



## LESSONS NOTE

*July 2004*

# MEASURING PERFORMANCE OF INTERVENTIONS IN CAPACITY BUILDING - A STEPPING STONE THROUGH THE MARSHES

*Gene Ogiogio  
Manager, Knowledge Management  
The African Capacity Building Foundation*

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Lessons Notes report on best and replicable or avoidable practices in capacity building and development management by the African Capacity Building Foundation (ACBF), its grantees and partner institutions that undertake capacity building activities. The Notes are contributed by operations staff of the Foundation, its Technical Advisory Panels and Networks, beneficiaries of its support and partner institutions, and published periodically by the Knowledge Management and Program Support Department. Lessons Notes are essentially the views of the contributors and do not necessarily reflect the position of the Foundation.

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This Note builds on and refines an earlier work by the author, which presented a set of fundamentals in the measurement of performance in capacity building. It adds value to existing knowledge in two areas. First, it defines four processes, which capacity building (it argues) involves, and second it specifies areas in which performance measurement can and, indeed (it contends), should be undertaken. The presentation is consistent with the input-process-output-outcome-impact framework, which underlies plausible performance measures. This framework represents an expansion of the objective, purpose and impact components of a capacity-building intervention, which are central in the measurement of performance. In other words, performance measures that do not capture in a systematic manner the objective, purpose and impact of a given intervention cannot be regarded as complete and plausible. The Note posits that capacity building involves four processes - *development, retooling, enhancement, and reform* - and performance measurement should be based on a set of five indicators - *finance; quantity; relevance, effectiveness, efficiency, ownership and sustainability; results/outcomes; and impact of an intervention.*

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# MEASURING PERFORMANCE OF INTERVENTIONS IN CAPACITY BUILDING - A STEPPING STONE THROUGH THE MARSHES

## I. INTRODUCTION

From national resources, official development assistance and other forms of development support, countries and institutions have committed and expended a great deal on technical assistance and capacity building<sup>1</sup>. Specialized agencies have been set up to spearhead and guide the process by which countries and

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<sup>1</sup> It is estimated that about US\$4-5 billion is spent on technical assistance programs annually in sub-Saharan Africa.

institutions build capacities<sup>2</sup>. Yet, most agencies are still not very clear about what to measure in the assessment of performance of a capacity- building intervention and how such measurement should be carried out. The ultimate aim of capacity building is to promote sustainable growth and development. This explains why skills and institutions, which are the focus of a capacity building exercise, are assessed in terms of their development effectiveness. Technical assistance programs are an aspect of capacity building<sup>3</sup>. They are, however, not the focus of this Note. The reason is that they are externally driven, managed administratively through units established very often in ministries of finance and planning in recipient developing countries, and are lacking in national ownership and leadership by the recipient countries. Nonetheless, they can have significant impact, though their funding and impact are not sustainable<sup>4</sup>.

This Note sheds some light on what to measure in the development of performance indicators in the context of capacity building. Unlike technical assistance, capacity-building interventions are managed systematically and are more effective on development processes<sup>5</sup>. The premise of the Note is that

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<sup>2</sup> This Note uses the term capacity building rather than capacity development to refer to the general process of generating skills and institutions for a development process.

<sup>3</sup> The World Bank OED defines technical assistance as the " transfer, adaptation, mobilization, and use of services, skills, knowledge, technology, and engineering for: carrying out policy studies and providing advice; supporting project preparation and implementation; and, sustainably enhancing human, economic, technical, analytical, managerial, and institutional capabilities" The OECD-DAC on the other hand defines technical cooperation as the provision of know-how in the form of personnel, training, research and associated costs.

<sup>4</sup> Supply-driven; too many complex components; insufficient preparation time; inadequate assessment of capacity needs and the socio-political climate in which technical assistance is to work; poorly prepared terms of reference or, in the extreme cases, no terms of reference (slush funds); targeting that is overly ambitious in timing or scope; immeasurable outputs; inadequate or inappropriate instruments (excessive reliance on long-term expatriate technical assistance, insufficient provision for training, etc). At the implementation stage: Unsatisfactory performance of consultants; inadequate supporting arrangements within the country; unavailability of appropriate government counterparts; procurement problems; less than optimal supervision and quality control; weak management of programs by recipient governments. See Botchwey, K. (2003). Traditional Technical Assistance Practice in sub-Saharan Africa: A Preliminary Assessment. Report of a Study.

<sup>5</sup> Intervention in capacity building is based on the project cycle approach with distinct phases of needs assessment, project identification, design, appraisal, implementation, operation and evaluation. The project cycle approach has survived as an instrument for close monitoring of performance and provides a mechanism for accountability for resources. Over time, multilateral institutions have had to introduce their own versions of the project cycle. The aim has been to raise the level of participation of project beneficiaries in the project development and management process. The World Bank, for instance, has replaced the various stages of the project cycle with the phases of "*Listening, Piloting, Demonstrating and Mainstreaming*". This essentially transforms the conventional project cycle into a *learning cycle* that is aimed at preventing the domination of supply-driven initiatives through listening more carefully to recipients' needs. The learning cycle also strongly supports the principle of starting small with pilot projects before scaling up and building commitment during the demonstration stage. Having secured the commitment of the main stakeholders, the stage of mainstreaming can then be embarked upon. As with the conventional cycle, the final phase of evaluation feeds back into the initial stage so that it supports a continuous learning process, which is vital for

capacity building, relative to technical assistance, represents a more systematic process of intervention in skills and institutions building and unless there is a clear definition of the parameters relating to its inputs, processes, outputs, outcomes/results and impacts, it will be difficult to attribute the share of its contribution to a country or an organization's growth and development process.

## II. COMPONENTS AND PROCESS

### Components

To assess the contribution of capacity building in the growth and development process or its development effectiveness, it is desirable to be aware of its components and processes. Capacity has two major components. These are skills and institutions. Broadly defined, the skills consist of abilities (including knowledge, and competencies) of an individual with which he/she can identify, analyze, plan and find solutions to development problems. The institutional component, on the other hand, consists of hard and soft sub-components. The hard sub-components are organizations and agencies, while the soft areas are systems, processes, procedures, behaviours and norms, among others, which are intangible, but are just as important as organizational structures.

### Process

If capacity building components are skills and institutions, what then does the intervention process entail? The building of capacity involves, at least, one of four processes. These are:

- Development
- Retooling
- Enhancement
- Reform

***Development:*** This involves building skills and institutions that are at present not available for addressing a development challenge or problem. Hence support can be provided to a country to set up a policy center, a training institution, a system, process or procedure that hitherto does not exist.

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sustained future improvements. The *learning cycle* therefore presents a significant starting point in the articulation and specification of a project management model that is built on the principle of effective participation by all stakeholders.

**Retooling:** Retooling skills and institutions involves re-equipping them with lost, declining or deteriorating abilities, knowledge and operational facilities to restore operations and performance levels. Retooling becomes necessary when capacity falls into disuse as a result of a long period of inactivity or non-application.

**Enhancement:** The process of enhancement involves strengthening existing skills and institutions to take performance to a higher level. This requires exposure to new ways of doing things.

**Reform:** A reform-based intervention in the capacity building process involves re-organizing existing skills and institutions in order to enhance their effectiveness, efficiency and sustainability. Thus, skills can be resized (downsized or augmented), redeployed, and strengthened through an improved reward and recognition system to change performance level. Similarly, an organization's structure, systems, processes, procedures, norms, behaviours, practices, etc., can be reformed for improved performance. The structure can be reformed or new performance management systems, for example, management-by-objectives, results-based management system, balanced score card, etc., or a change management process introduced and implemented to enhance work culture, leadership, people management, reward and recognition, communication and evaluation/feedback systems, for improved performance. Hence a reform process that re-organizes the way skills are used or existing structures, systems, processes, procedures, norms, behaviours, etc., function, is indeed a capacity building process.

Based on the foregoing, capacity building can be defined as a *process by which skills and institutions are developed, retooled, enhanced or reformed with a view to producing, nurturing and maintaining an inter-temporally optimal level<sup>6</sup> of relevant, effective, efficient, domestically-owned and sustainable skills and institutions required to strengthen good administrative, economic, corporate and political governance.*

### III. WHAT TO MEASURE IN CAPACITY BUILDING

If capacity building involves development, retooling, enhancement and reforming of skills and institutions, what then should be the parameters that should guide performance measurement? The parameters will need to be defined over inputs, processes, outputs, outcomes/results and impacts of the capacity-building intervention. Hence, measures of interventions in capacity

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<sup>6</sup> Dictated by development requirements.

building will, desirably, need to be defined around five areas of measurement, namely:

- The resource envelope for the intervention – finance
- Quantity of skills and institutions developed, retooled, enhanced or reformed
- The relevance, effectiveness, efficiency, ownership and sustainability of the intervention
- Outcomes/results of the intervention
- Impact of the intervention

**(a) The Resource Envelope:**

In measuring performance of an intervention, inputs are critical. These consist of financial resources, skills, knowledge, and equipment, among others. Generally, as all inputs are provided through financial resources, it is often desirable to narrow them down to a single resource envelope – finance. Thus, the size of the financial support for an intervention is a worthy measure of the inputs provided for an intervention. A long list of finely differentiated inputs can be developed for every form of intervention. However, for a simple generic measure, the level of funding provided to address a capacity need is a reasonable proxy for inputs. The funding under reference refers to the effective component of finance, as some other portion could come in the form of tied aid, which may render its use inefficient.

**(b) Quantity of Skills and Institutions:**

Quantitatively the amount of skilled professionals and institutions developed, retooled, enhanced and/or reformed should be measured. Quantities are the direct objectives of an intervention.

**(c) Fundamentals**

Elsewhere, I had proposed that performance in capacity building can and should be measured with respect to six fundamentals<sup>7</sup>. Five of these fundamentals are:

- **Relevance/appropriateness** of the intervention
- **Effectiveness** of the intervention
- **Efficiency** of the intervention

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<sup>7</sup> Ogiogio, G. (2004). Measuring Performance in Capacity Building Intervention – Some Fundamentals. A Paper presented at ACBF International Workshop on Performance Measurement in Capacity Building. April 27-28.

- **Ownership** of the intervention
- **Sustainability** of the intervention

This proposal is plausible and consistent. The fundamentals are important for assessing the process component of measures or indicators.

**Relevance:** 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.

**Effectiveness:** The effectiveness of an intervention is driven by factors, which include the following:

- 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.

**Efficiency:** Simply put, efficiency implies increasing output or raising the level of effectiveness 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 provide better motivation
- Improvement in systems, processes and procedures to enhance workflow and speed of response
- Changes in operational strategies
- Improvement in people management, leadership, and work culture to encourage enjoyment of work and commitment.

**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 likely to be sustainable. Ownership in capacity building interventions centers around three main issues:

- Ownership of the financial resources with which capacity is built.
- Ownership of the capacity (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).

**Sustainability:** Sustainability of an intervention in capacity building is measured with respect to a vital number of factors. These are *the Relevance of the Intervention, Funding of the Intervention, Effectiveness of the Intervention, Efficiency of the Intervention, Ownership of the Intervention and Impact 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.

**(d) Outcomes/Results:**

The outcome or result of an intervention refers to the purpose of the capacity building exercise. Very often the outcomes are improved systems, processes, and procedures; motivated and high-performing work force; and enhanced organizational performance.

**(e) Impacts:**

The impact of an intervention represents the goal of a capacity building exercise. There are six areas in which impact measurement in capacity building will need to focus attention. These are:

- Socio-economic infrastructure
- Public service delivery
- Macro and sectoral policies and programs
- Property rights and regulatory and legal frameworks
- Participatory development
- Accountability institutions

All six conform with the four components of governance – administrative (public service), economic (policies and socio-economic infrastructure), corporate (enabling environment for private sector investment) and political (stakeholders’ participation and accountability institutions) governance.

For each of the six areas, an intervention in capacity building does at least three things:

- Addresses an objective, which consists of developing, retooling, enhancing and or reforming a process.
- Achieves a purpose and produces a result or an outcome. This purpose/outcome is an improved system or enhanced sectoral performance.
- Generates an impact, which consists of effective, efficient, high-quality and timely output of products and services.

Some explanation of the foregoing three points will shed some light. For socio-economic infrastructure, an intervention, at the level of the objective, will deliver process-improving inputs, improved system as an outcome/result or purpose, and efficient and high-quality outputs as impact. To illustrate, consider capacity building for the improvement of an educational system. For the *objective*, the intervention will deliver the following process-related inputs:

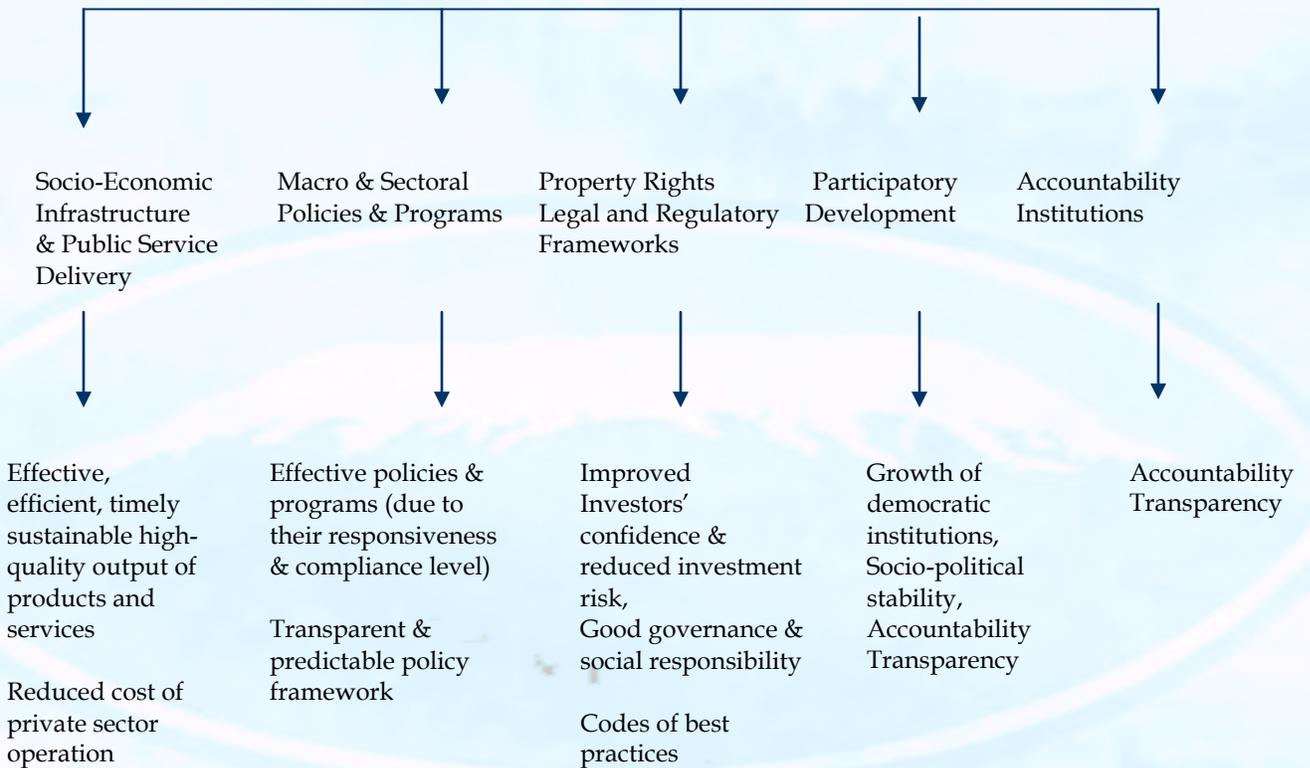
- Teaching, training and learning facilities
- Curriculum development, enhancement or reform
- Educational planning
- Development, enhancement or reform of educational policies
- Provision of teaching, training and learning materials
- Establishment, enhancement or reform of monitoring and evaluation system.
- Etc.

These process-related inputs will lead to the achievement of the *purpose* of the intervention, and that is an improved educational system. The results, which represent the purpose indicators will consist of improved educational standards relative to defined benchmarks, success rate, quality of knowledge imparted, higher demand for the products and services of the educational system, etc.

The *impact* of the intervention is partly high-quality graduates produced by the educational system. This analysis is applicable to all components of socio-economic infrastructure capacity building. It also applies to capacity building to improve public service delivery. The impact in this case will be effective, efficient, timely and sustainable public service delivery.

As regards macro and sectoral policies, the objective of the intervention will be to strengthen policy consultation, conceptualization, research, analysis, design, implementation and review. The purpose of the intervention is to generate effective policies measured by their response to identified constraint, compliance level, etc. And the impact is a transparent and predictable policy framework. A summary of the impacts related to the six areas identified above is presented in the figure below.

## DIMENSIONS OF IMPACT OF INTERVENTIONS




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### IV. CONCLUSION

Capacity building involves four processes. These are development, retooling, enhancement and reform of skills and institutions. An intervention must, therefore, be very clear about which of these it is geared towards addressing. To measure the impacts of these processes an agency responsible for capacity building must derive indicators that provide information on five areas - the resource envelope for the intervention; quantity of skills and institutions

developed, retooled, enhanced and/or reformed; the relevance, effectiveness, efficiency, ownership and sustainability of the intervention; the results/outcomes of the intervention; and the impact of the intervention. Impact, which represents the goal of an intervention, could be measured in terms of improvements in socio-economic infrastructure (sectoral performances), public service delivery (civil/public service improvement), macro and sectoral policies (development policies), property rights and regulatory and legal frameworks (enabling environment for private sector development), participation in the development process (effectiveness of the role of non-state actors in the development process), and effectiveness of accountability institutions (for support to transparency and accountability).

The proposals in this Note represent one of a number of options on the path to measuring performance of capacity building interventions. The value they bring to efforts at measuring performance is in the definition of the processes involved in capacity building and what should be measured. This value is simply a stepping-stone through the marshes.

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## CONTRIBUTIONS TO LESSONS NOTES

As part of its knowledge management program, the African Capacity Building Foundation encourages contribution of Lessons Notes by its professional staff, beneficiaries of its interventions and partner institutions. Issues and questions relating to this Lessons Note should be addressed to the contributor:

Genevesi Ogiogio  
Manager  
Knowledge Management & Program Support Department  
The African Capacity Building Foundation  
7<sup>th</sup> Floor Intermarket Life Towers  
Cnr. Jason Moyo Avenue/Sam Nujoma Street  
Harare  
Zimbabwe

Tel: (263-4) 702931/2, 790398/9  
Fax: (263-4) 702915  
E-mail: [g.ogiogio@acbf-pact.org](mailto:g.ogiogio@acbf-pact.org)