



Reflection

Capacity Development in Fragile States

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A theme paper prepared for the project 'Capacity, Change and Performance'

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Study of Capacity, Change and Performance

Notes on the methodology

The lack of capacity in low-income countries is one of the main constraints to achieving the Millennium Development Goals. Even practitioners confess to having only a limited understanding of how capacity actually develops. In 2002, the chair of Govnet, the Network on Governance and Capacity Development of the OECD, asked the European Centre for Development Policy Management (ECDPM) in Maastricht, the Netherlands to undertake a study of how organisations and systems, mainly in developing countries, have succeeded in building their capacity and improving performance. The resulting study focuses on the endogenous process of capacity development - the process of change from the perspective of those undergoing the change. The study examines the factors that encourage it, how it differs from one context to another, and why efforts to develop capacity have been more successful in some contexts than in others.

The study consists of about 20 field cases carried out according to a methodological framework with seven components, as follows:

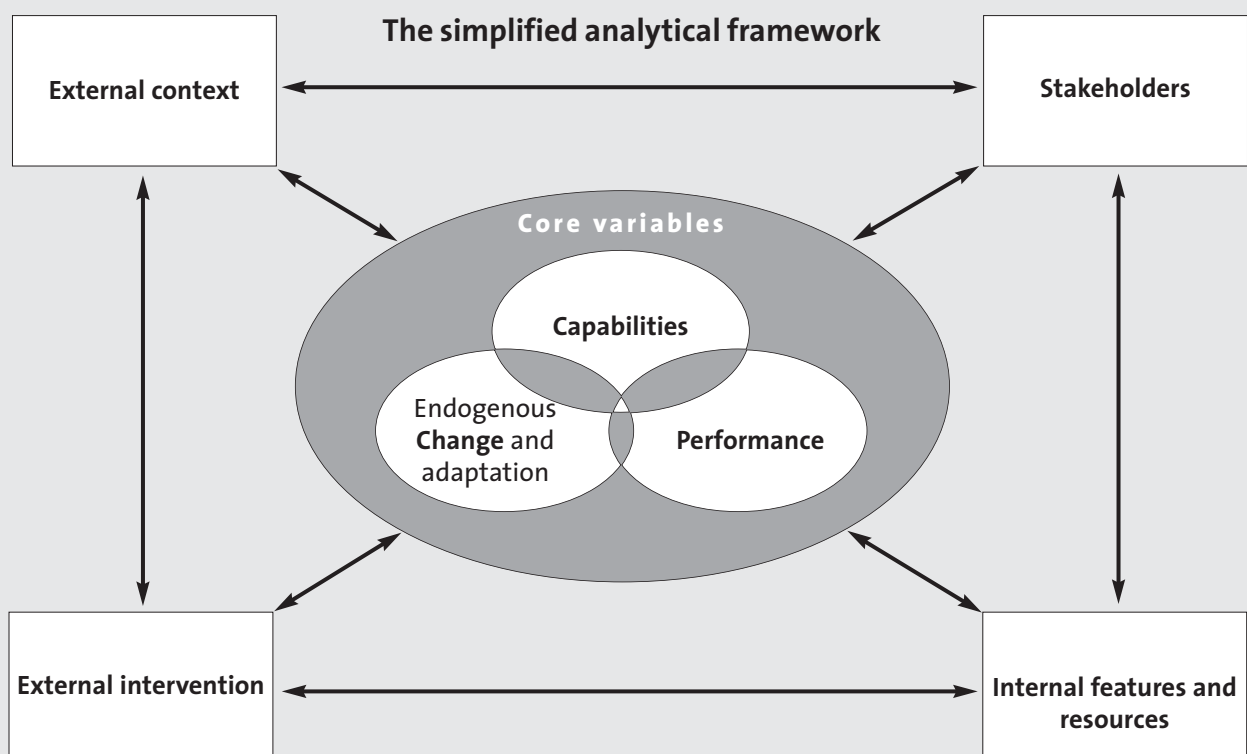
- **Capabilities:** *How do the capabilities of a group, organisation or network feed into organisational capacity?*
- **Endogenous change and adaptation:** *How do processes of change take place within an organisation or system?*
- **Performance:** *What has the organisation or system accomplished or is it now able to deliver? The focus here is on assessing the effectiveness of the process of capacity development rather than on impact, which will be apparent only in the long term.*
- **External context:** *How has the external context - the*

historical, cultural, political and institutional environment, and the constraints and opportunities they create - influenced the capacity and performance of the organisation or system?

- **Stakeholders:** *What has been the influence of stakeholders such as beneficiaries, suppliers and supporters, and their different interests, expectations, modes of behaviour, resources, interrelationships and intensity of involvement?*
- **External interventions:** *How have outsiders influenced the process of change?*
- **Internal features and key resources:** *What are the patterns of internal features such as formal and informal roles, structures, resources, culture, strategies and values, and what influence have they had at both the organisational and multi-organisational levels?*

The outputs of the study will include about 20 case study reports, an annotated review of the literature, a set of assessment tools, and various thematic papers to stimulate new thinking and practices about capacity development. The synthesis report summarising the results of the case studies will be published in 2007.

The results of the study, interim reports and an elaborated methodology can be consulted at www.capacity.org or www.ecdpm.org. For further information, please contact Ms. Anje Jooya (ahk@ecdpm.org).



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Table of Contents

Introduction	iv
Overview of the paper	iv
I. Fragile states	1
Defining fragile states	1
A typology of fragile states	1
II. Capacity	3
Capacity definitions	3
Capacity: five core capabilities	3
Fragile states and the five capabilities	4
Capacity targets in fragile situations	5
Security	5
Effective public goods and service delivery	8
Political legitimacy	9
III. Capacity development	10
Capacity development and the enabling environment	10
Levels and targets for capacity development	11
Fragile states and capacity development	12
A model for capacity-development intervention	13
Implications of the capacity-development model for fragile states	14
IV. Ownership and political will	17
Who is in charge?	17
Sorting out ownership components	17
V. Capacity-development dilemmas and trade-offs	20
State vs non-state service provision	20
Services now vs institutional strengthening	21
Immediate security vs long-term stability	22
Technical vs political	22
External actors and local capacity	23
VI. Conclusions: implications for capacity development	25
References	28
List of Boxes	
Box 1. Traditional Institutions for Reconciliation and Justice: Papua New Guinea	7
Box 2. The Afghanistan Reconstruction Trust Fund	15
Box 3. Sequenced Rebuilding of the Health System in Timor Leste	21
Box 4. GEMAP and Capacity Development in Liberia	24
List of Figures	
Figure 1. State Categories	1
Figure 2. Capacity Development Model	13
List of Tables	
Table 1. An Illustrative Fragile States Typology	2
Table 2. Core Security Tasks	6
Table 3. Public Goods and Service Delivery Tasks	8
Table 4. Political Legitimacy Tasks	9
Table 5. CD Targets and Illustrative Interventions	11
Table 6. Comparison of CD in Fragile and Non-fragile States	12

Introduction

What can be done to assist fragile states to improve conditions for their citizens and to establish the policies, institutions, and governance arrangements that will lead to socio-economic development? This is a long-standing question that has confronted donors, international and regional organizations and the neighbours of troubled states. This paper starts from the premise that thinking about this challenge in terms of capacity and capacity development can help to better define intervention strategies and operational responses.

Definitions of fragile states vary, yet all concur that state fragility is directly related to capacity deficits. Fragile states have governments that are incapable of assuring basic security for their citizens, fail to provide basic services and economic opportunities, and are unable to garner sufficient legitimacy to maintain citizen confidence and trust. Fragile states have citizens who are polarized in ethnic, religious, or class-based groups, with histories of distrust, grievance, and/or violent conflict. They lack the capacity to cooperate, compromise, and trust. When these capacity deficits are large, states move toward failure, collapse, crisis, and conflict. Post-conflict and recovering states need to identify and pursue pathways to rebuilding capacity and filling deficits, and to avoid the ever-present risks of backsliding. As Collier et al. (2003) note, countries that have experienced violent conflict face a 40 per cent risk of renewed violence within five years. The World Bank's list of fragile states has grown from 17 to 26 from 2003 to 2006, confirming that the problem of addressing the needs of low-income countries affected by poor governance, endemic poverty, weak economic growth, and conflict is persistent and increasing (World Bank 2006c).

Overview of the paper

This paper clarifies key concepts, reviews selected experience, and addresses several of the issues and dilemmas that members of the international community confront in dealing with capacity and capacity development (CD) in fragile states. Assessment frameworks are provided to enable actors to begin to address some of these issues. Additional tables suggest starting points for thinking about CD interventions. The discussion draws on the author's previous and ongoing research, as well as that of the European Centre for Development Policy Management (ECDPM). The essay extends ECDPM's concentration on organizational capacity to consider macro-level capacity, with an application to fragile states.

The paper begins with a brief discussion of what is meant by fragile states, capacity, and capacity targets in fragile states. The ECDPM capacity model is reviewed and then discussed in the fragile-states context. Using governance as the unifying theme for categorizing core societal functions, the paper examines capacity to: provide security, manage the provision of basic public goods and services, and to govern legitimately through democratic political principles and structures. The next section addresses CD targets, and develops a model of CD intervention. The model identifies three dimensions that can be used to characterize interventions to build capacity: the amount of time required, the degree of difficulty and complexity, and the scope and depth of the change involved. The implications for CD in fragile states are identified.

Ownership and political will are the next topics of the paper. They reflect the alignment (or lack thereof) between the outsider and insider viewpoints on capacity and capacity development. Reducing fragility and promoting sustainable capacity depend upon country leadership; thus separating ownership and the will to take action from the capacity to act is important. To aid in that differentiation, the paper offers a model of ownership.

Almost any CD choice open to external interveners and their country partners involves trade-offs and dilemmas. These are the topic of the next section of the paper, where the following are explored: state versus non-state service provision, services now versus institutional strengthening, immediate security versus long-term stability, technical versus political factors, and external actors and local capacity. A final section offers concluding observations.

I. Fragile states

Definitions of fragility and fragile states are often imprecise and broad. The term, fragile state, covers a wide range of countries and conceptual territory.

Defining fragile states

Most conceptualizations treat fragility as a continuum with state failure and collapse at one extreme and states characterized by serious vulnerabilities at the other. A frequently used approach to determining countries' positions along the continuum is an aggregate ranking of capacity and political will. These two concepts have been used to develop what has come to be a familiar categorization of states, summarized in Figure 1.

Figure 1. State Categories

		Willingness	
		Weak	Strong
Capacity	Weak	At risk or failed	Weak but willing
	Strong	Strong but unresponsive	Good performer

Source: Adapted from DFID (2005)

Except for the good performer category, the other three types all fall under the fragile state rubric.

Although some disagreements exist regarding which features of fragile states are the greatest contributors to fragility and what the pathways are, there is broad general agreement on the relevant factors. Root causes of fragility include: a history of armed conflict, poor governance and political instability, militarization, ethnically and socially heterogeneous and divided population, weak/declining economic performance, demographic stress, low levels of human development, environmental stress, and negative international linkages (the so-called "bad neighbourhoods" factor). Precipitators, acting on these root causes, can intensify their effects and increase fragility: for example, rampant corruption that delegitimizes government in the eyes of citizens, or outbreaks of ethnic conflict that create insecurity and internally displaced populations, and disrupt economic activity. Trigger events can push states into crisis and violence, and in some situations, put in motion disintegration and state collapse.¹

There is general consensus regarding the fragile states categorization on the following points:

- **The fragile states category includes huge amounts of variation.** Multiple taxonomies have been developed to describe and classify them. While there are general features of fragility shared across states, each country exhibits distinctive histories and characteristics.²
- **Fragile states are dynamic** and move along trajectories from stability toward conflict, crisis, and/or failure; and emerge from crisis toward recovery and stability. Thus static analytics have limited ability to provide an accurate assessment beyond a given point in time, much less offer an accurate projection of the future.

A typology of fragile states

One typology of fragile states that concentrates on pathways in and out of crisis identifies four scenarios: deterioration, post-conflict transition, arrested development, and early recovery (see USAID 2005). The key features of each scenario, with some examples, are illustrated in the following table.

Notes

- ¹ This summary draws from the Country Indicators for Foreign Policy Project at Carleton University, which has developed an assessment methodology using these fragility dimensions to rate countries at risk of conflict. See the website at: www.carleton.ca/cifp.
- ² Nelson (2006), for example, writing about the states of Melanesia, notes that such characterizations provide little insight into state capacity or state-society relations without a significant amount of contextualization and historical background.

Table 1. An Illustrative Fragile States Typology

	Deterioration	Post-conflict transition	Arrested development	Early recovery
Fragile state scenario description	<p>Capacity and/or willingness to perform core state functions in decline (economic and social indicators falling).</p> <p>High levels of corruption, self-enriching elites, and erosion of government legitimacy.</p> <p>May have chronic low capacity, weak rule of law, territory beyond control, conflict/risk of conflict.</p>	<p>Accord, election opens window of opportunity for stakeholders to work with government on reform.</p> <p>High risk of return to conflict.</p> <p>High levels of unresolved grievance.</p> <p>Capacity low, willingness may be high or low.</p>	<p>Lack of willingness, failure to use authority for equitable or pro-poor outcomes.</p> <p>May be anarchic or authoritarian; may have moderate or high capacity.</p> <p>Entrenched elites resist reforms; may have recurring cycles of instability.</p> <p>Economic stagnation.</p>	<p>Willingness, efforts to improve performance, but uneven results.</p> <p>May be post-conflict or not.</p> <p>May lack strong leadership for reform, and capacity to implement, in government.</p> <p>Windows of opportunity for positive change.</p>
Civil society	Decreased cooperation, fragmentation, localized conflict.	Polarized, initial peace-building. Limited social capital.	Suppressed, little cooperation or resilience.	Recovering, cooperation increasing.
Examples	- Zimbabwe - Papua New Guinea	- Liberia - DR Congo	- Guinea - Fiji	- Timor Leste - Sierra Leone

Source: Adapted from Meagher (2005).

II. Capacity

As noted, capacity - particularly capacity deficits - figure prominently in characterizations of fragile states. Here, we address capacity definitions and some specifics regarding fragile states.

Capacity definitions

Capacity deals with the aptitudes, resources, relationships, and facilitating conditions necessary to act effectively to achieve some intended purpose. Capacity can be addressed at a range of levels, from individuals all the way up to entire countries. At the higher degrees of aggregation, treatments of capacity become synonymous with discussions of sectoral or national development strategies. A commonly used set of levels for international development includes the following: 1) individuals, 2) organizations, and 3) institutions. Institutions concern the rules, policies, laws, customs, and practices that govern how societies function. Donors sometimes refer to this level as the enabling environment (e.g., OECD 2006a).

Significant interdependencies exist among the levels. For example, the capacity of a community health worker to contribute to better health outcomes is linked to the capacity of the local clinic where he or she is based. The capacity of that clinic to perform is influenced by its relationships with the health ministry and with other partners (e.g., private providers, communities), the technical support services it receives, and the resources it has. The capacity of the health ministry and its partners to produce health outcomes for the population is affected by the resources they receive from the national government and international donors, by the policies governing how health service provision is financed and managed, by the degree of corruption, by what kinds of services societal elites want, and so on. Both capacity and performance result from the interactions among these levels. Analytically, the combination of all the levels can be treated as a single system, or each level can be conceived of as a system in itself (or a sub-system), with the higher levels becoming the system's operating environment.

Capacity: five core capabilities

The multi-country ECDPM study of capacity and capacity development adopts a systems view and identifies five core capabilities associated with

capacity.³ To the degree that an organization, a network of organizations, or a system develops and integrates these capabilities, capacity - in the broad sense of being able to achieve a desired collective purpose - is generated and enhanced. Following Morgan (2006: 8-16), the five capabilities include:

- *The capability to self-organize and act.* Actors are able to: mobilize resources (financial, human, organizational); create space and autonomy for independent action; motivate unwilling or unresponsive partners; plan, decide, and engage collectively to exercise their other capabilities.
- *The capability to generate development results.* Actors are able to: produce substantive outputs and outcomes (e.g., health or education services, employment opportunities, justice and rule of law); sustain production over time; and add value for their clients, beneficiaries, citizens, etc.
- *The capability to establish supportive relationships.* Actors can: establish and manage linkages, alliances, and/or partnerships with others to leverage resources and actions; build legitimacy in the eyes of key stakeholders; deal effectively with competition, politics, and power differentials.
- *The capability to adapt and self-renew.* Actors are able to: adapt and modify plans and operations based on monitoring of progress and outcomes; proactively anticipate change and new challenges; cope with shocks and develop resiliency.
- *The capability to achieve coherence.* Actors can: develop shared short and long-term strategies and visions; balance control, flexibility, and consistency; integrate and harmonize plans and actions in complex, multi-actor settings; and cope with cycles of stability and change.

The five capabilities alert us to several important implications in thinking about capacity and capacity development. First is the complex, interconnected, and systemic nature of capacity and the capabilities that contribute to its existence and enhancement. Second, capacity is a latent phenomenon; the presence and quality of each of the capabilities only becomes apparent when actors exercise them. Third, capacity and the associated capabilities emerge as a function of what country actors believe in, value, and do. In other words, although outsiders can assist in developing and reinforcing capacity, sustained capacity results when endogenous processes lead to the creation and strengthening of the five capabilities.

Notes

³ The ECDPM study incorporates the systems perspective in its definition of capacity, describing it as, "the emergent combination of attributes, capabilities and relationships that enables a system to exist, adapt, and perform" (ECDPM 2006).

Fragile states and the five capabilities

If the five capabilities accurately capture the concept of capacity at an organizational level, applying this conception of capacity at the societal level provides some insights into the dynamics of state fragility. Weaknesses in, or absence of, the five capabilities at the societal level can be drivers of the fragility factors outlined above. Particularly important is the distribution of the capabilities across societal groups, given the salience of exclusion and socio-economic divisions for increasing fragility. Who possesses the capabilities and has the political will to employ them to promote inclusive and constructive national development are key questions.

At the macro level in fragile states, **the capability to self-organize and act** is limited, leading to systems that are unresponsive, unwilling, and "stuck." Some actors have this capability, yet often they use it to maintain the power and control of the government and its supporting elites. Action is directed by and for particular interest groups engaged in win-lose strategies; its purpose may be to gain and/or withhold power and resources from other groups. The challenge for reducing fragility is to expand this capability across societal groups and to promote participation, engagement, and purposes that are inclusive, as well as to enable accountability checks on the powerful. Similarly, a weak **capability to generate development results** is connected to state fragility not simply because it contributes to poor economic performance and low human development, but because of the distributional issues. Some societal groups are favoured over others; if these patterns are institutionalized and continue over long periods of time, they foster dependency, patron-client relationships, exploitation, social divisiveness, and the build-up of grievances among those excluded.

The societal pattern of the **capability to establish supportive relationships** can affect fragility. Besides its importance for the interaction between government and citizens mentioned below, how it is distributed among societal groups is relevant. In fragile states this capability is often limited to within-group bonding as opposed to enabling bridging social capital (across groups) that could foster the identification of common interests, collaborative problem solving, and conflict mitigation.⁴

Adaptation and self-renewal and the achievement of coherence are perhaps the least readily visible of the

five capabilities, yet they can be important to characterizing capacity in fragile states. Fragile states often exhibit survival strategies that reinforce entrenched systems of hierarchical dependency with responsiveness only to the needs of selected groups. Such networks of patron-client relationships, which may in some instances compete with each other, but in others may create dense networks of sub-national fiefdoms, can reveal a strong capability to self-renew. Such patronage systems are well recognized features of many states that are classified as fragile, and often exist in parallel with the formal economy and governance structures. For example, in Afghanistan, the pattern of religious and tribal connections and the drug economy link peasants, landowners, and warlords in a complex system of mutual exchange and association that endures in the absence of formal state institutions (Pugh et al. 2004, Marten 2006/07). These culturally embedded systems are self-renewing and internally coherent, often revealing high degrees of resilience and legitimacy. However, they can make society-wide coherence problematic in that they tend to serve parochial interests in competition with others, and can limit a society's ability to adapt and self-renew for purposes of socio-economic development.

These capability challenges further highlight the questions of CD for whom and for what? The five capabilities become especially useful when assessing how the state and citizens interact. The structures and processes that determine how those interactions are managed are commonly referred to as the governance system. Governance addresses a set of core state functions, further discussed below, related to:

- Safety and security,
- Effective provision of public goods and services, and
- Legitimacy, including political representation and distribution of power and authority.

States vary in terms of how well, how poorly, and how inclusively their governance system fulfils these three functions.

The capabilities to act, generate development results, and adapt and self-renew are clearly related to effectiveness. States that are not capable of mobilizing the resources and processes needed to produce the goods and services that meet demand, and that are incapable of withstanding shocks risk fragility due to lack of effectiveness. Stable states move beyond sur-

Notes

- 4 The pattern of integration of vertical and horizontal relationships affects the vulnerability of a society to conflict and violence. Colletta and Cullen (2000) observe that the greater the integration of vertical linkages and horizontal bridging social capital, the more a society is likely to possess inclusive and democratic institutions that foster cohesiveness and conflict mediation.

vival strategies to enhance the economic prospects and human development of all their citizens with prospects for future improvement.

The capabilities to establish supportive relationships and achieve coherence are first and foremost relevant to legitimacy, with some application to effectiveness as well. States without these capabilities fail to engage positively with their citizens (or, beyond national borders, with their neighbours or with international donors), lack structures and processes for accountability and responsiveness, and are often highly corrupt.

As is well recognized, deteriorating effectiveness and legitimacy can combine to affect security. Quality of life degrades to mere survival, making citizens vulnerable to potential rivals to state power, including conflict entrepreneurs. As different sources of survival strategies emerge, society is further fragmented and citizens rely more on traditional institutions and less on the formal state structures. This can lead to a downward spiral of increasing fragility that can, if unchecked, increase the likelihood of state failure.

Donor interventions in fragile states are often framed around the three governance functions (see, for example, USAID 2005, Brinkerhoff 2007). As discussed below, how such interventions are designed and carried out may or may not contribute to establishing or reinforcing state or citizens' ability to build and exercise the five capabilities associated with sustainable capacity. This poses trade-offs and dilemmas for CD, which are explored later in the paper.

Capacity targets in fragile situations

As noted above, there are three core functions that states need to be able to fulfil:

- **Security.** The provision of security upholds the social contract between state and citizen, protects people and property, and deals with crime and illegal activity while exercising oversight of security forces to ensure legitimate application of coercive force, curbing of abuses and maintenance of the rule of law.
- **Delivery of basic public goods and services.** Successful states achieve effective provision of basic services (e.g., health, education, and infrastructure) and economic opportunity through rules-driven and transparent policymaking, regulation, fiscal arrangements, partnerships and civil service systems.

- **Political legitimacy.** Successful states have governance systems based on democratic political principles that guide societal decision-making and public policy, and generate legitimacy through separation of powers, responsive and accountable government, representation and inclusiveness, and protection of basic rights for all citizens.

Tables 2 through 4 briefly summarize the tasks associated with these governance functions for which CD is required.

Security

Fragile states face several law and order challenges; in deteriorating situations, a premium is placed on reducing rising crime and violence. In post-conflict situations, a key focus of establishing security is dealing with ex-combatants; this involves the classic trio of disarmament, demobilization, and rehabilitation (DDR). DDR connects to building effectiveness in that without capacity to restart the economy and generate employment opportunities, reintegration will suffer. This raises the possibility of crime, banditry, and re-emergence of conflict.

Improving security requires dealing with the police, military, and paramilitary units, and private militias through a mix of rebuilding, professionalizing, reforming, and dissolving. For example, the United Nations Mission in Liberia (UNMIL) illustrates an international intervention that focused first and foremost on security as the key capacity deficit, followed by attention to the justice system, and then later moved to address other governance gaps. Following the peace accords of August 2003, UNMIL gradually established a military presence, and under UN and donor pressure began DD activities in December. The Mission was quickly overwhelmed with large numbers of ex-combatants and was forced to cut off the first round of DD after ten days of chaos. UNMIL conducted a second round in April-October 2004, ultimately processing slightly more than 100 thousand people, with some rehabilitation services for 65 thousand by early 2006. UNMIL launched training for a new police force, and aims to have in place 3500 trained members by August 2007. Reconstituting the army is proving to be a slower process, but some progress has been made. UNMIL's mandate has been extended to September 30, 2007, and is likely to be extended further, given ongoing threats to stability both in Liberia and in the region. UNMIL's current force levels (July 2006) are: 14,569

military personnel and 1,011 police.⁵ UNMIL is credited with bringing stability to Liberia, although there are ongoing security problems in the country.

In most fragile states, civilian oversight of security forces is weak or non-existent. In addition, civil rights, judicial systems, and the operation of the courts need attention. In Liberia, for example, addressing these needs has been especially troublesome given the presence of significant numbers of former warlords and their allies in the new government. Unaccountable, corrupt, or simply weak and under-resourced security and justice systems are major barriers to state legitimacy, and can contribute to reigniting conflict (Ball 2007). Furthermore, such reforms require long-term effort to accomplish. Table 2 summarizes the tasks for which capacity is required.

Particularly in situations where the security forces are either absent and/or they are seen as corrupt or partisan, communities' abilities to organize themselves to provide security are important. Local leaders' skills in conflict resolution and negotiation will contribute to restoring order and assuring safety. International post-conflict reconstruction templates assume that the desired end-state for security and justice is nationwide integration into formal institutions of security and justice. However, in many countries where the effective presence of the formal state is limited and likely to remain so, traditional sources of security and justice are essential to moving out of fragility. Yet, capacity developers often ignore such sources; for example, UNMIL paid very little attention to Liberia's traditional system of customary law, which is widely turned to by both rural and urban residents.

Table 2. Core Security Tasks

Establish safety and security	<ul style="list-style-type: none"> • Demobilize, disarm, and reintegrate ex-combatants. • Ensure public safety and order, reduce crime. • Protect infrastructure and public facilities. • Secure national borders.
Rebuild/strengthen security services and judicial system	<ul style="list-style-type: none"> • Reorganize/strengthen national armed forces. • Strengthen/rebuild police forces and related infrastructure. • Establish/strengthen oversight of police forces. • Strengthen/rebuild criminal justice system. • Protect basic human rights and property rights. • Strengthen/rebuild corrections system and facilities. • Strengthen/rebuild judicial personnel systems and related infrastructure.

Source: Adapted from Meagher (2005).

Notes

5 This case description draws on Annex 2 in Blair and Ammitzboell (2007). Figures are from United Nations, http://www.securitycouncilreport.org/site/c.gIKWLeMTIsG/b.2043747/k.1C5E/September_2006BRLiberia.htm.

An interesting example of involving civil society actors in the justice sector comes from Papua New Guinea, where the outreach of formal courts is weak but where local practices and traditional institutions

can help to address conflicts. Box 1 describes the building of conflict resolution capacity based on traditional practices in the wake of the Bougainville separatist uprising.

Box 1: Traditional Institutions for Reconciliation and Justice: Papua New Guinea

The operation of the formal justice system - courts, legal proceedings, enforcement of judgments, and so on - is important for state capacity. However, it is often weak in fragile states. Civil society and traditional institutions, which can link reconciliation at the grassroots level with progress with peace negotiations at the political level, can be important sources of capacity in the justice sector.

Western concepts of justice emphasize establishing guilt and enacting punishment. In Papua New Guinea, traditional concepts of justice differ by putting the "healing" of the community at the forefront. This is achieved through negotiations in which the parties to a conflict identify a common solution, with the help of a mediator. At their core is a process of shame, forgiveness, restitution and reconciliation. Shaming serves to internalize the guilt and repentance, and affects the whole family or clan. Restitution implies offering gifts as a sign of genuine regret. Forgiveness implies the acceptance of remorse, which leads to reconciliation. This permits the restoration of normal life and is accompanied by a ceremony of restoration that includes the whole community. In Bougainville a wide range of CSOs, from churches to women's groups to NGOs, supported this grassroots-level reconciliation process. For example the Peace Foundation Melanesia trained 160 trainers between 1994 and 2000, who in turn conducted 250 mediation courses for more than 6400 participants. (Böge et al. 2004: 574).

Especially in conditions of generalized strife, where often each party has injured the other and both are victims as well as perpetrators, such a process allows not only formal reconciliation but helps the recovery of individuals and communities. In addition, strengthening mediation capacities at the community level provides the basis for future settlement of disputes which are not directly related to the armed conflict, but which arise in any community - from land disputes to domestic violence.

Not all individual conflicts or crimes can be solved through this approach, which requires both parties to be willing to acknowledge guilt and to enter the lengthy negotiation that is at the heart of the process. However, in Bougainville, linking the formal peace negotiations from above with these informal reconciliation processes from below contributed to the success of post-conflict peace-building. Customary practices were also included in conflict management at political level, with key figures participating in similar ceremonies, which further connected the formal and informal processes. The long-term challenge is how to scale up such institutions and link them to formalized, national-level justice systems. The Constitution of the Autonomous Region of Bougainville already lays the legal foundation for this connection, by recognizing "the aspiration of Bougainvilleans for the integration of custom and introduced law" (section 45(2) (a)) and the need to encourage the utilization customary dispute resolution and reconciliation practices (section 51 extensively, section 13 and 115 among others).*

Sources: Böge et al. (2004) and Howley (2002).

*See http://www.paclii.org/pg/legis/consol_act/ac185/

Effective public goods and service delivery

Strengthening capacity in this category has to do, first and foremost, with the public sector. However, in the deteriorating and arrested-development types of fragile states, it is often necessary to support alternative sources of service delivery through NGOs or private firms.⁶ So their functions and capacity are also critical. In some countries non-state actors have service delivery capacities that often surpass those of the public sector (see FSG 2006). For example, in Papua New Guinea, church organizations are major service providers and are accorded stronger legitimacy and recognition than state actors (Hauck et al. 2005).

Effective economic management is included here as an important contributor to public goods. Best practices involve sound macroeconomic and fiscal policy-making, efficient budget management, promotion of equitably distributed wealth-creating investment opportunities, and an adequate regulatory framework. Fragile states generally exhibit the opposite: policies that favour powerful elites, few budget controls and rampant corruption, cronyism and patronage arrangements that limit opportunity and siphon off public assets for private gain, and usually a com-

bination of punitive use of existing regulations and exemptions to benefit the favoured few. The legacy of these dysfunctional practices often hinders efforts to set fragile states on a new trajectory. The following table provides a summary of the tasks involved. Failure to deliver basic services, limit corrupt practices, address equity and inclusiveness issues, and generate some level of economic opportunity ultimately leads to governments that are perceived as illegitimate by significant numbers of citizens. Particularly when coupled with ethnic tensions, fragile states' inability/unwillingness to provide livelihoods and public goods and services can be an important contributing factor to state fragility. Pugh et al. highlight the role of economic factors in contributing to instability and conflict and argue that,

Social networks and sectors that support and are supported by shadow economies are unlikely to be broken without the provision of "pump-priming" growth and employment creation..., substitution for mafia welfare, and the institutionalization of genuine and robust forms of transparency and accountability in public governance (2004: 229).

Table 3. Public Goods and Service Delivery Tasks

Provide basic humanitarian and social services	<ul style="list-style-type: none"> • Address needs of refugees and internally displaced populations. • Provide emergency shelter, food, etc. • Re-establish /strengthen the provision of basic public services (health, education). • Rebuild/expand public infrastructure (roads, water, sanitation, etc.).
Establish effective economic management	<ul style="list-style-type: none"> • Formulate/reform growth-inducing economic and trade policies. • Reform fiscal, tax, and monetary policies and institutions. • Establish/strengthen financial institutions. • Reform public budgeting and expenditure systems. • Reform regulatory policy and systems for key sectors. • Support private sector development and investment. • Identify and prioritize critical public investments.

Source: Drawn from US Department of State (2005).

Notes

6 In deteriorating and arrested-development fragile states, inability to provide services is likely coupled with lack of political will, a topic discussed in more detail below.

Capacity in this area also connects to security. If youth are in school, job opportunities are available, and families have hope that their standard of living will improve, citizens (including demobilized ex-combatants) are less likely to engage in crime or be recruited into insurgency. The dangers of marginalized and disaffected youth have been recognized, for example, in Liberia, Sierra Leone, and Somalia, as sources of recruits for militias or gangs, with long-term consequences for domestic instability and interstate conflict (see USAID 2005).

Political legitimacy

Without a minimum degree of legitimacy, states have difficulty functioning; and loss of legitimacy in the eyes of some segment of the population is an important contributor to state fragility. Legitimacy refers to acceptance of a governing regime as correct, appropriate, and/or right. Some debate is ongoing about whether representative democracy constitutes a peculiarly Western form of governance principles, or has global applicability. Research has shown that the capacity of states to manage their political affairs in a democratic manner is associated with higher levels of economic performance and well-being for their citizens, as well as long-term stability.⁷ These outcomes generate legitimacy for the state and the government in power. CD targets to increase legitimacy include expanding participa-

tion and inclusiveness, reducing inequities, increasing transparency and accountability, combating corruption, and introducing contestability (elections). As noted above, equitable service delivery capacity is also important for establishing legitimacy. Further, this capacity category includes constitutional reform, re-establishment of the rule of law, and institutional design (e.g., checks and balances, allocation of functions and authorities across branches and levels of government), as well as civil society development.

Several challenges are worth highlighting. First, as Table 2 shows, civil society in all four types of fragile states is weak: it is increasingly fragmented in deteriorating states, fragmented in post-conflict countries, suppressed in arrested development states, and slowly increasing in capacity in early recovery states. Yet strengthening civil society to serve as an effective actor in governance by pressuring the state to be responsive, accountable, and honest is essential for building legitimacy in fragile states. Second, formal democratic institutions may not be effective when embedded in societies where state structures are permeated with traditional values and behaviours such that the formal rules governing state-society relations do not carry much weight. For example, Blunt and Turner (2005: 77) note that in Cambodia, "the cultural context is largely unreceptive to the values that are the essence of [democratic] decentralization."

Table 4. Political Legitimacy Tasks

Create/reinforce democratic structures and processes	<ul style="list-style-type: none"> • Strengthen legislative structures and procedures. • Establish/strengthen electoral system. • Develop/strengthen processes for political competition. • Develop/strengthen accountability organizations. • Ensure transparency and reduce corruption. • Reform/strengthen civil service. • Develop/strengthen decentralized local government.
Strengthen citizen participation and civil society	<ul style="list-style-type: none"> • Strengthen public information and communication systems. • Ensure media freedom. • Support civil society organization formation and functioning.

Source: Drawn from US Department of State (2005).

Notes

⁷ A large literature has explored these relationships. See, for example, Halperin et al. (2005) for a readable summary.

Third, in many fragile states, the stabilizing and unifying effects anticipated from elections fail to materialize due to factors such as electoral systems that promote political fragmentation, or political parties that insufficiently aggregate interests across societal groups. Bjornlund et al. analyze these weaknesses in West Bank Gaza, Afghanistan, Haiti, Iraq, and conclude that, "political party development and electoral system design are strategic governance reconstruction tasks that should not be left simply to technicians" (2007: 83).

III. Capacity development

What can donors feasibly accomplish related to endogenous capacity, and what CD interventions are appropriate? While the five capabilities provide a backdrop for the ultimate aims of these interventions, an operational perspective needs to focus on the levels and targets of CD. First, a note on the evolution of CD interventions is in order.

Capacity development and the enabling environment

As the ECDPM study reminds us, CD is fundamentally - and importantly for sustainable progress - an endogenous process that concerns what goes on in a particular country concerning the creation and/or reinforcement of each of the capabilities, apart from whatever donors do (Morgan et al. 2005, Eade and Williams 1995). The evolution of donor assistance reflects how over time decisions about the appropriate choice of what to do have increasingly taken into account the fit between interventions and the environment in which they are situated. To oversimplify, early efforts consisted of projectized resource transfers, skill-building, and organizational strengthening that ignored the environment within which this CD took place. When it became apparent that these investments failed to yield the anticipated results, attention shifted to the enabling environment, and CD targets moved beyond resources, skills and knowledge, and organization to focus on politics, power, and incentives (see below).

As research findings increasingly demonstrated the links among successful socio-economic development, the enabling environment, and government capacity coupled with political will, donors began to channel grants and loans to countries with demonstrated performance records (see, for example, Burnside and Dollar 2000). The dilemma for performance-based assistance models is what to do about fragile states. By definition, countries in these categories have not developed the kinds of capacities that favour success and the effective use of external assistance.⁸ They tend to have what might be termed "disabling" environments. Yet, the success of CD matters greatly for the pace and sustainability of efforts to reduce fragility. The Asian Development Bank notes that,

Notes

- ⁸ Some research, however, demonstrates medium-term benefits of aid in countries with less than ideal policies (see Clemens et al. 2004).

"Fragile states...require greater selectivity in the use of CD instruments, a focus on core government functions, particular care in the selection of partners and commitment to working with them on a consistent and sustained basis" (ADB 2006: 1).

Levels and targets for capacity development

Targets can be categorized according to the levels noted above: individuals, organizations, and/or the enabling environment in which they function. As noted above, these levels are interconnected.

Capacity issues and targets can also be distinguished relative to each of these three levels. CD can be targeted at gaps and weaknesses in the following:

- Resources (who has what)
- Skills and knowledge (who knows what)
- Organization (who can manage what)
- Politics and power (who can get what)
- Incentives (who wants to do what).

Unpacking the interplay among these defining elements is important to gaining an understanding of where and how CD can be targeted to achieve a higher probability of success. Table 5 provides illustrations of interventions for each CD target.

Table 5. Targets and Illustrative Interventions

If CD targets are defined in terms of...	Then interventions focus on...
Resources	<ul style="list-style-type: none"> • Material and equipment • Micro-credit • Food aid • Budget support • Dedicated funding (e.g., trust funds, social funds)
Skills and knowledge	<ul style="list-style-type: none"> • Training • Study tours • Technical assistance • Technology transfer
Organization	<ul style="list-style-type: none"> • Management systems development • Organization twinning • Restructuring • Civil service reform • Decentralization
Politics and power	<ul style="list-style-type: none"> • Community empowerment • Civil society advocacy development • Legislative strengthening • Political party development • Discouraging ethnic-based politics
Incentives	<ul style="list-style-type: none"> • Sectoral policy reforms (e.g., trade and investment, pro-poor social safety nets, monetary and fiscal policy, private sector friendly regulation, health, education, etc.) • Encouraging civic dialogue, social compacts, and consensus building • Democratic elections • Strengthened accountability structures and procedures • Improved rule of law

Source: Author.

Fragile states and capacity development

CD in fragile states shares several similarities with interventions in countries where fragility is not a problem. Table 6 summarizes the general similarities and differences. This table reveals that much of what is considered desirable for effective CD in general applies to fragile states as well. The differences are, in some cases, matters of degree, for example, the availability of capacity to build upon, and the added challenges of the politicized environment of externally supported CD. Regarding the latter, donors' national foreign policy objectives influence choice of countries, intervention strategies, and funding levels; and in the case of fragile states, two factors intensify the politics: a) fragile states engage other interested constituencies that extend beyond the development assistance community, and b) the high visibility of some fragile states, especially those in the deteriorating and post-conflict categories, mobilize public opinion and put a media spotlight on intervention efforts. The narrow "margin of error" factor is qualitatively different: in societies that have been fragmented by deteriorating or conflict conditions, people's trust and tolerance levels tend to lower and their suspicion levels are heightened. They are likely to be less willing to cooperate across societal groups and less willing to give others the "benefit of the doubt." Thus CD efforts that fail to yield quick results or that deliver benefits to one societal group and not another risk being perceived as intentionally unfair or demonstrating favouritism.

These differences suggest several lessons for the CD targets specified in Table 5. First, whichever capacity deficits donors target for CD in fragile states, from insufficient resources to inadequate policy frameworks and incentives, **pay attention to the political ramifications of these choices**. More precisely, donors need to think about how choices can positively or negatively influence deteriorating situations, potential for conflict, arrested development, or early recovery. To do this:

- *Learn enough about the country's socio-cultural and political context* to assess with some degree of confidence what those ramifications might be, and factor that analysis into CD programming. In the ideal, this analysis would enable CD programs to target root causes of fragility, and not just symptoms; and would contribute to lessons learned regarding CD in fragile states.
- *Communicate actively with country actors regarding CD plans and programs* to avoid contributing to possible misunderstandings, and engage country partners in a two-way exchange of ideas regarding capacity issues.⁹ Such discussions will work best in weak-but-willing fragile states (recall Figure 1), but in the other categories, there may be some committed actors that can be identified. This is addressed below in the section on ownership and political will.

Table 6. Comparison of CD in Fragile and Non-fragile States

Similarities	Differences
<ul style="list-style-type: none"> • Need to consider sustainability and reinforcement of endogenous capacity. • Long timeframe. • Change agents and champions, political will and ownership. • Importance of adaptation of intervention templates. • Systems perspective to capture complexity and inter-connections. 	<ul style="list-style-type: none"> • Pressure to restore services and security quickly. • Short timeframe. • Limited capacity to build on. • Often not simply rebuilding, but creating new capacities. • Little "margin of error" (e.g., lack of: trust and social capital, institutional resilience, etc.). • Hyper-politicized environment.

Source: Author.

Notes

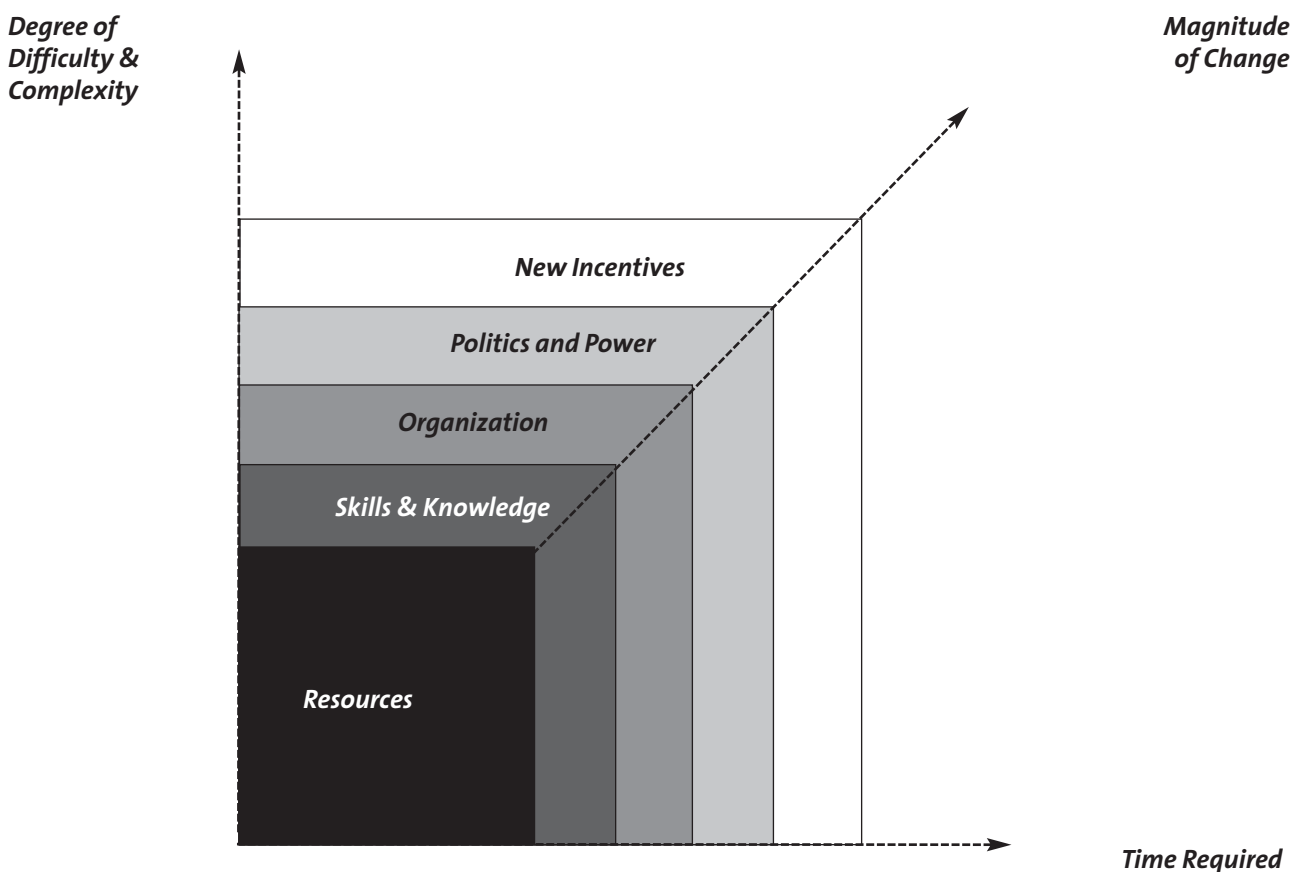
⁹ Vandermoortele (2007) notes that donor-country consultations too often tend to be asymmetric, one-way discussions of conditionalities and compliance, where governments have little opportunity to engage in discussion or debate.

Second, because of the limited capacity available in fragile states to build upon, **choose targets selectively and sequence CD assistance.** For example, public sector agencies may have a range of capacity problems all the way from a lack of basic supplies and equipment, to insufficient staff, to a civil service system with no incentives for performance. Which agency or agencies to target, and within those organizations, which target(s) to prioritize are questions that need to be answered. However, the international community lacks definitive answers to selectivity, priority, and sequencing questions for CD in fragile states (World Bank 2006a). The next section offers a model that seeks to shed some light on how to choose among CD targets.

A model for capacity-development intervention

Building on the targets discussed above (Table 5), this section elaborates a model for CD intervention. Three intersecting dimensions are the main sources of CD dilemmas and trade-offs: 1) the time required to achieve an increase in capacity, 2) the degree of difficulty and complexity associated with developing capacity, and 3) the magnitude of the change involved in the CD intervention. Combining these three dimensions with the elements of capacity yields a model for CD intervention that illustrates targeting options, their implications for each of the dimensions, and their interactions. Figure 2 presents the model.

Figure 2 Capacity Development Model



Source: Author, adapted from Fowler (1997: 193).

These targets are distinguished in the figure to highlight their relationship to time requirements, difficulty/complexity, and magnitude of change. The graphic should not be interpreted as suggesting that they are uniformly discrete, or sequentially additive. CD interventions most often address multiple targets, though the starting point and emphasis is usually one of the five designated targets:

- **Moving along the horizontal axis** graphically shows how the time requirements for CD increase as interventions move from a relative emphasis on resource transfers to addressing features in the enabling environment encapsulated in politics and power shifts, and finally to new incentives.
- **Ascending the vertical axis** explains how CD becomes more difficult and complex as interventions expand in scope and call for actions among multiple parties that penetrate increasingly deeply into the bureaucratic, political, socio-cultural, and economic fabric of society.
- **Moving up the diagonal from left to right** indicates how combining all of the targets involves a progressively greater magnitude of change, which requires both more time to accomplish and is increasingly difficult the farther up and to the right the intervention reaches.

The progressively lighter shading captures the tendency for targets and effects often to become more diffuse as interventions move beyond resource transfers. By linking scope of change to time and difficulty/complexity, the model reveals where trade-offs may arise and where donors may need to make adjustments in their expectations and their programs.

An example will serve to clarify the application of the model. A common CD target in fragile states is the financial resources deficit. To address this problem, donors have created trust funds, in addition to providing project-based funding. As an intervention to increase resources, trust funds appear to be relatively straightforward: they do not require a lot of time to set up, and their operational modalities are simple and well-known.

Beyond filling resource gaps, trust fund designers face CD choices. They can opt for independent operations and parallel systems, which solve the immediate resources gap but do little else, and in some situations can create incentives to ignore national systems and thereby weaken capacity (Middlebrook

and Miller 2006). Or designers can establish joint donor-country management procedures, in which case trust funds can contribute to building capacity for public budgeting and financial management, developing skills of staff in the finance ministry, the central bank, and/or the treasury, or creating systems for financial controls and monitoring. An example of this latter design is the Afghanistan Reconstruction Trust Fund (ARTF) described in the box below. The ARTF targeted skills and knowledge, as well as organizational capacity gaps as well. By injecting new resources and procedures for accessing those resources, it affected bureaucratic power relationships and incentives. As the model graphically illustrates, addressing these aspects of CD are more complex, difficult, and time-consuming.

Implications of the capacity-development model for fragile states

The model suggests several implications for fragile states.

Time requirements: The horizontal axis in the model underlines the need both to adjust CD outcomes in fragile states to fit the donor programming and intervention calendar, and to anticipate the need to provide medium to long-term support for those interventions that require an extended period to bear fruit. Donor intervention templates have relatively short time horizons, although CD, beyond resource transfers, is usually a long-term endeavour. Experience has shown that the window for funding allocations and for committing human and organizational resources is generally from one to three years. It is during that period that donors announce ambitious mandates, launch projects and ramp up spending rates. This means:

- The timeframe to reach the intended targets, which often includes fundamental changes in socio-political structures and new incentives, is often insufficient to achieve the intended outcomes.
- Meeting the disbursement milestones risks creating donor dependency and higher levels of activity than the country can sustain with its own resources.

Degree of difficulty and complexity: The increases in difficulty and complexity represented by the vertical axis offer cautions to donors in several areas.

- Interveners need to pay attention to the fit between the resources available for CD and the tasks to be taken on. Numerous analyses signal the problems of

inadequately staffed assistance missions and of the burden of managing contracts with international NGOs and private firms. Particularly for ambitious reforms where existing capacity levels are low, donors may be encouraged to bypass local sources.

- More complex and difficult interventions, associated with shifting power relations among societal groups and readjusting incentives, call for increased donor coordination, partnerships with country actors, and in-depth understanding of the country. In a number of country efforts, donors have come up short on these.

Degree of change: The diagonal axis highlights the impact of the degree of change that donor interventions seek to bring about. Moving from left to right in ascending order of change magnitude along what is a continuum, increasingly higher degrees of change can be summarized in the following categories:

- *Reinforcement:* selective restoration of the capacities of existing social and institutional structures that prior to fragility or failure functioned relatively effectively.
- *Integration:* building upon existing socio-cultural and institutional structures to launch capacity-building

Box 2: The Afghanistan Reconstruction Trust Fund

The ARTF was created in May 2002 as a coordinated, multi-donor funding mechanism to finance a portion of the government's recurrent (non-military) expenditures and to fund priority investment projects. To date the ARTF has mobilized US\$1.4 billion in grants from 25 donor countries. The ARTF has disbursed over US\$860 million to the Government of Afghanistan to help cover recurrent costs, and has released US\$214 million for investment projects. The World Bank manages the ARTF, guided by a management committee composed of members of the ADB, the Islamic Development Bank, the United Nations Development Program, and the World Bank.

The ARTF has become one of the main instruments for financing the country's recurrent budget deficit, as well as a source of technical assistance for financial management and of project investment support. The Fund pools donor resources. Individual donor allocate their funds for particular sectors or purposes through a system of expression of preferences, with a limitation of no more than 50% of an individual donor's contribution in a given Afghan government fiscal year.)

The ARTF establishes financial management and fiduciary standards and provides technical assistance to help the government's finance ministry and national audit office to meet the standards set. Through demonstration effect, the ARTF's standards are influencing how the government conducts the control and audit function for regular public expenditure beyond that funded by the ARTF. The World Bank mission in Kabul and the ARTF management committee also engage in policy dialogue with the government on fiscal sustainability, policy and procedural reforms, and organizational strengthening. Thus the ARTF is a platform for capacity development. The Fund helped to promote transparency and accountability of reconstruction assistance; and reinforced the national budget as the vehicle for promoting alignment of the reconstruction program with national objectives, which increased government capacity to set development objectives and priorities. Importantly, the ARTF has enabled the government and donors to launch investment programs that have provided demonstrable benefits on the ground for Afghan citizens.

Despite "weak coordination, lack of administrative clarity, procurement delays, budget allotment problems and general lack of ownership of the budget process as a whole", most observers judge the ARTF as a success. (ARTF 2006: 23).

Source: ARTF (2006) and DFID (2004).

that creates new and/or enhanced capacities that are needed for recovery.

- **Transformation:** gradual transformation of socio-cultural and institutional structures, and associated capacities, to create a stronger governance system over time and address root causes of fragility.
- **Reinvention:** dismantling and replacement of dysfunctional and conflict-producing socio-cultural and institutional structures with new ones and development of new capacities.

Lessons regarding degree of change include:

- **Avoid a huge menu of CD interventions.** In many cases the CD agenda advocated by the international donor community constitutes an overwhelming set of changes deemed necessary (Brinkerhoff and Brinkerhoff 2002). For example, the World Bank's (2006b) view of what is needed for effective governance in Timor Leste is a daunting prescription that will take decades or longer to fulfil. This raises the question of, what constitutes "good enough" reform? The answer will affect CD choices.
- **Beware of what was dysfunctional in previous systems.** Much of what was in place prior to crisis and conflict contributed to the causes of fragility and conflict by favouring some segments of society over others, enabling corruption and rent-seeking, and/or stoking the grievances of the disfavoured and marginalized. Examples include security forces used as instruments of suppression, justice systems biased and corrupted, service delivery skewed to elites, and so on.
- **Match new systems, procedures, and capacities to positive aspects of what exists on the ground.** While Western models and standards may address some of the drivers of fragility and conflict, they entail significant change and may risk being partially or wholly subverted by underlying socio-cultural dynamics. Seek out positive existing practices that reinforce the capacities that the new changes are seeking to install and build on them as intermediate steps to transformation and reinvention. These may be hard to find, and are sometimes informal rather than formal, for example tradition conflict mediation practices (see Box 1).
- **Look for realizable options that show early success.** Options that incorporate a lower degree of change from what was in place earlier could be worth

considering. These can achieve quicker visible results- which builds confidence for change- and economize on degree of difficulty. Of course, pursuing this path calls for knowledge and understanding of what was there before, and where likely windows of opportunity may open.

IV Ownership and political will

Fragile states can be defined in terms of capacity and political will (Figure 1). Sustainable capacity development is at its core an endogenous process that engages not just abilities and skills, but the motivation, support, and aspirations of people within a country (Morgan et al. 2005), and successful development assistance is country-led and country-owned (see Fukuda-Parr et al. 2002, World Bank 2005). Yet, differentiating between volition and capacity is problematic. How can donors determine to what extent their country partners embrace new policies and programs as "theirs," and distinguish between when their country partners "can or can't" take certain actions from when they "will or won't?"

The essence of ownership and political will has to do with people, but the tendency is to aggregate these concepts to higher levels, e.g., national ownership and country commitment. This aggregation suffers from a) reifying whole countries and governments into unitary actors, and b) leaving vague and unspecified exactly who is willing to do what. Ownership and will involve commitment of actors to pursue particular objectives, undertake actions in support of those objectives, and sustain them and the costs they may entail over time. Killick (1998: 87) emphasizes these features in his description of ownership:

Government ownership is at its strongest when the political leadership and its advisers, with broad support among agencies of state and civil society, decide of their own volition that policy changes are desirable, choose what these changes should be and when they should be introduced, and where these changes become built into the parameters of policy and administration which are generally accepted as desirable.

Ownership and will are intimately connected to whose objectives are being pursued, who values their attainment, and whose resources are expended to reach them. This connection brings to the fore the interactions between members of the international community offering assistance and country decision-makers.

Who is in charge?

In the international assistance context, the nature of the donor-country relationship is an important factor in generating ownership for policy changes.¹⁰ The aid effectiveness working group of the Organization for Economic Co-operation and Development's Development Assistance Committee (DAC) puts ownership at the top of a results pyramid, supported by harmonization and alignment (see Warrener and Perkin 2005: 3). Whole-of-government approaches in post-conflict situations seek to engage with country governments as partners in reconstruction (OECD 2006b).

However, despite espoused commitments to alignment, donors may prioritize capacity development targets that do not fit with the priorities of country actors' perceptions of what is needed. This has a political dimension regarding whose aims are addressed, which raises the question of capacity development for what? For example, southern NGOs created the International Capacity Building Forum precisely to lobby donors for capacity-building support for NGO priorities, seeking to move beyond financial accountability for donor funds.

Especially in fragile states, the donor-country relationship can be particularly problematic for CD, due to the pressure of meeting immediate survival needs and the absence or weakness of a national government. Fragile state assistance templates reflect an implicit assumption that donors have the "answers" to capacity gaps, and what is needed is to convince country actors that the outsiders are providing the appropriate solutions. If those actors think otherwise, then they are perceived by the donors to lack political will and ownership.

Especially in whole-of-government approaches, the various actors' differing objectives, interests, and roles clearly have an impact on how they view capacity gaps and needs. For example, the military focuses on conflict containment, security, and peace-keeping; while the bilateral development agencies combine political, relief, and development objectives. Other government agencies contributing to the assistance effort focus narrowly on their technical roles (e.g., treasury, customs, tax administration). International NGOs often have a mix of objectives - relief, human rights, justice, and development; and the multilateral lenders focus mainly on financing and a return to economically productive activity. Whose objectives prevail or which combination of goals is pursued, how

Notes

¹⁰ See, for example, Brinkerhoff and Crosby (2002), Collier (2002), Lopes and Theisohn (2003), Reich (2006), and van de Walle and Johnston (1996).

the various actors are aligned and/or compete, and what level of resources and power they bring are critical to shaping the relief and development package that these external actors would like in-country actors to own and exercise political will to implement (see, for example, ODI 2005, Reich 2006).¹¹

Within a particular fragile state, societal actors also have their own objectives, interests, and roles. As Chesterman et al. remind us, politics do not evaporate simply because state structures weaken or collapse. To the contrary,

The mechanisms through which political power are exercised may be less formalized or consistent, but basic questions of how best to ensure the physical and economic security of oneself and one's dependents do not simply disappear when the institutions of the state break down (2004: i).

For instance in Timor Leste, during the struggle for independence from Indonesia, an informal system of governance, comprised of a network of "clandestinos," provided for the population's basic needs while organizing resistance. However, this network was largely invisible to the United Nations peacekeeping and donor agency reconstruction staff, who saw only an institutional vacuum to be filled with new state structures of formal governance (see Steele 2002, Chesterman 2001, Hohe 2004).

A key feature of politics and survival in many fragile situations is that some country actors benefit from fragility, especially in deteriorating and post-conflict states. These "conflict entrepreneurs" and "spoilers" have a strong interest in prolonging crisis and instability, for a mix of economic and political reasons. "Fence-sitters" hesitate to commit themselves to either donor-backed reformers or to spoilers, waiting to see what happens and where their perceived interests may lie (see GTZ 2004). The deal-making to address fragility, end conflict, and re-establish security creates incentives that influence subsequent donor programming. Country actors strike deals precisely to gain an advantage in the anticipated international support to follow, hoping for legitimated authority in the process and a role in future governance. These deals may exclude or disfavour other groups whose commitment and resources will be needed to support and implement assistance programs (see Maxwell 2000).

In fragile situations, demand-driven influences on ownership and political will are often underdeveloped and embryonic, given that citizens may not have opportunities to engage with, or provide input to, public officials regarding their interests and needs beyond informal and clientelist relationships. Where previous governments have discriminated against or abused particular societal groups, those citizens are likely to have actively sought to avoid contact with state actors. Or, governments may respond to demands from sectarian or ethnic blocs to the exclusion of others. An important element of donor assistance in fragile states aims precisely to establish and build new demand-side linkages through the introduction of democratic governance systems. The willingness of societal groups to operate within these systems is a factor that influences whether ownership can be a means to build demand for better governance, or whether the strengthening of ownership is an immediate objective in and of itself (Chesterman et al. 2004).

Sorting out ownership components

Ownership is also connected to relationships and social dynamics among actors within the country, the characteristics of the changes undertaken, and their degree of acceptability and acceptance. Some donor agencies use as an operational proxy for ownership the designation of the national government to take the lead in assistance programs. Yet, such programs, by their nature, are products of external intervention, and thus they pose a significant challenge to the development of ownership. To generate useful guidance and lessons, analytic frameworks to describe and assess ownership need to incorporate more elements than simply management responsibility.

Ownership can be separated into six components:¹²

- 1 **Government initiative.** If the impetus for change or for a particular policy choice comes entirely from external actors, then ownership is questionable. Some degree of initiative from country decision-makers must exist in order to talk meaningfully of ownership and political will.
- 2 **Choice of policy/program based on balanced**

Notes

- 11 Policy and programmatic coherence among the international actors is an important yet challenging feature of successful whole-of-government approaches (see OECD 2006b).
- 12 These build on earlier work on analyzing political will for anti-corruption activities and on policy reform (Brinkerhoff 2000, Brinkerhoff and Crosby 2002) and are corroborated by analyses of pro-poor policy design and implementation (Anderson et al. 2005, Morrissey and Verschoor 2006, World Bank 2005).

consideration. When country actors choose policies and actions based on their own assessments of the likely benefits to be obtained, the alternatives and options, and the costs to be incurred, then one can credibly speak of independently derived preferences and willingness to act.

- 3 **Mobilization of stakeholders.** Do decision-makers reach out to members of civil society and the private sector to advocate for the changes envisioned? Are legislators involved? Are there ongoing efforts to build constituencies in favour of the new policies and programs?
- 4 **Public commitment and allocation of resources.** Country decision-makers who reveal their policy preferences publicly and assign resources to achieve those announced policy and program goals are demonstrating ownership of, and political will for, change. When poor countries commit to changes that are funded by donor resources rather than their own, ownership is often questionable.
- 5 **Continuity of effort.** One-shot or episodic efforts signal weak and/or wavering ownership. Rebuilding fragile states is a long-term undertaking and requires resources and efforts over the long term.
- 6 **Learning and adaptation.** Ownership is robust when country actors establish a process for tracking policy/program progress and actively manage implementation by adapting to emerging circumstances over time. However, learning can also apply too. "Tailoring and adapting to local conditions confers ownership of the policy content," for example, when country decision-makers observe policies, practices, and programs from other countries and selectively adopt them for their own use (Morrissey and Verschoor 2006, 17-18).

Strong ratings on each of these six components suggest a strong case for ownership.¹³ Variations in ratings on the components permit the kind of detailed, relative assessments and situation-specific determinations discussed above, allowing nuanced considerations of degrees of ownership, from weak to strong. The six components can also be used for intra-country analyses, for example, looking at ownership among central- versus local-level actors. Such evaluations can help donors to decide to what extent

country actors can serve as partners in capacity development.

Agreements made by national authorities with international donors do not necessarily engage the political will of sub-national actors. Lister and Wilder (2005), for instance, note the gap in commitment to reforms between central- and local-level actors in Afghanistan.

Notes

- 13 A rating scheme for assessing the relative strength of each of these components could be as simple as high-medium-low, or a numerically-based scale could be developed that would permit a finer grained specification.

V. Capacity-development dilemmas and trade-offs

For donors aiming to support CD in the three governance categories - security, service delivery and legitimacy, the overarching dilemma is between providing for basic needs and delivering services in the near-term and contributing to CD for the long-term. As the five capabilities suggest, capacity is the product of deeply embedded processes connected to both societal and individual abilities and motivations. The success of externally-supported activities in charting and navigating this often shadowy socio-cultural nexus to strengthen endogenous capacity is partial at best.¹⁴

In fragile states, there is a trade-off between the exercise of capacity and building it. Initially little or only weak capacity may exist, yet there is an immediate need for action and results requiring some capacity. Donor assistance programs seek to combine performance with CD to varying degrees. All face the challenge of transitioning to country-owned and led development, which brings to the fore the issue of ownership and political will. The challenge is exacerbated by the fact that CD takes time and demands for its exercise are ever persistent. Here we explore some aspects of these trade-offs in more detail.

The propensity for bypass is heightened by the emphasis in the international community on assistance templates that assign performance roles to external actors in situations where capacity is weak (see Mckechnie 2003). Although the templates embody in principle the transition for external interveners from doing to capacity building, their designs are much more stand-alone operations than programs of support to country organizations that are integrated into country government practices and procedures. Many observers have noted the difficulties of integration when government is an extremely weak partner. The practice of shadow alignment is one response to this situation (see DFID 2004 and 2005, ODI 2005).

State vs non-state service provision

In fragile states, donors have made often commitments to fund delivery of basic services, and in situations where the public sector is weak the vehicle of choice is usually non-state delivery. A DFID study found that in post-conflict countries, a large percentage of available funding is project-based, where donors choose to bypass the state by contracting directly with NGOs or local community groups (Leader and Colenso 2005: 4). On the other side of the equation is the need to rebuild sustainable public-sector capacity. The trade-off concerns what some have termed the "two track problem" of service delivery and public sector capacity building, where the two tracks have fundamentally different strategies and timeframes.

The pressures for quick response in fragile states with weak and destroyed capacity, where needs for services are immediate, drive interveners to look to alternative sources of capacity to fill gaps. These sources include foreign experts, private sector firms, NGOs (local and international), or international donors themselves (see Mckechnie 2003).

Donors and governments can cooperate on policy, resource allocation, and service planning, even when the majority of services are delivered by non-state providers. The dilemma tends to be diminished when donors constructively align their capacity-building support, whether at the national or sub-national levels, with public-sector agencies to:

- capitalize on existing sources of capacity (even if very small) as starting points to visibly demonstrate coordination,
- structure service provider contracts to create incentives for local capacity-building and partnership with state actors, and
- as soon as is feasible develop linkages to community groups and CSOs that can begin (again even in very small ways at first) to build their capacity for oversight and expression of voice.

Box 3 on Timor Leste, illustrates how non-state capacity gap-fillers such as international NGOs, donors, and government officials can work together to restore service-delivery capacity after the breakdown in public institutions and services. Timor Leste is not the only example of where this approach has been successful (FSG 2006).

Notes

- 14 See the treatment in Lewis et al. (2006) of this issue regarding CD for police personnel in the Pacific Islands. They employ the image of an iceberg, where CD interventions touch only what is above the surface of the water.

Box 3: Sequenced Rebuilding of the Health System in Timor Leste

International donors supported a phased transition strategy to rebuild service delivery capacity in the health sector. The strategy consisted of four phases, beginning with imported capacity in Phase I while technical assistance helped to establish new institutions capable of managing an integrated public health system.

Phase I: During the initial emergency phase, NGOs re-established essential services, saving lives and alleviating the suffering of a population traumatized by the recent violence. An Interim Health Authority (IHA) was established in February 2000 comprising 16 senior Timorese health professionals in Dili and one in each district along with a small number of international experts. IHA staff made assessment visits to all districts in preparation of a first sectoral planning exercise.

Phase II: The health authority (now called the Department of Health Services) started work on the establishment of a policy framework, medium term planning for the sector and on national preventive programs, including immunization campaigns. During the second half of 2000, DHS signed Memoranda of Understanding with NGOs for each district; formalizing district health plans service standards, and initiated a basic system for distribution of essential pharmaceuticals.

Phase III: In April 2001, the Ministry of Health took over the financing of a majority of the NGOs in the districts. By the third quarter of 2001, the first round of recruitment of health staff had been completed. Most of these staff had previously worked with NGOs or on government stipends prior to finalization of the recruitment process. Several senior staff members in the department were also sent for public health management training.

Phase IV: At the request of the Government, NGOs gradually withdrew from the districts between September and December 2001, and the Ministry of Health assumed management control of all health facilities. International doctors replaced departing NGO practitioners while Timorese doctors received training overseas, and five public health specialists deployed to serve as relay between the Ministry and district health centres. A new Autonomous Medical Stores and associated tracking system took over pharmaceuticals distribution. A few NGOs remained to provide specialized services on a countrywide basis.

Source: Rohland and Cliffe (2002: 12).

The fact that both the United Nations Transitional Administration in East Timor (UNTAET) and the World Bank gave high priority to health contributed to the success of this partnership. Although they provided financing, they allowed Timorese professionals to take the lead. International health experts worked as partners with the Timorese to develop their skills and knowledge and to strengthen organizational systems and policies (see Conflict, Security and Development Group 2003: para. 184). The capacity of the new health system remains fragile, however, and will require ongoing assistance to become more firmly institutionalized.

Services now vs institutional strengthening

A related trade-off is how to balance the humanitarian imperative to provide immediate services in low-capacity settings against the need to rebuild public institutions and their capacity to deliver services. The immediacy of humanitarian needs leads to reliance on international actors (both NGOs and private contractors), and on local NGOs (if they exist) for capacity. This strategy solves a short-term problem, but creates a long-term one. So the question arises, how can donors and capacity builders rapidly improve services while at the same time contribute to enhancing the effectiveness and accountability of public institutions, a process that takes much longer? Schiavo-Campo (2003: i) summarizes the dilemma of post-conflict growth, which applies to other categories of fragile states as well:

...post-conflict reconstruction is first and foremost an institutional challenge...the first lesson of experience for aid in post-conflict situations is the imperative of assuring robust linkages between the aid and the rebuilding of local institutions, and the core challenge is the balancing of immediate reconstruction priorities with long-term development.

There is little disagreement that responding to the immediate needs of the population takes priority over actions to build government capacity to assume lead responsibility when the state is a weak or nonexistent partner (Brinkerhoff and Brinkerhoff 2002). Debates arise regarding how to do the former without doing damage to the latter. Quick-fix and bypass interventions that ignore existing local capacity and/or put off attention to institution-building are accused of creating dependency, reducing the chances for sustainability, and squandering opportunities for nascent governments to increase their capacity and

legitimacy. Donors are not the only ones who want to see services now; citizens in fragile states do too. Frustrated external agency personnel respond that it can be hard to find willing country partners interested and able to work with them. The power and resource imbalances between donors and country governments can exacerbate this trade-off.

Immediate security vs long-term stability

Most discussions of sequencing in deteriorating and post-conflict fragile states target security first and the other capacities later. The United Nations-led stabilization and reconstruction missions in Liberia and Sierra Leone are clear examples of this sequence, where the need first to re-establish law and order was paramount following decades of war and destruction, and with significant numbers of armed ex-combatants in place. However, due to the interconnections among the three governance functional categories, concentrating CD largely on immediate security (disarmament, demobilization, and reintegration) does not address the factors that contribute to long-term security and stability. CD needs to address service delivery and employment generation, and seek ways to support committed government actors in providing basic services. Security deficits are highly visible, and often highly political as well, with pressures on international actors to deal with them quickly; yet the less visible CD for service provision is no less important for security.

Another dilemma is that CD for building democratic governance to increase political legitimacy, which opens up formerly closed societies, can in the short run exacerbate security problems (increased crime, conflict, and/or violence) and difficulties in service delivery. States where stability has been maintained through authoritarian rule usually experience a period of instability, accompanied in some cases by conflict and violence, as a regime shift introduces democratic political institutions and an open economy (Bremmer 2006). Although Iraq is today's most dramatic example of this situation, fragile states in other regions reflect this same pattern. Timor Leste demonstrates these dynamics as it emerges from under Indonesian dominance, as Simonsen's analysis (2006) demonstrates, with the April 2006 riots and violence being the latest instance.

One consequence of this increase in instability is that CD for security forces emphasizes ensuring that those forces can deal with crime and quell unrest and

violence, with limited attention to their democratic accountability and to the development of a functioning justice system that can instill a sense of legitimacy regarding law enforcement among citizens (Ball 2007). Long-term stability requires much more than law and order, and in its largest sense it concerns the very foundations of how societies are governed and how citizens relate to the state. In terms of the CD model presented in this paper, long-term stability depends upon dealing with politics, power, and incentives. Increased resources, skills, and organizational effectiveness will not be enough, but these CD targets tend to be first and foremost on capacity builders' agendas, as discussed in the next section.

Technical vs political

Capacity builders often focus more on resources, skills/knowledge, and organization targets of CD than on politics, power, and incentives. The former targets are more amenable to being addressed through means under the relative control of outsiders, who can provide resources, do training and technical assistance, develop management systems, and support service delivery. Donors can undertake these activities somewhat independently of whether political settlements and peace accords are having their intended impact on societal reconciliation, or whether infighting among political and ethnic elites is interfering with forming a new government, etc. Further, country counterparts often share the view that capacity is largely a question of skills to be addressed through training, or of organizations to be strengthened through increased funding, equipment, and management systems.¹⁵

Keeping CD technical also helps to meet performance targets and to report progress to constituents in the donor countries.¹⁶ Projects funded, disbursements made, NGO grants awarded, training courses held, individuals trained, and organizations assisted are all capacity-building inputs that can be counted. Performance outcomes that are the assumed result of capacity increases can also be tallied and reported on, for example, immunization and literacy rates, percentage of government spending on social services, and so on.¹⁷ These metrics can be used to track changes over time and/or to compare fragile states with one another.

Notes

- 15 See, for example, the ECDPM study of capacity issues in Papua New Guinea's health sector, Bolger et al. (2005).
- 16 In Iraq, for example, USAID projects were under nearly daily pressure to report "good news" and progress indicators that the Coalition Provisional Authority could use to affirm the success of the reconstruction effort.
- 17 See DFID's quantitative analytic work to measure capacity and willingness for poverty reduction in fragile states using a set of performance indicators in Anderson et al. (2005). See also the ECDPM Discussion Paper by Watson (2006).

While input and performance metrics lend a reassuring technical concreteness to CD, long-term results are contingent upon the murkier, less measurable, and less manageable realm of political and power dynamics, both those between donors and country actors, and among country societal groups themselves. Sustainable capacity depends upon changes in the enabling environment encapsulated in the political and incentive categories of Table 5, and upon increases in the five capabilities associated with endogenous capacity. Yet as Figure 2 reveals, developing these is more complex, time-consuming, and involves a higher degree of change. Without them, however, increased resources, better skills and knowledge and more effective organizations are less likely to contribute to sustained fulfilment of the core state functions of security, service delivery, and democratic politics.

As Table 6 notes, the selection of CD strategies and targets can be highly political, which may be at odds with technical considerations of where and how interventions should be pursued. "Parties to conflict, as well as international interveners, often must strike a devil's bargain, where political representation and deal-making trumps the needs for effective government and public administration, and a functioning economy" (J. Brinkerhoff, 2006: 8). The United Nations administrations in East Timor and Afghanistan, and the reconstruction missions in Sierra Leone and Liberia all have confronted the politicized nature of CD, which has strongly influenced how these missions have been able to pursue their mandates.

For example, in Sierra Leone and in Afghanistan, one of the key political issues that affect the three governance functional areas is the power and capacity of the centre relative to provincial and local entities. Strengthening the centre is a necessary component of appropriate CD strategies, but is not the complete answer. Local capacity is required as well, although developing such capacity is a challenge for a variety of reasons: for example, political deals cut with warlords and the weakness of central government outreach in Afghanistan (Lister and Wilder 2005), or the power of local chiefs in Sierra Leone, who control access to minerals and other resources, relative to nascent democratic local government structures (Jackson 2005).

Donors tend to focus their efforts at the centre for a variety of reasons, ranging from logistics (it is easier to work in capital cities), choice of interlocutors (national-level actors tend to be both more visible and adept at interacting with donors), and on occasion the belief that appropriate rebuilding strategies must start there.¹⁸

External actors and local capacity

Several dilemmas are associated with the use of external actors in CD, and the interplay with local capacity. Some aspects of these dilemmas have been discussed above, such as the need to bring in outside actors to fill immediate service delivery and governance gaps in the absence of sufficient in-country capacity. Fragile states often need external actors to fill a national security deficit and lay the foundation for peace and restoration of law and order. However, another gap that poses difficulties for external assistance concerns an absence of capacity to manage public resources, which can lead to problems with corruption. The following box describes how the international community addressed these problems in Liberia.

Beyond the political aspects of the balance between external assistance and engaging with local capacity, other more operational issues arise that can interfere with capacity development. The first is the brain drain from local organizations, government, NGOs, and private sector as people are attracted to employment with international NGOs, consulting firms, and transitional administrative units. This phenomenon is what Ignatieff (2003) refers to as "capacity sucking-out." An important issue for sustainable capacity development is how both to:

- avoid draining existing capacity as qualified people look to where opportunities lie, and
- transition from the islands of capacity embodied in individual projects to spread capacity more broadly within the public sector.¹⁹

A second challenge derives from the fact that external experts command higher wages and greater privileges than local actors. J. Brinkerhoff (2006: 11) outlines the implications:

Notes

- 18 This latter view was held by officials in the CPA who directed the Iraq reconstruction effort (see Brinkerhoff and Mayfield 2005). The importance of sub-national governance capacity is also discussed in Brinkerhoff (2007).
- 19 Some critics have long complained that project implementation units have a negative impact on national capacity of project implementation units because they bypass regular government functions and thus reduce pressure for reform. The OECD/DAC Paris Declaration signed in 2005 has called for a major cut in their numbers.

Box 4: GEMAP and Capacity Development in Liberia

The Comprehensive Peace Agreement of 2003 established a national transitional government of Liberia (NTGL) and a timetable for elections in 2006. Under the terms of the agreement, members of the NTGL were prohibited from running for office. The United Nations agencies, World Bank, IMF, European Union, the Economic Community of West Africa (ECOWAS), and various bilateral donors provided technical assistance to support the NTGL in fulfilling basic governance functions - including improving public budgeting, procurement systems, financial management - under the peacekeeping umbrella of UNMIL. However, it became apparent in 2004 that members of the NTGL lacked commitment to reconstructing the state and were more interested in siphoning off donor resources for personal gain.

An audit by the European Commission revealed the breadth and scope of the corruption, and triggered the start of an intense round of technical, diplomatic, and political discussions among the donors, UNMIL, the NTGL, ECOWAS, the US government, African heads of state in the region, and ultimately the UN Secretary-General. The international community proposed a mechanism that would create external controls on Liberia's revenue generating entities; natural resource concessions and contracts; management of the central bank, finance ministry, and state-owned enterprises; procurement processes; and anti-corruption and judicial reform. Accompanying the proposed controls were plans for capacity development in all these areas of governance, though initially these were not well developed.

The negotiations through various iterations of the proposal culminated in the creation of the Governance and Economic Management Assistance Programme (GEMAP) in September 2005. Little happened in the final months of the NTGL, but the new president, Ellen Johnson Sirleaf, declared the commitment of the new government to implement the programme. GEMAP allocates monitoring and oversight authority to international experts, and gives them co-signatory authority for financial management decisions. It also provides a variety of technical advisors, who are to develop capacity for an eventual hand-off to national actors according to an "exit strategy" whose terms are unspecified. The success of GEMAP in terms of capacity development will depend upon an effective transition from its international staff doing the job themselves to a role characterized by training, mentoring, and skills transfer, along with sustained national leadership that assures commitment to the principles of good governance.

Sources: Dwan and Bailey (2006), UNDP (2006).

Comparatively high wage levels may be necessary for accessing needed expertise but may also inhibit outside experts from working effectively with the indigenous civil service. Resulting resentment not only may present obstacles to the effective application of outside experts' skills, but also can prevent the cultivation of relationships necessary for the effective transfer of technology and capacity. This is a challenge common to technical transfer generally, where locals may resent being directed by expatriates; expatriates may have disdain for local counterparts whom they are there to "rescue" and judge them for not exerting the same effort and professionalism as they.

Such resentments can arise, for instance, in situations where diaspora members return to their countries of origin as members of reconstruction and technical assistance teams (Brinkerhoff and Tadesse 2006, J. Brinkerhoff 2006).

The attitudinal issues raised constitute a third challenge. This one is not specific to fragile-state situations, but can become exaggerated in humanitarian and post-conflict crises. In these scenarios, external actors may find it more difficult to avoid a "savior" mentality (whether conscious or not) when stepping into perceived capacity voids and facing immediate needs. The "just do it" attitude that serves emergency and humanitarian workers well in dealing with a crisis is less functional when the doers' mandate shifts to include CD. This attitude also fosters the sense that the external actors have little or nothing to learn from their local counterparts. Exchange of ideas and mutual learning are unlikely as a result. Such attitudes may also play into the tendency to overlook existing capacity, resulting in lost opportunities to positively engage local actors, as well as further fuelling resentments and the dysfunctional relationships noted above. For example, Patrick (2001) notes that local NGOs and community groups were

often ignored or marginalized in the reconstruction effort in Timor Leste. In that same country, Chopra (2002) comments on what he considers the anti-participation orientation of some expatriate officials in UNTAET.

A fourth challenge concerns selection criteria for external capacity developers. Typically, in the short-term, meeting immediate needs for establishing security and restoring basic service delivery lead to a preference for hiring "doers." External actors tend to be recruited for their technical expertise, not expertise in technology transfer and CD. This pattern suggests a need to differentiate roles and related criteria for external actors: Are they to be capacity substitutes? Hired for targeted technology transfer? Or responsible for long-term CD? In practice, it is likely that expatriate individuals, and international NGOs and contractor organizations, are expected to perform all three of these functions. Realistically, faced with performance pressures and targets, external actors will focus most of their efforts on the results most easily measured: capacity substitution and gap filling.

VI. Conclusions: implications for capacity development

The overarching themes of this paper are:

- the nature of capacity as fundamentally rooted in society, which the five-capabilities framework highlights;
- the interdependencies among the various capacity tasks (security, service delivery, and political legitimacy) and CD targets;
- the connections between capacity and willingness that influence ownership for CD; and
- the trade-offs involved in external interventions to develop sustainable endogenous capacity while at the same time addressing immediate assistance needs.

This concluding section picks up on these themes, and emphasizes several of the points made in the paper. It closes with a few observations on what makes for successful CD in fragile states.

The practical requirements for external intervention in fragile states pose challenges for enacting ownership-enhancing, country-led CD. Key drivers that shape international intervention efforts include the exigencies of preparedness, quick deployment and action, coordination among external actors, and the mandate under which external actors intervene. These also affect prospects for sustainable CD and longer-term development. For example, the pressures for speed in the restoration of law and order and of basic services may be at odds with the longer-term considerations of how to integrate state actors, put them in the lead, and support country actors' ownership for, and capacity to manage, assistance programs. The five capability deficits tend to be deeper, and the gap between short- and long-term CD objectives tends to be wider in countries that have experienced prolonged periods of breakdown in public institutions, services, and security.

In the ideal, when country governments have primary responsibility for managing donor assistance, setting aid agendas, and organizing stakeholder consultations, these processes contribute to building the capabilities to act, generate development results, adapt and self renew, and establish supportive relationships. The cumulative effect is to increase legitimacy and build ownership, as well as strengthen effective service delivery and increase the sustainability of assistance programs (Brinkerhoff 2005,

Bastian and Luckham 2003, Barakat and Chard 2004, Francois and Sud 2006). Yet to achieve these outcomes, some measure of existing capacity is needed, hence the source of a major dilemma for external interveners. In all four of the fragile-state scenarios (Table 1), identifying capable and willing partners can pose challenges.

Further complicating the trade-offs that fragile-state interventions face between national ownership and capacity building is the need to achieve short-term results and to assure financial accountability for use of donor funds (see Schiavo-Campo 2003, Caplan 2004). This need pushes external actors toward bypass options and gap-filling. As noted previously, however, governments need to demonstrate to their citizens that they can provide them with something of value; this contributes to legitimacy and effective service delivery (see Blair 2007). When donors step in and bypass government with independent transitional administrative structures, separate funding arrangements for their own independent programs, and/or contracting with international NGOs and private firms for services, citizens are unlikely to see the government as legitimate and worthy of support. Or when donors ignore or are unaware of local dynamics and create new systems, attempts to empower new leaders may falter when local communities distrust and fail to accord legitimacy to them, as Hohe (2004) notes regarding UNTAET's efforts to create local government in Timor Leste.

Governments with weak service delivery capacity, low levels of legitimacy, poorly functioning political systems, domination by elites, and a feeble presence across their national territory are likely to confront security problems as well. These dynamics emerge from deficits in the five core capabilities (self-organization, results generation, establishment of supportive relationships, adaptation and self-renewal, coherence), and reflect the interconnections among the three governance functional areas discussed in this paper. Vicious cycles of capacity disintegration are set in motion, which increases fragility and vulnerability to conflict. In such settings, the ability of external actors to find a firm footing for ownership of reform and CD is highly circumscribed. For example, various observers of the failed and fragile states on the West African coast (Liberia, Sierra Leone, Cote d'Ivoire, and Guinea) and of Haiti have commented on this dilemma, and noted that the probability of quick exit strategies for peacekeeping and reconstruction missions is low.²⁰

Deriving from the systems and interconnectedness theme highlighted above, there is a need to refine "one size fits all" approaches to fragile state intervention to

integrate context specificity. CD templates tend toward conceptual homogenization and oversimplification. They downplay and discount the impact of situational, historical, and individual leadership factors. Among the lessons from experience with policy reform is the importance of leaders who can set direction, engender legitimacy for change, and build constituencies. These are so-called policy champions (Brinkerhoff and Crosby 2002), and they are critical to the endogenous processes that characterize the five core capabilities. Identifying and working with such leaders can be a critical step toward country-led CD and ownership in fragile states. As noted earlier, sorting the conflict entrepreneurs and spoilers from the "good guys" is rarely straightforward, and neither is winning over the "fence sitters." But solid understanding of actors' interests and motivations can help.

Much of the experience base with CD contributes to cautionary tales about the dangers of excessive optimism and unrealistic expectations, leading to disappointments and dashed hopes all around. However, among those experiences lies the realization of modest progress with incremental approaches to capacity enhancement that incorporate situation-specific adaptation, learning by doing, and a focus on country leadership.²¹ For example, Goldsmith's (2007) analysis of 79 interventions in fragile and failed states during the period, 1970-2002, finds that they have led to modest but identifiable improvements in addressing governance capacity deficits. The effects of external assistance may be smaller than what many international donor agencies assert, but they are still significant. It is often the disconnect between the political rhetoric and the accelerated timetable, compared with the modest achievements on the ground, that gives rise to the aura of failure.

In summary, there is no one "right" way to develop capacity. Yet this does not mean that there are no signposts. The paper closes with five suggestions for effective CD in fragile states.

Successful CD in fragile states benefits from harmonized purposes. The difficulties of harmonization are augmented in whole-of-government approaches, where the objectives and perspectives of the external partners vary. The dilemmas reviewed above reflect to some extent these difficulties. Experience also reveals, as the discussion here has confirmed, that a challenge to

Notes

²⁰ See, for example, Aboagye and Bah (2005) and Blair and Ammitzboell (2007) on Liberia, ICG (2003) on Sierra Leone, and Khouri-Padova (2004) on Haiti.

²¹ See, for example, the chapters in Levy and Kpundeh (2004) and in Junne and Verkoren (2005). See also Boesen (2004).

harmonizing purposes derives from their blend of technical and political objectives. CD in fragile states is a highly political, and often politicized, undertaking, although the language of CD tends toward the technical, the bureaucratic, and the euphemistic.²² CD suffers when politics drives purposes to the exclusion of considerations of technical feasibility and sustainability. On the other hand, it also suffers when technical prescriptions ignore political realities. If harmonization is not possible, then complementarity among interveners is a next-best alternative.²³

CD in practice needs specificity and selectivity for targeting. The selection of government agencies, NGOs, civil society, and/or private firms should factor in which ones appear likely to make the best use of external support and are favoured by local decision-makers. As the discussion has shown, the choice of target has implications for speed of strengthening or restoration of service delivery, building of legitimacy, degree of ownership, political reconciliation, and so on. Of special concern for contributing to endogenous capacity that can lead to increases in the five core capabilities is a selection process that involves local decision-makers, and that capitalizes on taking advantage of windows of opportunity that open with the emergence of political will.

CD needs to recognize which mix of targets needs to be addressed (resources, skills/knowledge, organization, politics and power, incentives). In the real world, the answer will be, all of them, but then the requirements in terms of time, energy, difficulty, and commitment must be confronted. Experience shows that too frequently, all of these are underestimated. The model presented in this paper graphically illustrates these interconnections (Figure 2). The pressures on assistance missions and

their funders to demonstrate results and improved performance push in the direction of quantifiable capacity outcomes, which favour a focus on resource inputs, skills transfer, and technical assistance for organizational strengthening. The five-capabilities framework, which incorporates socio-cultural and psychological elements in its systems perspective on capacity, reveals that absent these relative intangibles, the "countable" interventions are likely to fall short of their expected contributions to reductions in fragility or to societal reconstruction.

CD needs competent capacity developers. As experience from around the world demonstrates (e.g., Afghanistan, East Timor, Sierra Leone, Liberia, Iraq), all those who serve as members of assistance missions are not equally endowed with the abilities and mentalities necessary to work with local actors and organizations to enable them to function better and increase their capacities. This can be especially true in post-conflict fragile states, when CD is assigned to military combat units whose "can do" orientation leads soldiers to step in and "do for" rather than "do with" their counterparts when they shift from combat to stabilization and reconstruction operations. This orientation, however, is not limited to the military. An ongoing discussion in technical assistance is the variation in the capacity of external TA to build capacity.²⁴ As whole-of-government approaches bring new capacity builders into fragile state operations, the issue of the capacity of capacity builders remains highly salient (see OECD 2006b). Relatedly, the expectations of external actors with regard to capacity - particularly substitution versus development - need to be clarified, along with related progress indicators.

CD requires in-depth knowledge and understanding of specific country contexts. This is essential to moving beyond standard intervention templates and generic recipes for training, organization systems improvements, and policy reforms. It is especially critical for country-led assistance strategies and support to endogenous CD. Fulfilling this requirement calls for improvements on several fronts. One concerns better analysis and rapid reconnaissance tools, something that several international actors have invested in.²⁵ The various study teams, including ECDPM, looking at fragile states, CD, and governance are other examples.²⁶ Another needed improvement relates to better use of individuals with country-specific knowledge, both prior to intervention and as members of reconstruction efforts on the ground. This can be accomplished through greater incorporation of diasporas, and more participation of local actors earlier in planning and implementation, though each option presents political implications.

Notes

- 22 A well-recognized example of the latter is how problems with corruption are characterized as "lack of administrative capacity" or weak "absorptive capacity."
- 23 ECDPM's work on donor coordination, complementarity, and coherence suggests that complementarity, in the sense of reducing the number of donors working in a sector, is preferable to coordination.
- 24 See, for example, the discussion in Smillie (2001).
- 25 Examples include DFID's drivers of change, see: www.gsdr.org/go/topic-guides/drivers-of-change; USAID's conflict mitigation and management publications, see www.usaid.gov/our_work/cross-cutting_programs/conflict/publications/toolkits.html. An example from the US Army is the Peacekeeping and Stabilization Operations Institute, whose website provides information on its approach to analysis of interventions in fragile states, see: www.carlisle.army.mil/usacsl/divisions/pksoi/index.aspx. See also the United Nations Peacekeeping Best Practices studies at: <http://www.peacekeepingbestpractices.unlb.org/pbpu/>.
- 26 Besides ECDPM and its partners (www.capacity.org), see OECD (2006a, 2006b) and World Bank (2006a).

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