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BUILDING CAPACITY IN POST-CONFLICT COUNTRIES

This note looks at the challenge of capacity building in post conflict countries, including options for creating capacity and the trade-offs between speed and longer-term impact, the need to ensure that aid management agencies include sunset provisions, and six proposed general lessons for more sustainable capacity building.

The Context for Building Capacity under Post-Conflict Conditions

Those of us helping countries to build capacity to manage reconstruction after a conflict has ended need to be fully aware of the context in which we operate. Apart from the obvious destruction of infrastructure, presence of armed groups and difficult working conditions, there are several other characteristics of post-conflict conditions that we need to appreciate.

First, civil conflicts seldom end in clear cut victories for one side. Post-conflict conditions are inherently unstable. There are winners and losers. The winners may have settled for less than they sought to achieve. Even if one side appears to have won, how the winner treats the defeated party will be critical to whether national reconciliation takes place and the sustainability of peace. A new government may be an unstable alliance of competing parties or consist of an uneasy collection of former fighters and technocrats who sat out the war in relative comfort abroad.

Second, a conflict affected country's ability to utilize aid is low immediately after the conflict due to institutional and physical constraints. Research by the World Bank confirms this and shows that during the first three years after the conflict absorptive capacity for aid is no higher than normal. However, in the next seven years absorptive capacity is double its normal level and there is an average spurt in growth of around two percentage points per annum, which peaks during the 3rd to 7th years and then tapers off.¹

Third, public expectations of the benefits from peace are likely to be high. After suffering from war, the people expect a "peace dividend" and want it immediately, even though such expectations are inevitably unrealistic.

Fourth, donor pressures to achieve early results are also likely to be unrealistically high. Donor country policy-makers rarely understand either the project planning, design, procurement, delivery and construction process, even when accelerated, or the institutional constraints to project implementation. This is compounded by the "CNN effect" where international interest is greatest when the country is least able to absorb aid. The country is off the front pages and almost forgotten at the time when it is able to utilize foreign assistance most effectively.

Given the risks of conflict re-emerging and the high expectations inside and outside the country for results on the ground, the challenge for the new post-conflict government is to lift the ability of the country to absorb aid productively when donor resources are most likely to be available. Since the greatest constraints to implementing programs are institutional—human capacity and organization—strengthening institutions will not only provide the usual long-term benefits from aid, but will also enable the country to use aid effectively when it is most available and to mitigate risks from unfulfilled expectations.

Options for Creating Capacity

There are four ways to create capacity:

- Build capacity,
- Buy capacity,
- Build temporary capacity, or
- Bypass weak government capacity.

It is often tempting for donors to try and **bypass** weak government capacity and to attempt to rebuild the country themselves. In other words, to contract services directly and provide assistance in kind. This is superficially attractive when government institutions are weak, skilled nationals are in short supply and the fiduciary systems that ensure that money goes to intended purposes are also weak. Bypassing the government seems even more

¹ Paul Collier and Anke Hoeffler (2002)

attractive when failure of the reconstruction program has regional or global costs, or the prestige of the donor is at stake.

But country ownership matters in a post-conflict setting just as much, if not more, than under normal conditions for development. We have seen that when donors bypass national systems anticipated results do not take place. The recipient country bureaucracy may refuse to cooperate or give at best passive support for foreign interventions. Technical and institutional solutions designed abroad without local participation may be inappropriate. Donor country firms may not perform well in a post-conflict situation where there are formidable costs and delays caused by logistics, start-up and learning local conditions. Bypassing local institutions is usually more expensive than local solutions and builds resentment when aid money allocated to the country is used to fund donor country firms and NGOs, particularly when they have not been selected through competitive and transparent processes. The thesis that remains to be proven is that bypassing local capacity, rather than building it, costs more and does not produce results any quicker.

Government may **buy capacity** by contracting services to the private or non-governmental sector. This may be necessary when speed is absolutely essential and there is no time to build indigenous capacity. It may also be necessary to establish confidence in the government, particularly to provide assurances to donors that their funds will be well spent. In such circumstances hiring international firms to provide key fiduciary services such as procurement, financial management and audit services has been tried successfully, e.g., in Afghanistan. In other countries large international firms have been engaged to provide a broad range of services—the so-called “reconstruction consultant”—but contracting management of an entire reconstruction program to a consulting firm has had at best mixed success. Few firms can offer a wide breadth of services with uniform technical depth, and the large firms which tend to be engaged as “reconstruction consultants” may lack the agility or experience to respond to the unpredictable reality of a post-conflict country. The lesson is that buying capacity can work when there is clearly no other option, and that it is better to employ a number of medium sized firms, each of which is strong in a particular area, rather than to employ one large firm which claims to be able to do everything.

While the firms providing temporary capacity may have obligations to build local capacity, this has rarely been successful. Few firms have skills in providing emergency services and in grooming nationals to replace them. Indeed, there is almost a conflict of interest. While governments should hold these firms accountable for transferring knowledge and skills, it is more realistic to put in place a parallel program to build the capacity which will take over once the firms depart.

In between buying and building permanent capacity is to **build temporary capacity** to quick start a reconstruction program before more permanent capacity can be put in place. The simplest solution is to attract nationals residing abroad back to senior government positions. These people can be advisors or managers and permanent or temporary appointments—one hopes that they sink roots into their country and remain. Nevertheless, tensions can arise between those who lived outside the country during the conflict and those who remained. Sometimes non-national advisors can also provide the technical depth a new minister needs. Foreign advisors with good technical skills and cultural sensitivity have worked well, but these people are first and foremost advisors, and cannot take decisions.

Aid Management Agencies²

Aid management agencies are often established to concentrate scarce technical and decision-making skills and provide fiduciary assurance to donors. Aid management agencies are often associated with a multi-donor trust fund that coordinates and simplifies donor funding of reconstruction programs. Government institutions are typically weak immediately after the end of a conflict and are unable to quickly start a reconstruction program. Aid management agencies have been used in several post-conflict situations—the Council for Development and Reconstruction (CDR) in Lebanon, the Palestinian Economic Council for Development and Reconstruction (PECDAR) in West Bank and Gaza, the Afghan Assistance Coordination Authority (ACA)—and these formed useful bridges between donors and the country during the early years of reconstruction.

However, these aid management agencies run into trouble in the longer run, as conventional ministries become organized and capable of administering reconstruction and development programs. Aid management agencies are easier to start up than to kill off. The worst examples become governments within governments and become entrenched in project implementation and corruption.

The key to a successful aid management agency is to ensure that sunset provisions are built into its charter so that its functions can be transferred to other ministries as they develop capacity. In Afghanistan, this is already happening as aid coordination and payments processing are transferred to the Ministry of Finance, reconstruction program management and fiduciary capacity are shifted to the new Ministry of Economy and capacity building to the Civil Service Commission.

² For a discussion on aid management agencies, see Salvatore Schiavo-Campo (2003)

Building Capacity

Building permanent capacity is clearly the best option, if not an immediately feasible one. Building permanent capacity needs to start early in the reconstruction process and move ahead in parallel with temporary arrangements that enable a quick start to reconstruction. Several key lessons have emerged from our experience in post-conflict countries, which are examined one by one below.

First, leadership matters.

Building institutions depends critically upon leadership in the key ministries and institutions. Leaders are needed who can articulate a *vision* for their domain, translate this vision into *programs* and who insist on *accountability for results*. Strong leaders have *legitimacy* through deep roots into society and are respected for their abilities. Effective leaders have *integrity* and are able to *communicate* their vision, programs and achievements to society. One sign of a strong leader is the ability to attract high quality staff and advisors, as well as to be able to mobilize funding.

Second, incentives also matter.

It is almost impossible to attract and retain motivated staff unless there is decent pay for honest work, merit is recognized, and selection and promotion are based on merit, rather than factional or ethnic bias. Getting the basic incentives right ensures that trained staff remain in the organization and makes fighting corruption easier. Creating the right incentives may require a fundamental restructuring of the civil service which is difficult in the frenetic atmosphere of post-conflict reconstruction. This need not be a comprehensive, all at once, affair but may entail the creation of permanent islands of excellence as the first step in a longer-term reform process.

Third, build on what exists.

On close inspection, institutions that survive a war may be more resilient than they appear. For example, the system of local government in Afghanistan in many respects survived two decades of conflict. Municipalities in the West Bank and Gaza possessed good administrative and financial capacity. Also, UN Agencies and NGOs often have the field presence and experience of implementing humanitarian programs that can be scaled up to implement government reconstruction programs. This may involve a changed role for these organizations, from independent actors to government contractors.

Fourth, arrange learning activities within country wherever possible.

Since country capacity is already scarce in a post-conflict setting, it does not make sense to remove people from the country for training unless this is absolutely essential. Well-meaning efforts for training, conferences and seminars can take key people out of the country and slow

down reconstruction. This is not to imply that these activities should not take place, but that they should be used selectively and be targeted for results. If we ask ourselves how did we learn what we know, most of us will say that most of the knowledge needed for our work was not acquired in classrooms. This means that we should be supporting learning rather than training, i.e., knowledge outcomes rather than learning instruments. We should consider using instruments that provide on-the-job, just-in-time knowledge. For example, establishing internet access and email early in the reconstruction process, as happened in Afghanistan, or a distance learning center which enables in-country training, are options worth considering. However, the content offered must be relevant to the conditions of a post-conflict country.

Fifth, training needs to be defined in its strategic context.

In other words, learning activities need to be selective and focused, and support the government's reconstruction and development strategy. Destruction of institutional capacity due to war provides an opportunity to eliminate government departments, government functions and enterprises, and to generally restructure government and the public sector. It therefore makes sense to focus learning activities on those core functions of government that have a future in the post-conflict set-up. The corollary is benign neglect for ministries, departments and public enterprises that are destined for closure or require major restructuring. Furthermore, learning needs to complement modernization of institutions through the introduction of modern information and human resources systems, as well as changes in organizational culture toward outcomes, client orientation and performance monitoring.

Sixth, training should build upon the comparative advantage of international partners.

Different partners of a government have their own areas of relative expertise and a government should organize capacity building assistance in relation to the comparative advantages of its partners. Some organizations are good at providing strategic and policy advice, others in technical studies, others in providing training. The challenge for a government is to ensure that all aspects of assistance to build capacity fit together so that the whole is greater than the sum of the parts.

Conclusion

The characteristics of post-conflict countries require that capacity be put in place quickly to meet the expectations of the population for improved living conditions. The international community is also likely to expect quick results, particularly if the consequences of renewed conflict spread beyond the country's borders.

While there may be situations where it is necessary to buy-in capacity, e.g., through contracting services to consulting firms, bypassing government capacity may not prove better at delivering reconstruction outcomes, than building the government's own capacity. New capacity needs to be built on what already exists and may require adjustments to be made to the incentives for public employment as part of a broader program for administrative reform. Finally, success requires strong government leadership and a coordinated effort among the donor partners.

Rebuilding institutions is much more difficult than rebuilding damaged infrastructure. Capacity building is an enormous challenge, a challenge that requires imagination, cooperation and hard work among those of us who seek to improve the conditions of conflict-affected countries.

Further Reading on Post-Conflict Capacity Building

For some initial country lessons:

Rohland, Klaus, and Sarah Cliffe. 2002. "The East Timor Reconstruction Program: Successes, Problems and Tradeoffs." *Conflict Prevention and Reconstruction Unit Working Papers*, No. 2, November. Social Development Department. Washington D.C.: World Bank.

Mckechnie, Alastair J. 2003. "Humanitarian Assistance, Reconstruction and Development in Afghanistan: A Practitioner's View." *Conflict Prevention and Reconstruction Unit Working Papers*, No. 3, November. Social Development Department. Washington D.C.: World Bank.

For some general lessons on rebuilding the civil service:

CPR Unit. 2002a. "Rebuilding the Civil Service in a Post-Conflict Setting: Key Issues and Lessons of Experience." *CPR Dissemination Notes*, No. 1, March. Washington, D.C.: World Bank.

On aid management by the recipient government:

Schiavo-Campo, Salvatore. 2003. "Financing and Aid Management Arrangements in Post-Conflict Situations." *Social Development Papers: Conflict Prevention & Reconstruction*, CPR Working Paper No. 6, June. Washington, D.C.: World Bank.

On aid absorption in post-conflict:

Collier, Paul, and Anke Hoeffler. 2002. "Aid, Policy and Growth in Post-Conflict Countries", *processed paper*, Development Research Group. Washington, D.C.: World Bank.

World Bank. 2003. *Breaking the Conflict Trap: Civil War and Development Policy*. Washington, D.C.: 157-9.

On World Bank support for civil service reconstruction in post-conflict countries:

PREM. 2003. "Recent Bank Support for Civil Service Reconstruction in Post-Conflict Countries." *PREM Notes*, No. 79, October. Washington, D.C.: World Bank.

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