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**Guidance Document on Indicators of Public Administration Capacity**  
**Building**

- Final -

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# Indicators of Public Administration Capacity Building

## 1 Introduction

Under the existing ESF common indicators for the 2014-2020 programming period, institutional capacity building (Thematic Objective 11) is only covered by an output indicator on entities (number of projects targeting public administrations or public services at national, regional or local level) and there are no result type indicators. At the same time, common result indicators for ESF interventions (cf.: Annex I of the ESF regulation) can be used for a number of institutional capacity building interventions (e.g. those which focus on the results for participants in related programmes for training such as "participants gaining a qualification upon leaving" etc.). However, these represent only a number of the potential interventions.

The aim of this paper is to provide guidance on developing specific indicators on public administration capacity building matching the approach to the development of indicators embedded in Annexes I and II of the ESF regulation. It summarises the typical actions that could be supported under TO11 and then proposes model "operational indicators" related to investment by ESF in institutional capacity building. In addition, it also presents some examples of how model indicators could be tailored to specific activities typically envisaged in Operational Programmes.

## 2 Regulation

Institutional capacity building is covered by **Thematic Objective 11**: "*enhancing institutional capacity of public authorities and stakeholders and efficient public administration*" (article 9 CPR).

The ESF Regulation foresees two investment priorities under this thematic objective:

- *Investment in institutional capacity and in the efficiency of public administration and public services at the national, regional and local levels with a view to reforms, better regulation and good governance (article 3 (d) (i) ESF Regulation).*
- *Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels (article 3(d) (ii) ESF Regulation).*

## 3 What sort of bodies/services can benefit from ESF support under T011?

In line with the ESF Regulation, bodies which can benefit from ESF supported interventions to enhance institutional capacity may be (a) public authorities of the executive, judiciary or the legislative branch at national, regional and local level, and (b) social partners and non-government organisations. The capacity building actions may cover a single authority or a system of authorities responsible for a specific policy area (for example those involved in policy-formulation, implementation and supervision of taxation). Also, it is possible to have a

cross-cutting approach where individual units performing a specific function in all authorities are covered (for example, the units for administrative service delivery of the municipalities or the human resources units in all ministries).

#### **4 Unit of reference**

While public administration capacity building aims primarily at institutions (systems and structures), the capacity building of individuals (e.g. staff of institutions) can be equally important to improve the ability of these institutions to perform in a more effective and efficient way. That is why ESF programmes contain a mix of two types of interventions: assistance to persons (for personalised support such as training of staff) and assistance to entities (single institutions or a system of such).

To this end the paper will consider two types of units of reference:

- *Entities* - formal structures with specific functions and resources for their fulfilment. That may include a whole organisation, or separate departments/units. The definition of entity in an Operational Programme would need to take into account the national specificities and very importantly, need to reflect the types of supported measures and the immediate change targeted.
- *Individuals* – holders of public office or staff of these entities. That may include civil servants, magistrates, court administrations, prosecutors, appointed members of public authorities, etc.

#### **5 Generic key components of institutional capacity building**

In order to come up with a manageable list of "model" indicators it is necessary to focus on generic components of activities/services applicable to public administration capacity building rather than very specific activities.

In broad terms, administrative capacity is improved through development of staff competencies and the development and dissemination of improved working methods, procedures, tools and (IT) systems together with better overall coordination and planning. Ideally we need measures of how ESF funds improve the government services' capacity with regard to these key aspects for the institution funded. In other words, we need measures showing how ESF funds improve the capacity of the service in terms of the *state change* brought about.

In practice there is a large variety of classifications of capacity building activities. OECD defines institutional capacity as the sum of organisational, structural and technical systems, as well as individual competencies that create and implement policies in response to the needs of the public<sup>1</sup>. According to the World Bank<sup>2</sup>, institutional capacity building encompasses three main activities: skills upgrading (*who*), procedural improvements (*how*), and organisational strengthening (*what system*). Defined in this way, institutional capacity building occurs by acquiring resources and integrating them in a way that leads to the more efficient and effective operation of institutions and organisations. Others consider the different types of capital that needs to be developed (institutional, human, financial, technical, etc.) in order to perform better.

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<sup>1</sup> OECD Public Management Reviews: Ireland 2008. Towards an Integrated Public Service

<sup>2</sup> Odeck J, "Position Paper: Institutional Capacity Building", World Road Organisation (PIARC), 2005

A combined approach, that also reflects the scope of ESF support, will be to consider capacity building as the investment in the ability of public authorities to perform their functions. This ability can be improved by focusing on the following aspects regarding the two units of reference identified above:

***(a) Focus on individuals***

- Skills and competences: (*who*) through development of skills at all levels of the professional hierarchy within public authorities, including
  - training of different categories of staff
  - traineeship programmes for on-the-job-training
  - learning networks, etc.

***(b) Focus on entities***

- Processes: (*how*, in terms of rules, procedures, tools, working methods) through
  - modernising and optimising the internal processes, incl. by introducing new working methods/organisation, development of quality management systems, adoption of IT systems, etc.
  - improving the interaction between institutions and with stakeholders, incl. by improving coordination, tools and methods for evidence-based policy making, mechanisms for public participation, actions for better law implementation and enforcement, tools for increased transparency and accountability, etc.
  - improving the delivery and quality of services, incl. by reforms for reducing administrative burden, integration of services (focus on back office); one-stop shop delivery (focus on front office); e-government / e-justice, etc.
- Organisation/structure: (*how*, in terms of structure and organisation of departments, functions etc.) through
  - developing appropriate administrative structures, incl. through reallocation of functions, decentralisation, improving management structures, etc.
- Resources: (*what*) mainly covering
  - informational and technical resources.
  - development and implementation of human resources strategies and policies covering the main gaps in this field (as regards staff requirements and career development).

## 6 ESF Output and result indicators for public administration capacity building

### 6.1 The logic of ESF output and result indicators

Within the context of ESF monitoring, indicators should be as simple as possible, easy to measure, reliable and closely linked to the actions supported (i.e. should monitor direct effects<sup>3</sup> on participants/entities as much as possible and not imply a long causal chain to the support). Output and result indicators should relate to the same "target group" and measure the same "supported" units<sup>4</sup>, while indicators which would relate more to an impact in the ESF framework would be assessed via an evaluation.

Result indicators should relate to the specific objective/priority concerned. This calls for indicators which can potentially provide appropriate monitoring results aggregated across several activities/projects. However, within a priority/specific objective there can be a wide diversity of projects, which could lead to difficulties in producing summary indicators for detailed performance improvement type results at the level of the overall priority. Indeed, the use of more detailed indicators at the level of specific concrete projects in order to be able to assess performance improvement could go against aggregation possibilities.

Common output and result indicators for ESF interventions (cf.: Annex I of the ESF regulation) can be used as a framework for institutional capacity. The existing guidance on indicators for ESF monitoring details that:

- *Output indicators* (output is considered what is directly produced/supplied through the implementation of the operation", i.e. everything that is obtained in exchange for an operation supported") should be clearly defined and closely linked to the actions;
- *Result indicators* capture the expected effects on participants or entities brought about by an operation and go beyond output indicators in that they capture a change in the situation of entities or participants. In order to minimise the influence of external factors on result indicators, it is advisable to set indicators which are as near as possible to the supported activities. This means result indicators would ideally need to show how the institutional capacity has been changed/improved for the specific unit/department/service targeted for funding support, and not for the overall entity/service which would include units/departments not benefiting from ESF support. Results can be immediate or longer-term.

### 6.2 Application of the logic of ESF output and result indicators to public administration capacity building

For consistency the same logic above as used for common ESF output and results indicators in other ESF thematic objectives should apply to TO11 and indicators for capacity building of public administration and judiciary. By analogy with how participants are treated in current

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<sup>3</sup> Only entities or participants benefiting directly from ESF support should be taken into account. For example, where ESF support is provided solely to a central government body to develop a system which would later on be implemented across other administrative entities, the latter entities would not be counted as they would not be direct project participants in the development of the system. However, if ESF funds were used to directly support the administrative entities in their implementation of the system, then in that case they would be counted.

<sup>4</sup> The unit of reference should be consistent for output and results indicators. For example, if the output indicator is in terms of entities supported the associated result indicator should also be in terms of (successful) entities and not in terms of people/staff.

guidance on result indicators<sup>5</sup>, public administration result indicators should be limited to *identify concrete effects on public administration bodies in terms of state changes/capacity changes brought about by the intervention* (see Table 1).

In this context, the capacity/state change of the public body is what is to be monitored, not the performance change in the body in terms of effects on final services (to the public), which is an impact measure. The aim is to create the preconditions/capacity for subsequent improvement in the quality and effectiveness of public services.

**Table 1: Generic type of output and result indicators by reference unit**

Reference unit/Target of activities	Output	Results	Reference unit
Participants (individuals)	No. participants (broken down by Xstics) involved in projects	No. participants with a positive situation change (qualification gained, entering training etc.)	Individuals (participants)
Entities (department/service/body)	No. projects targetting public admin or public services		
	No. of events funded		
	No. Public bodies/departments involved in projects	No. public bodies/departments with a positive change in situation/capacity (have acquired new/improved capacity - e.g. implemented new IT system, new working methods, new procedures, staff trained etc.)	Entity (department/service body)

### 6.3 Basic state change indicators of capacity building

Implementing assistance to public administration systems and structures tends to be channelled through measures focusing either on increasing capabilities of people working in the systems and structures (e.g. employees of institutions) or on improvement of internal processes, organisation or resources of systems and structures, as shown in the following diagram (Chart 1).

Focusing on institutional capacity building rather than efficiency/effectiveness of public administration (which would by definition require measurement of performance and impacts of improved services on the end users) would suggest at least indicators which provide simple indications of how systems have been changed/improved and the scale effect of those changes (how far reaching they are in terms of the number of administrative bodies and/or staff (in the case of personalised support/training) actually affected by the intervention).

Basic system change indicators could therefore deal with aspects such as the number of new systems implemented, the number of services covered by the new tool/systems, the number of administrative entities fully implementing and using the new system, or the number of staff supported by the intervention (e.g. in the case of personalised support/training). The key thing is therefore to identify and specify the relevant state change with regard to the capacity improvement targeted by the support and the relevant unit of reference for the support.

<sup>5</sup> Existing result indicators for participants as listed in Annex I of the ESF regulation don't measure performance improvement of individuals but rather state/situation change, i.e. for participants result indicators are also actually state change indicators (not direct performance change measures) such as change in labour market situation, obtaining a qualification, entering training etc.

**Chart 1: Illustrative ESF interventions to public administrations**

Target of intervention	Indicative activity	Output indicator	Result indicator
Focus on improving staff (people)	→ Training	→ No. of people trained	→ Measure of improvement of professional competence of staff (No. staff who gained a qualification, trained to a certain standard...)
Focus on improving entity (systems and structures)	→ Development/implementation of new structures/programmes/procedures/systems/tools/methods to be used by public admin bodies	→ - No. of projects supported	→ No. of projects successfully completed
		→ - No. of new structures/systems/tools/procedures/methods supported for development/implementation	→ No. of new structures/systems/tools/procedures/methods successfully developed/implemented
		→ - No. of institutions involved in project	→ No. of institutions that successfully developed/implemented the outputs (structures/systems/tools/procedures/methods) of the project

By referring to the number of entities affected we can gauge better the extent of the change within a public administration in terms of the number of departments/units affected by a state change<sup>6</sup>. In the absence of clear reference entities/bodies, and in relation to systems/processes implemented, a very basic result indicator, without any indication of coverage/extent of the change across the service, could simply be to report a sort of "item" based count of new systems or processes implemented as a consequence of the projects supported. This would lead to the following generic formulation for indicators:

**Output indicators:**

- No. of (projects) receiving support to improve (specific service/functions) in specified areas
- No. of (systems/tools/processes/new working methods) being developed/implemented with support
- No. of (staff) participating in training to improve their professional competence in the area of (specific functions)
- No. of (entities) receiving support to introduce (new system/methods/tools/services) in specified functional areas
- No. of (entities) receiving support to improve (specific service/functions) in specified areas

("Improve" could be further specified as for example activities to develop/disseminate/modernise/upgrade/train etc. with regard to aspects such as systems/tools/processes/working methods etc.)

<sup>6</sup> The total number of such entities in the functional area targeted by the intervention should be reported in the descriptive section of specific objectives in operational programmes, so as to provide context information on the extent of the coverage of the relevant administrations.

### ***Result indicators:***

#### ***Count of systems/tools/processes/new working methods***

- the number of systems/tools/processes/new working methods (for which development completed)/(implemented)<sup>7</sup> as a consequence of the supported projects<sup>8</sup>
- the number/share of services in a given functional area which have been created/improved/made more accessible

#### ***At staff level***

- No. staff trained to certain standard/acquiring certain skills or qualifications

#### ***At entity level***

- No. of (entities) which implemented (new/upgraded) systems/tools/processes/working methods to improve (specific area of service/functions), e.g.
  - No. of (entities) receiving support (which implemented a new system)/(in which new system in application) to .....
  - No. of (entities) receiving support which implemented (i.e. in application) new forms of work organisation to ...
  - No. of (entities) receiving support which gained a recognised quality standard
  - No. of supported (entities) where new IT tools are fully implemented and in application x months after project completion

It might, in certain cases, also be possible/relevant to include qualitative information on the improvement (different levels of the state change). For example, with regard to e-services there are different levels of sophistication of end-user support (information retrieval only, allowing transactions on line, etc.). Such differentiated levels of change could be taken into account in result indicators where possible.

More concrete examples of the sort of generic indicators which could be used in relation to typical activities supported under Thematic Objective 11 are provided in Annex 1, which follows the typology of components of institutional capacity building identified earlier in the paper. Similarly, Annex 2 provides some illustrative, more concrete examples of indicators for public administration capacity building based on material coming from currently available Operational Programmes, but adapted it in way to cover more areas of reform and possible activities, and which are in line with the approach recommended above.

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<sup>7</sup> Depends on whether support is focused on development only or on implementation. Normally development of a system should be associated with its implementation (unless support for development is to an entity which would not be the same as the one(s) due to implement the product developed) since to have an impact/effect on the public administration it would need to be implemented/used in practice.

<sup>8</sup> In general reference should be made where possible to meeting some quality standard when implementing systems/tools etc., for example for new education/training courses developed and implemented these should ideally be courses with some form of accreditation.

## 7 Indicators of impacts of improved performance (impacts)

In general it is not recommended within the ESF monitoring framework to use results indicators which are aimed at measuring performance improvements in public administrations. As highlighted earlier, such indicators are not consistent with the general logic used for common ESF output and results indicators in other TOs, and relate more to an impact which should be assessed via an evaluation.

Performance type indicators would be aimed at gauging the improvement in the performance of the public administration, along the lines of showing an improvement in service provision/effectiveness by the units(s)/departments(s) supported by an intervention, and might take the following forms:

- Time: quicker service provision, reduction of delays to perform key activity
- Costs: more efficient service provision, less staff/time needed to provide service
- Productivity: increase in the number of actions/cases/transactions completed

In format, results would then show, for the entity funded, the change in the service provision compared to the situation before the intervention took place (e.g. as a % improvement on the situation prior to the programme in terms of, for example, caseloads handled in time t, average time to complete service delivery, cost of service delivery etc.).

However, it is advised not to use such performance indicators in the framework of ESF monitoring for the following reasons:

- A key issue is the time delay to observe concrete changes in the performance of services following an intervention, which may not be evident (at least in performance figures) at the time the programme is completed nor in a short timeframe afterwards.
- Results may not be sufficiently close to the ESF funded operation, and performance improvements for the service entity as a whole could be influenced by various other non-ESF funded activities.
- It may be hard to aggregate across different projects/services to provide overall figures for the specific objective. The need for concrete performance results specific to the entity/process could lead to results being hard to aggregate to higher overall measures of results relevant at the level of the priority/specific objective. For example, increases in output in terms of completely different actions/services provided by different departments could not be sensibly aggregated.

Further reasons against the use of performance type indicators is well highlighted in the World Bank study "Capacity Enhancement Indicators: Review of the Literature", Yemile Mizrahi, WBI Evaluation Studies No. EG03-72, World Bank Institute, The World Bank, 2003), as reproduced in Annex 3.

All this argues against the use of concrete performance improvement measures, and suggest more the widespread use of results indicators of the more simple "state change" type indicators above (after all, the aim is to focus on indicators of institutional capacity improvement rather than indicators of the change in the final effectiveness of public services, which are more impact type indicators). Results indicators for ESF monitoring are not impact (performance) measures.

## Illustrative output and result indicators for typical ESF interventions

Capacity: For	Performing functions	Achieving objectives					
Of	Capacity obtained through		Capacity building actions	CB actions supported by ESIF	OUTPUT indicator	RESULT indicators (BASIC state change activity-specific result indicators)	Longer term (Generic) type result indicators
Individuals	Competences and skills	Increase personal skills and competences	Training	Training of staff (targeted by function or entity)	No. of participants in training/mentor programme/traineeship (may be broken down further by grades/functions/age groups/training topics, depending on specific objective)	No. Staff completing the training	No. of trainees in relevant job X months after completion
		Ensure ability of the entity to perform specific functions (for example, management, service delivery, policy making, etc.)	Guidance	(Establishment) Participation in employee mentoring programmes	No. of created programmes	No. of staff certified as improving their professional competence on completing the training	
			Networks	Establishment and participation in learning networks Traineeship programmes		No. staff gaining a qualification on leaving the training (C)	
Entities	Processes (rules, procedures, tools, methods)	Increase performance/ results in specific function:	Legal framework	Functional / legal reviews; organisational analysis, impact assessment, client surveys	No. of entities supported to carry out actions from reviews, assessments, surveys	No. of entities new having completed actions from reviews, assessments, surveys	No. of supported entities who carried out follow-up actions X months after completion
		<ul style="list-style-type: none"> <li>Improve management, incl. activity based management, programme budgeting</li> <li>Improve quality of policy, incl. strategic planning, evidence-based policy making, public participation</li> </ul>	Organisation of processes	Support for introduction of new forms of work organisation/re-engineering of business process	No. entities supported to develop/improve work organisation methods	No. entities where new working methods/systems/tools/services developed/fully implemented	No. entities where new working methods are fully implemented and in use X months after completion
			Monitoring and evaluation	Develop / improve IT systems/working tools	No. systems/tools supported for development	No. systems/tools fully developed	
			Quality management	Improve/develop quality management system	No. of entities supported to upgrade IT systems or tools	No. of entities where improved (upgraded) system fully implemented and in use X months after completion	No. entities where new/improved quality management system fully implemented and in use X months after completion
			Integration of services, one-stop-shop, e-government /e-justice, incl. e-procurement	Reorganise service delivery	No. of entities supported to implement new quality management system	No. of entities where services delivered through a new channel (OSS, online)	No. of entities delivering standard services through a new channel X months after completion
			Public awareness	Improve citizens' information and access	No. of entities supported to reorganise service delivery	No. of standard services supported for providing delivery through a new channel by X entities	No. of standard services delivered through a new channel by X entities, X months after completion
					No. of awareness campaigns on policies / services		
					No. of sectors/entities covered by reviews/analysis	No. of sectors/entities with improved allocation of functions	
					No. of coordination mechanisms supported for development/ implementation	No. of new coordination mechanisms developed/ implemented	
					No. of needs analyses carried out/ No. entities to which analyses apply	No. admin units/bodies where new/improved HRM system fully developed/ implemented	
Resources	Ensure and use adequately the human capital		Needs analysis				
				Develop/improve capacity of the training system	No. of new training programmes supported for development/ implementation	No. of new training programmes developed/ fully implemented	
				Development of training programmes			
Obtain/develop information and technical resources			Investment in ICT	Develop information systems	No. of entities supported for development/ implementation of new IT systems	No. of entities with new IT system developed/ implemented	
			Knowledge management	Digitise information resources	No. of digitised registers supported for development	No. of entities with new digitised registers developed	

**Examples of indicators**  
**for institutional capacity building of public administration and judiciary,**  
**including indicators based on material coming from available Operational**  
**Programmes**

*The following examples aim to show how the generic indicators can be adapted to specific areas of support and are based on material coming from currently available Operational Programmes. Therefore, the proposed list is not exhaustive and provides only an illustration of the suggested approach.*

## **SKILLS AND COMPETENCES**

### Outputs:

- No. of staff participating in training on late payment and debt recovery legislation
- No. of internal auditors participating in training
- No. of judges, prosecutors and non-judge court staff participating in training related to quality<sup>9</sup> or efficiency<sup>10</sup> or independence<sup>11</sup> of justice

### Results:

- No. of staff dealing with late payment and debt recovery disputes, who have improved their professional competence
- No. of certified internal auditors 6 months after training
- Number of judges, prosecutors and non-judge court staff trained in quality or efficiency or independence of justice

## **PROCESSES**

### Outputs:

- No. of administrations receiving support to introduce a quality management system
- No. of administrations receiving support to integrate service delivery on investment and construction
- No. of units of tax administration receiving support to introduce an IT tool for management of tax collection
- No. of courts receiving support to introduce ICT tools for case management and communication between courts and parties
- No. of administrations supported to introduce the standard cost model/impact assessment in policy making process
- No. of units receiving support to introduce tools for assessing client satisfaction
- No. of e-services receiving support for development

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<sup>9</sup> With view to quality training could for example include courses on new legislation, writing judgements, communication with parties, accessibility of case law

<sup>10</sup> With view to efficiency, training could for example include case management, management courses for court presidents and financial management courses, etc.

<sup>11</sup> With view to independence, training could for example include courses on ethics and conflict of interest.

- No. of supported interoperable cross-sector end to end e-services in development
- No of courts supported to implement new tools/systems/measures in view of reducing disposition time/number of pending cases/enhancing clearance rate etc.
- No. of courts supported in order to implement case management systems
- No. of courts supported to implement tools for monitoring and evaluating court activities
- No of courts supported to implement a communication policy with parties and the public
- No. of systems for accessing case law supported for development or upgrading
- No. of projects supporting the independence of the judicial system
- No. of voluntary alternative dispute resolution mechanisms supported for development and implementation

#### Results:

- No. of benefitting organisations that have implemented a quality management system as a result of supported development activities
  - No. of supported administrations that have published performance results 1 year after introduction of QMS
- The number of administrations which implemented a tool to improve the quality of service of the process of investment and construction
  - No. of administrations providing integrated services related to investment and construction 6 months after project completion
- The number of tax administration units in which a newly implemented IT tool in use to improve tax collection
  - No. units of tax administration using the IT tool developed with ESF support for management of tax collection 1 year after project completion
- No of courts which implemented ICT tools for case management or communication between courts and parties
- No. of supported administrations in which the standard cost model/impact assessment in policy making process has been implemented and is in application
  - No. of adopted acts, prepared using the standard cost model/with impact assessment
- No of units that assess periodically client satisfaction 1 year after full implementation of the tool
- No. of supported e-services at transaction stage
  - No of units providing e-services at transaction stage
- Number of interoperable cross-sector end to end e-services accessible from a point of single contact
- No. of supported courts which fully implemented new tools/systems/measures aimed at reducing disposition time/number of pending cases/enhancing clearance rate etc
  - No of supported courts where there has been a reduction in disposition time/number of pending cases/improvement in clearance rates 6 months after supported operation ended
- No. of supported courts where developed/upgraded/adapted case management systems have been implemented
- No of courts supported in which tools for monitoring/evaluating court's activities are fully operational

- No of courts supported which fully implement a communication policy with parties and the public
- No. of newly developed/upgraded systems to access case law
- No. of voluntary alternative dispute resolution mechanisms fully developed and implemented<sup>12</sup>

## **ORGANISATION/STRUCTURE**

### Outputs:

- No. of administrations that have been involved in functional reviews

### Results:

- No. of administrations that implemented reorganisation plans on the basis of functional reviews

## **RESOURCES**

### Outputs:

- No. of digitised registers supported for development/improvement

### Results:

- No. of digitised registers for which partial/full online access provided
- No. of digitised registers for which official exchange with other administrations ensured
- No. of entities with new digitised registers developed with ESF support fully implemented

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<sup>12</sup> This covers judicial medication, non-judicial mediation, arbitration, conciliation mechanism

**Extract from "Capacity Enhancement Indicators: Review of the Literature", Yemile Mizrahi, WBI Evaluation Studies No. EG03-72, World Bank Institute, The World Bank, 2003**

### **CAPACITY VERSUS PERFORMANCE**

3.4 There are several reasons why performance indicators are not appropriate for measuring capacity:

3.5 First, while performance may be a good indicator of adequate or good capacity, it does not yield insights into which aspect of capacity is particularly good, or which may be weakening. The personnel within a particular organization, for example, may have adequate levels of skills and yet the organization may be failing in its performance. Analyzing declining levels of performance, however, cannot reveal much about capacity gaps, for it may be that this gap is not at the skill level, but at a higher level of management.

3.6 Furthermore, performance indicators do not reveal what aspect of capacity is responsible for a better or failed performance. Weak performance indicators tell us little about the origins or causes of these results. Capacity enhancement projects may not be successful in generating better performance indicators or more satisfactory outputs, yet without adequately disaggregating capacity and finding indicators and benchmarks to measure capacity enhancement through its different analytic dimensions, it is difficult to assess what aspects of the process are failing, where additional support is required, and whether capacity enhancement projects are even realistic or feasible. Weak performance can be attributed to the lack of skilled personnel, to the unclear definition of roles and responsibilities within an organization, to the lack of adequate financial support, to the weakness of the regulatory framework, or to a combination of all these factors. Understanding these different analytic dimensions and designing measurements to evaluate progress at each level is important for designing better and more effective capacity enhancement projects.

3.7 Second, like in many other development programs, 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. Measuring the "process" of capacity enhancement and developing benchmarks is thus critical for allowing the analyst to recognize partial and incomplete results. The prevalent frustration with many capacity enhancement programs stems in large part from the failure to recognize partial success. Confronted with what was perceived as "total failure," many projects attempted to start from scratch every time a new project was introduced. Identifying partial successes lends not only to a more balanced judgment, but also to the adoption of more gradual, piecemeal, and realistic development strategies that take as a starting point "existing local capacity." The latter has been identified by the UNDP as a critical element in the new "paradigm" of capacity development.

3.8 Third, an institution or organization can improve its performance indicators, but nothing guarantees that this level of performance can be sustained over time. Unlike performance indicators, indicators of capacity and capacity enhancement indicators provide information about sustainability by revealing information about the extent of institutionalization or routinization of reforms introduced to enhance capacity. Technical assistance projects may have an initial positive impact on performance results, but as soon as the funding of these

projects ends or foreign experts leave the country, performance indicators deteriorate. Unlike indicators of performance, indicators of capacity enhancement tells us something about the extent of “country ownership,” a critical element for the sustainability of any capacity enhancement project.

3.9 Finally, the relationship between capacity enhancement and performance is by no means direct and linear. The performance of governments, businesses, or civil society organizations is affected by a multiplicity of factors, above and beyond capacity enhancement. A severe economic crisis, for example, can have a substantial impact in the growth of poverty rates, regardless of the capacity of public officials to design and implement better poverty reduction strategies. Rapid economic growth, on the other hand, can have a greater impact on reducing poverty rates than the enhancement of government’s long term capacity to deal with macro-economic stability. Similarly, low HIV rates may not accurately reveal the government’s capacity to respond, should the problem emerge at a later stage. Finally, a business may be successful in a closed economy protected from competition, regardless of its capacity to produce quality products.