Capacity Enhancement: A Framework for Indicators

The Challenge
During the past decade, capacity enhancement has become an increasingly important topic of discussion within the development community. Since the international development conferences in Doha, Johannesburg, Monterrey, and recently Shanghai, capacity enhancement has acquired a central place as a driver of sustainable development. Both academics and practitioners have recognized that developing countries need to enhance the capacity of their private and public institutions and organizations to meet the challenges of development in a sustainable manner.

The World Bank Institute Intervention
The World Bank Institute's (WBI) mandate is to keep the focus sharp on capacity enhancement as a core feature of the Bank's development business and to provide services that facilitate the achievement of client countries' development goals. WBI provides capacity enhancement services by customizing courses to specific national needs and priorities and by designing programs with long-term institution-building in mind. Toward that end, WBI capacity enhancement services are increasingly becoming country-specific, multi-year programs linked to Bank country assistance strategies and the client's own poverty reduction goals.1

Underlying Assumptions
There is a general consensus in the development community that:

- Capacity enhancement involves something more than the strengthening of individual skills and abilities. Individuals need an appropriate environment, and the proper mix of opportunities and incentives to use their acquired knowledge. Poor institutional and organizational contexts, particularly weak bureaucracies and corruption, constitute a serious constraint on development, and

- Enhancement of capacity requires "ownership" and "political will" of the parties involved. Capacity can be enhanced only if there is willingness and commitment of the individuals and organizations involved to learn, adapt, and apply newly acquired skills and knowledge to their jobs and to the development of their organizations and institutions. Without the existence of these two elements, capacity enhancement projects are bound to fail.

Beyond this general understanding, however, little agreement exists about how to identify and measure capacity and capacity enhancement.

---

Yet without adequate operationalization and measurement, it becomes extremely hard to assess capacity gaps and to evaluate whether the capacity of a given country, institution, or even an organization has been effectively enhanced as a result of capacity enhancement programs.

Evaluation Method and Instruments
As part of WBI Evaluation Studies, the Institute Evaluation Group (IEG) produced a working paper surveying the evaluation literature on “capacity” and “capacity enhancement.” The goal of this document was to examine how these terms have been defined in the literature written over the past ten years and to develop a concrete framework for developing capacity enhancement indicators. This Brief summarizes the main findings of this review to provide guidance on developing tools to evaluate the results of capacity enhancement projects.

The review of more than twenty key sources includes academic books, articles, and documents produced during the past ten years by international organizations, such as the Canadian International Development Agency (CIDA), the Organization for Economic Cooperation and Development (OECD), the United Nations Development Program (UNDP), the United States Agency for International Development (USAID), and the World Bank. The documents comprised evaluations of capacity enhancement programs and frameworks on how to assess capacity. The review sought to identify indicators of capacity and capacity enhancement used in the literature, to examine the difficulties and challenges of measuring capacity enhancement, and to suggest an analytical framework for designing capacity enhancement indicators.

Evaluation Results
The development literature agrees that most capacity enhancement projects implemented during the 1980s failed, and in the 1990s some development agencies publicly criticized these projects for their allegedly poor results in increasing the capacity of public sector officials or organizations to perform efficiently, effectively, and responsively, despite extensive investments in these projects. The underlying evidence, however, was weak. Most of these disappointing evaluations were general and lacked specific measures or indicators of capacity enhancement. Yet, without adequate instruments to measure, monitor, and evaluate capacity enhancement, it is difficult to understand specifically what aspects/elements of capacity enhancement projects failed, to identify partial successes, and to design better, more effective and feasible projects for the future.

The literature review showed that:

1. There is a lack of clarity about the term “capacity,” although definitions of the term abound in the literature. The United Nations Development Program provides the most analytically useful definition of capacity as the “ability to perform functions, solve problems, and set and achieve objectives.” This definition goes beyond narrower definitions of capacity which refer to the individual acquisition of a particular skill to undertake a specific task. The term capacity enhancement adds a time dimension to this definition; it refers to the

---

acquisition of abilities over a period of time.

2. **Capacity enhancement is a process that requires benchmark measures.** Capacity enhancement can be measured in degrees, but to operationalize it, capacity enhancement requires the establishment of some benchmarks along a high-low continuum to measure progress.

3. **Benchmarks for capacity enhancement are difficult to measure.** The process of capacity enhancement is qualitative in nature and involves a complex interaction between learning, adaptation, and attitudinal change at the individual, organizational and institutional levels. The process is dynamic and therefore difficult to measure.

4. **Capacity enhancement projects have often used performance indicators (an outcome) as an evaluation tool, although capacity and performance are not synonymous.** Performance indicators are used instead of capacity indicators because the measurement of outcomes or outputs (the results of capacity) is easier and more easily quantifiable, and because capacity enhancement is much less “glamorous” than results. However, failure to distinguish between these concepts can lead to misleading conclusions and incorrect recommendations:
   - Unsuccessful performance may in fact reveal inadequate capacity, but it does not yield insights into which aspects of capacity are particularly problematic, or which may be improving. Extremely well trained and skilled personnel within an organization, for example, may be under-performing because of unclear definition of roles and responsibilities, poor management, and/or inadequate pay scales.
   - Conversely, successful performance results might be related to other factors, above and beyond enhanced capacity. Rapid economic growth, for example, can have a greater impact in reducing poverty rates than the enhancement of government’s long term capacity to design effective anti-poverty policies and to deal with macro-economic stability.
   - Furthermore, capacity enhancement programs may be only partially successful. Yet partial success is difficult to recognize if the criteria for evaluating these programs is solely based on performance outcomes.

5. **Capacity enhancement indicators cannot be designed in the abstract, independent of a specific development project (capacity for what?) and specific actors (capacity for whom?).** There is consensus in the literature that indicators need to address the individual, organizational, and institutional levels of capacity. To the extent that this is accepted as an overall framework, concrete indicators can be constructed for evaluating specific capacity enhancement project through benchmark indicators.

6. **Indicators of capacity and of the process of capacity enhancement must define and operationalize:**
- the capacity of individuals (skills, human resources),
- the capacity of organizations (distribution of functions, mandates, internal relationship flows, resources, management styles),
- the capacity of institutions (rules and procedures and enforcement mechanisms).

Conclusions and Implications
Vague understandings of capacity and little clarity about the expected results from capacity enhancement efforts have led many analysts to conclude that most of these efforts have failed. Better definition of the terms and development of concrete measurement tools are critical for undertaking more balanced evaluations and for designing more effective capacity enhancement projects. A few considerations seem relevant for designing capacity enhancement indicators:

- Capacity enhancement indicators acquire operational value when they refer to concrete development objectives and the actors towards whom capacity enhancement projects are directed. In the abstract, indicators lose analytic utility.
- Capacity and capacity enhancement should be approached through three different levels of analysis: the individual, the organizational and the institutional. Today, there is ample recognition within the international donor community that along with strengthening individual skills, the broader social, economic and political context needs to be taken into account for any capacity enhancement project to have a feasible possibility of success.
- Capacity enhancement is a dynamic process of learning and adaptation. To gauge this process, indicators require the definition of benchmarks or norms that allow the analyst to assess different levels of capacity along a continuum.

- Capacity enhancement depends first and foremost on the existence of political will and commitment on the part of the recipients. A teacher’s success highly depends on the will and motivation of the student to learn. Country ownership and motivation are therefore the single most important determinant of effectiveness of capacity enhancement projects. Thus benchmarks of success should be jointly developed with the entities involved in capacity enhancement.

About WBI
The World Bank Institute (WBI) helps people, institutions, and countries to diagnose problems that keep communities poor; to make informed choices to solve those problems, and to share what they learn with others. Through traditional and distance learning methods, WBI and its partners in many countries deliver knowledge-based options to policy makers, technical experts, business and community leaders, and civil society stakeholders; fostering analytical and networking skills to help them make sound decisions, design effective socioeconomic policies and programs, and unleash the productive potential of their societies.

The Institute Evaluation Group (IEG) works with WBI’s Leadership Team and with the World Bank’s Learning Board to design, implement, and report evaluation results for staff, client, and joint learning events. IEG also offers distance learning and face-to-face training in program evaluation. WBI Evaluation Briefs report on these evaluation results.

Contacts
WBI Evaluation Briefs
Fumika Ouchi, Evaluation Analyst
202.458.1437 or Fouchi@worldbank.org

Capacity Enhancement Indicators:
Review of the Literature
Yemile Mizrahi, Consultant, The World Bank Institute

Visit our Web site for more information on the Institute Evaluation Group and for electronic copies of all Evaluation Briefs: