ownership in capacity building is the ownership of national or organizational policies and programs. What is obvious is that a country can own the financial resources and the capacity for policymaking and program development and management, but may not own its development policies and programs. This is because, as has been demonstrated above, the financial resources can be used to hire international consultants for the development of such policies thus undermining national capacity or rendering ownership of financial resources an insignificant factor or national policies and programs can be developed externally thus rendering national ownership of capacity of little value. Thus, the true test of ownership is in the claim to policies and programs that drive development. National policies and programs cannot be owned without using locally owned capacity to develop them. The development of locally owned capacity and policies and programs need not however be funded from locally owned financial resources. The measure of ownership of functional capacity also captures the extent of policy and program ownership.

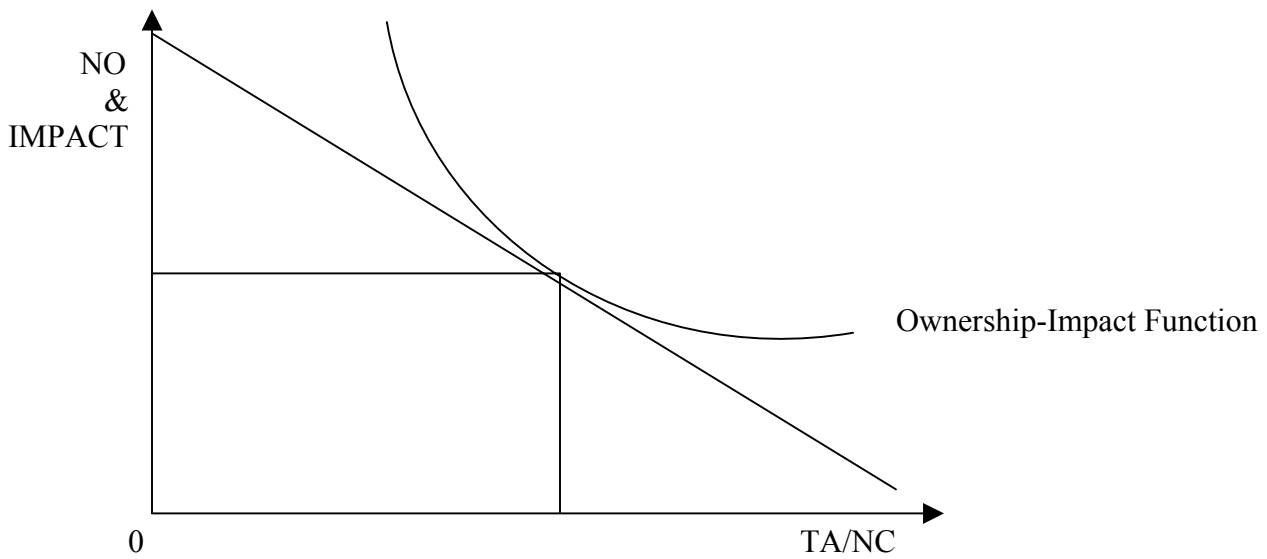
**Fig 2:**

**Ownership and Impact Function**



Legend:

- NO: Level of national ownership of policies and programs
- NC: Level of locally owned capacity
- TA: Level of external technical assistance



In summary, ownership in capacity building measures ownership of the financial resources through which interventions are made, ownership of the skills and institutions resulting from the intervention, and ownership of the policies and programs that result from the capacity building intervention. If skills, institutions, policies and programs are not owned locally after interventions in capacity building, then such intervention is still far from successful.

### **III.5 Measuring Impact**

The ultimate aim of an intervention is to generate an impact – results or outcomes. Because impact varies across interventions, its measurement cannot be based on generic measures. Impact can be measured at three levels of an intervention: the **Objectives** of the intervention; the **Purpose** of the intervention; and the **Goal** of the intervention.

#### **(a) Objectives-Level Measures**

At the level of the objectives of an intervention, impact can be measured by means of the following, among others:

- Institutional reform engendered (practice, behavior, culture, systems, processes, procedures.... put in place)
- Policy reforms and/or policy changes induced
- Policy consultation and dialogue enhanced
- Policy and program implementation capacity strengthened
- Skills attracted from the Diaspora
- Best practices in policy/program development and management established
- Social movement established or encouraged
- New knowledge generated

The specifics are defined by the type of intervention.

Beyond the Objectives level, Impact is difficult to measure. Why?

- It is very often ascribed and not adequately documented
- A number of factors affect policy outcomes
- Output is not systematically linked to expected outcomes – there is no framework for it

#### **(b) Towards a Solution Based on an Outcome-Oriented Framework**

To successfully measure impact of an intervention, there is need to shift its focus from outputs to outcomes/results.

- The impact of an intervention should not be left to chances



- Output must:
  - target a specific policy reform or
  - provide inputs for the implementation of a particular development program or
  - build a particular skill for the implementation of well-specified tasks or
  - induce or strengthen a social movement.

Thus, for each type of intervention - ranging for instance from a Policy Unit in Government to the Strengthening of Civil Society in the development management process - a *Performance Contract* may be needed on the use of the products and services of an intervention. For Policy Units in Government, Training Programs and Support for Civil Society Organizations/Autonomous Policy Units, the following within the context of this framework could apply:

### **b.1 Policy Unit in Government**

- Must agree with user ministries and agencies a list of policies, programs and skills that will need to be developed and for which the unit will provide research, policy analysis, technical advice and training support
- The list could form the content of a *Performance Contract* between the Policy Unit and the user Ministries and Agencies.
- The Contract could form the basis of Impact Monitoring during project supervision
- The Contract could constitute a document for negotiation of a grant agreement or its effectiveness

### **b.2 Training Programs**

- Beneficiary Agencies to define the desired improvement in job performance that the acquired skills will contribute to.
- They will identify the operational constraints that require skills improvement

The benefit here is that Ministries and Agencies seeking training will be compelled to target the right staff for such training rather than use training as a form of reward.

### **b.3 Civil Society Organizations and Autonomous Policy Centres**

- These need not solve a specific development problem. If they do, it is an advantage.
- An intervention that supports a public debate no one listens to is a waste.
- Output must provide inputs into a Process or Social Movement that has the ears of key stakeholders in development – the government, private sector or the wider development community
- Output must constitute inputs for influential umbrella organizations that dialogue with the government or other development stakeholders:

- For instance, National Economic, Political Science, and Public Administration Associations
- Labor and Trade Unions
- National Chapters of Transparency International, Consumers International, etc.
- As these represent the groups that can influence a change, they will constitute the Beneficiary Agencies for the Performance Contract.
- Thus, Civil Society Organizations and Autonomous Policy Units must not only be heard, they must seek to deliver policy reforms, alternative policies and programs or performance reforming measures for the enhancement of societal well-being.

### III.6 Measuring Sustainability

WHAT IS SUSTAINABILITY IN CAPACIT BUILDING? Alternatively, what should we seek to sustain in capacity building intervention for which we have to derive performance measures? Sustainability of an intervention in capacity building is measured with respect to a vital number of factors. These are *Funding of the Intervention, Effectiveness of the Intervention, Efficiency of the Intervention, Impact of the Intervention, the Relevance of the Intervention, and Ownership of the Intervention*. A sense of continuity is crucial to the definition of sustainability. Thus, funding has to be on a continuing basis, just like the relevance, effectiveness, efficiency and the other factors over which sustainability is defined.

*Sustainability of Funding of Intervention:* The most important factor in assessing sustainability of an intervention in capacity building is sustainability of funding for the intervention. An intervention is financially sustainable if financial resources for the implementation of its activities are available over a desired future life cycle of the intervention until the needs it is expected to address are adequately satisfied. Sustained funding needs not be based entirely on stakeholders owned resources for an intervention to be sustainable. If donors, for instance, are prepared to finance an intervention indefinitely with little or no stakeholders' owned financial resources, such intervention is technically sustainable financially. This however is not often the case. External funding for capacity building intervention is never and will never to available indefinitely. Such funding, especially grants, are available only over a number of phases of the intervention. Hence, financial sustainability is defined with respect to the proportion of stakeholders or beneficiaries' owned financial resources relative to the total funding requirements for the intervention over time. Hence as a measure, the proportion is defined as:

$$\text{Financial Sustainability} = \frac{\text{Stakeholders' Own Financial Resources}}{\text{Total Financial Resources Required by the Intervention}}$$

Thus, as the proportion of stakeholders' own financial resources increases over time, an intervention shows an increasing prospect of financial sustainability. However, an intervention that is financially sustainable still has to meet other sustainability criteria, as financial sustainability, though important, is not a sufficient measure of sustainability. It is nonetheless a necessary condition for the long-term sustainability of an intervention.

*Sustainability of Effectiveness of Intervention:* Sustainability of the effectiveness of capacity building intervention requires measurement in the assessment of sustainability in capacity building. Effectiveness in the intervention process has to be sustained for the intervention to continue to have impact. An intervention is effective if it produces the planned output relative to target at a desired quality level and on time. Sustainability of output and quality levels are therefore embedded in the measure of effectiveness. Quantitatively, a measure of sustained effectiveness can be captured by the change in output relative to target over time:

$$\text{Sustainability of Effectiveness: } \left( \frac{\text{Output Produced}}{\text{Planned/Target Output Level}} \right) \text{ Over time}$$

*Sustainability of Efficiency of Intervention:* Efficiency of intervention also has to be sustained. This relates to continued efficient use of financial resources, the time it takes to deliver an output and the strategy with which capacity is built. This is measured by the rate of increase in cost relative to increase in output – the marginal cost of output.

$$\text{Sustainability of Efficiency: } \frac{\text{Cost of Producing an Additional Output}}{\Delta \text{ Cost} / \Delta \text{ Output}}$$

*Cost of Serving a USD Intervention*

Administrative Cost/Disbursements

*Sustainability of Utility/Impact of Intervention:* Sustainability of the utility/impact of an intervention is an important fundamental in the assessment of sustainability. The utility/impact of an intervention must be sustained for it to be worthwhile. Impact can be measured at various levels. There are three areas in which this can be captured – institutional effectiveness and efficiency; improvement in process (e.g., consultative process, policymaking process, etc) and improvement in quality of policies and programs. Thus, impact can be measured with respect to the following as a result of improved capacity:

- Timeliness of delivery of output and services
- Quality of products and services delivered
- Institutional effectiveness, efficiency and sustainability
- Process improvement – efficiency, effectiveness and sustainability
- Improvement in capacity utilization and retention
- Improvement in the quality of policies and programs

With respect to measures, the following is applicable:

*Sustained Improvement in Timeliness of Product and Service Delivery:* Based on Benchmark

*Sustained Improvement in Quality of Products and Services:* There are two major measures of quality improvement, viz, i) **quality of products and services portfolio/projects (measured by the share of failed products or projects in total portfolio)** and ii) **the Demand for Products and Services**. The determinants of, or sources from which, quality can be assessed are:

- Knowledge of products and services market approximated by years of experience

- Access to market information and knowledge
- Quality of supervision in the case of projects
- Quality of product and service design, which in turn is a function of skills and experience)
- Quality of consultation and stakeholders' participation in product and service design. This can be assessed by regularity of needs assessments, stakeholders and clients' feedback surveys, and the regularity of market surveys.
- Creativity – measured by the rate of change in product and service improvement design, and the rate of addition of new improved services – products and service diversification to meet diversity in needs.

*Improvement in Capacity Utilization:* This is measured by the share of the influence of an intervention in improved work performance or in policy and program design and management.

*Sustainability of Utility:* Continuing Qualitative Improvement in Work Performance  
Continuing Timeliness in Delivery of Output.

*Sustainability of Impact:* Continuing Improvement in Institutional Performance

- Continuing organizational effectiveness and efficiency
- Continuing improvement in processes

Continuing improvement in policies and programs  
Continuing improvement in capacity utilization and retention

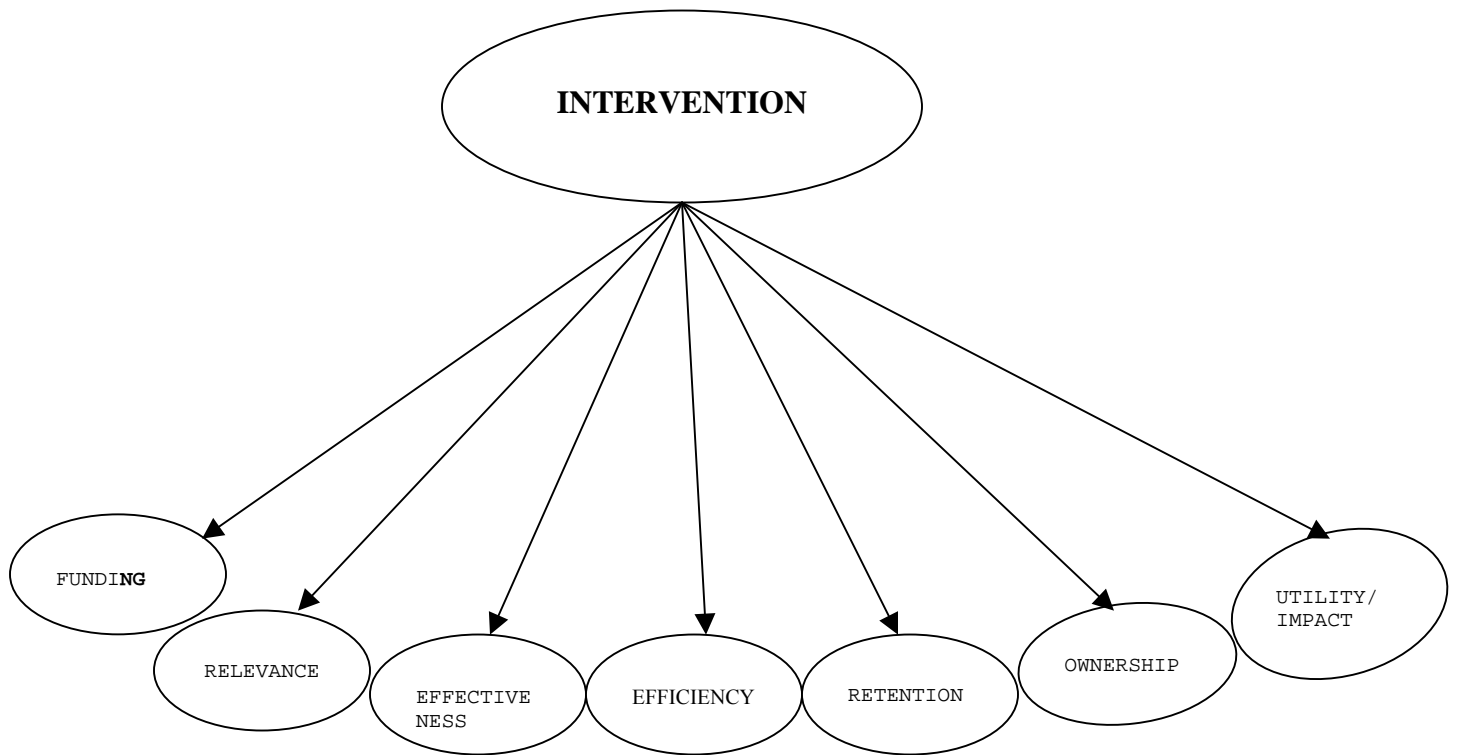
*Sustainability of Retention:* Capacity built must be retained and such retention will need to be sustained over time. Hence sustainability of retention is an important measure. The level of retention is measured by the rate of turnover of skilled human capacity.

*Sustainability of Relevance of Intervention:* For sustained intervention to remain useful, it must continue to remain relevant. Sustainability of relevance therefore becomes important in the measurement of sustainability. For an intervention to be relevant to capacity needs, it has to be driven by needs assessment. In terms of measure, it can be assessed by the share of beneficiary stakeholders in total potential stakeholders consulted in the determination of the capacity needs and in the design of the intervention.

*Sustainability of Ownership:* Sustained intervention in capacity building must be accompanied by sustained ownership for the long run objectives of local capacity building to be fulfilled. The can be measured by the share of national/local capacity in the development of national policies and programs as opposed to technical assistance or externally-developed policy and program packages.

Fig. 3:

Dimensions of Sustainability



## V. CONCLUSION

This paper is an attempt to define a set of fundamentals around which generic measures can be developed to assess performance levels of interventions in capacity building. It notes that most measures are derived with respect to inputs, processes, outputs and impacts and that there is an inordinate preoccupation with impact in the measurement of performance. Starting off with the input-process-output-impact framework, the paper presents an approach, which examines measures from the point of view of the relevance, effectiveness, efficiency, ownership, impact and sustainability of an intervention. It argues that impact measure on its own is meaningless in the assessment of the success of a capacity building intervention until for instance the issue of the ownership of the skills and institutions that generated the impact and the sustainability of such impact have been addressed.

## **ANNEX: UTILITY AND EFFECTIVENESS OF INTERVENTION IN CAPACITY BUILDING - A FRAMEWORK**

### **(a) The Model**

At the project level, to improve quality in project performance management measures of “Utility” and “Effectiveness” in the intervention process are important. A capacity-building process has utility if the skills and institutions put in place produce visible impact on the identified capacity needs. The process of intervening in a capacity problem involves the use of strategies and instruments and the production of products and services. This process could be efficient or inefficient depending on the share of resources used to deliver a unit of output, and the quality of the output. A high level of efficiency in resource utilization signifies a corresponding level of effectiveness in the intervention process, and vice versa.

What this implies is that utility and effectiveness in the intervention process are a good thing, but may not necessarily occur together. An intervention that has high utility because of its relevance and utilization-value may be delivered inefficiently in terms of project-type and resource cost. An inefficient intervention limits the extent to which a given resource could close a capacity gap or rehabilitate a capacity deficiency.

A good capacity-building process must however be seen to achieve high utility and effectiveness in the intervention process. Ideally, utility could be approximated by the rate of return to investment in capacity building, while effectiveness of intervention could be determined by efficiency in resource utilization and the extent to which the identified capacity problem is being addressed by the strategy and instruments as well as the products and services produced by the capacity-building process. If a reasonable proxy for the rate of return to investment in policy analysis capacity building is difficult to define, and a good project development process allows for the identification of strategy, instruments and project outputs that effectively address an identified capacity need, then a reasonable quantitative approximation can be provided for the measure of utility and effectiveness of an intervention.

Thus, if:

- the estimated cost of strengthening policy analysis capacity in a country is: Y
- current support ( public and/or private sector) for intervention is: X
- current level of donor support for capacity building in this area of capacity need is: D

then, existing gap or resource requirement is:  $Y - ( X+D )$

If we define:

- the value of proposed intervention by an Agency as:  $R$
- the utility of intervention as:  $\lambda ( R )$
- and the effectiveness of intervention as:  $E ( R )$

Then<sup>1</sup>,

$$\lambda ( R ) = \left\{ \frac{R}{Y - (X + D)} \right\} \quad (1)$$

Given (1), to allow for comparability of results across project sizes, the size of the gap,  $Y - ( X + D )$ , is defined to a common base of 100 units<sup>5</sup>. Thus, to base 100 in natural logarithms, the gap becomes:

$$Y - ( X + D )^\beta = 100 \quad (2)$$

$$\beta \ln \{ Y - ( X + D ) \} = \ln 100 \quad (3)$$

$$\therefore \beta = \frac{\ln 100}{\ln \{ Y - ( X + D ) \}} = \ln \left\{ \frac{100}{Y - ( X + D )} \right\} \quad (4)$$

Thus,

$$\lambda(R) = \left\{ \frac{R}{\beta \{Y - (X + D)\}} \right\} \quad (5)$$

Experience in capacity building has shown that the utility of an intervention in a country is not measured mainly by the size of the gap a funding support closes in terms of the capacity deficiency. The real value of an intervention, that is the utility of  $R$ , is more in the impact, i.e., the capacity-utilization effect.

**(b) Determinants of Utility of Intervention**

To determine the utility of an intervention, a variety of measures can be used. These include:

- share of counterpart funding or co-financing of project activities by stakeholders;
- extent of utilization of the products and services of the capacity-building project by the government, the private sector, the donor community and civil society (depending on the type of intervention);

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<sup>1</sup> Based on the law of diminishing marginal utility.



- extent to which the project is consulted by stakeholders for professional opinion on development issues, policies and programs;
- extent of involvement of the project in key activities ( policy and plan formulation, review and evaluation; development of framework for the design of policies, budgets, development plans, vision documents, etc.);
- level of subscription to, or frequency of consultation of, the project’s publications by institutions that contribute inputs into the policymaking process;
- visibility of the project or institution in the resolution of national issues, policy debates and national assignments on policy reforms and negotiations with external development institutions, especially multilateral institutions and bilateral donors;
- frequency and level at which stakeholders participate in the activities of the project, e.g. seminars, tuition-based courses, public lectures to clarify key national issues, etc.; and
- impact of user-fee/cost-recovery policy on the rate of participation in project activities by core beneficiaries or stakeholders of the project.

If the real value of an intervention by the Foundation is proxied by the foregoing factors, this could be represented empirically by the share of commissioned works in total operational programs or the share of counterpart funding in total cost of project. Let either of these be represented by  $\partial$ .

It therefore means that the utility of intervention could be defined as:

$$\lambda(R) = \left\{ Y - (X + D) \right\} \cdot \frac{R}{\beta \{Y - (X + D)\}} \cdot \partial \quad (6)$$

**(c) Effectiveness of Intervention**

In this paper, it was argued that a fair measure of project efficiency is the cost of delivering a unit of capacity-building product or service. If a capacity-building process is efficient, then it is very likely that an intervention through a grant (R) will *effectively* address the identified or assessed capacity need. Conversely, the inefficient use of an intervention (R) will reduce the utility value of a funding support in a country.

Thus, if the cost of producing a dollar-worth of capacity-building product or service, defined as  $\psi$ , is a reasonable proxy for efficiency in resource utilization, then the effectiveness of the intervention process could be defined as:

$$E(R) = \left\{ Y - (X + D) \right\} \cdot \frac{R}{\beta \{Y - (X + D)\}} \cdot \partial \cdot \psi^{-1} \quad (7)$$

where,

$\psi$  = Administrative cost/ Cost of operational programs.

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## THE ACBF WORKING PAPER SERIES

**Overview:** The ACBF Working Paper Series (AWPS) was launched in October 2004 as one of the instruments for disseminating findings of ongoing research and policy analysis works designed to stimulate discussion and elicit comments on issues relating to capacity building and development management in Africa. A product of the Knowledge Management and Program Support Department of the African Capacity Building Foundation, a Working Paper very often ends up as an Occasional Paper, a book or some other form of publication produced by the Foundation after a thorough review of its contents. It offers a means by which the Foundation seeks to highlight lessons of experience, best practices, pitfalls and new thinking in strategies, policies and programs in the field of capacity building based on its operations and those of other institutions with capacity building mandates. AWPS also addresses substantive development issues that fall within the remit of the Foundation's six core competence areas as well as the role and contribution of knowledge management in the development process.

**Objectives:** AWPS is published with a view to achieving a couple of objectives. Fundamental among these are the following:

- To bridge knowledge gaps in the field of capacity building and development management within the African context.
- To provide analytical rigor and experiential content to issues in capacity building and the management of development in Africa.
- To highlight best practices and document pitfalls in capacity building, the design, implementation and management of development policies and programs in Africa.
- To systematically review, critique and add value to strategies, policies and programs for national and regional economic development, bringing to the fore pressing development issues and exploring means for resolving them.

**Focus:** AWPS focuses on capacity building and development management issues. These are in the following areas:

- Capacity building issues in the following six core competence areas and their relevance to development management in Africa:
  - *Economic Policy Analysis and Development Management.*
  - *Financial Management and Accountability.*
  - *Enhancement and Monitoring of National Statistics.*
  - *Public Administration and Management.*
  - *Strengthening of Policy Analysis Capacity of National Parliaments.*
  - *Professionalization of the Voices of the Private Sector and Civil Society.*
- Engendering of development
- Development challenges, which include issues in poverty reduction, HIV/AIDS, governance, conflict prevention and management, human capital flight, private sector development, trade, regional corporation and integration, external debt management, and globalization, among others.

**Orientation:** Papers published by the Series are expected to be analytical and policy-oriented with concrete guide to strategies, policies, programs and instruments for strengthening the capacity building process and enhancing growth and development. In line with the objectives of the Series, such papers are expected to share experiences, information, and knowledge, disseminate best practices and highlight pitfalls in capacity building processes and/or the management of development policies and programs.

**Contributions:** AWPS welcomes contributions from policy analysts, development practitioners, policymakers, capacity building specialists, academics and researchers all over the world, but with a focus on the African context.

