

An Approach Paper on WBI's Capacity Development Activities in Fragile States¹

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1. Introduction²

The international development community has recently turned its attention to working in fragile situations. Up to now the focus has largely been on short-term humanitarian engagement following conflict or economic breakdown, but increasingly donors are recognising that long-term stabilisation requires a more systemic process of state-building (SB) as the way out of fragility.

Capacity development (CD) is an important component of SB in fragile contexts. CD generally has commanded substantial aid resources over time, but with limited results on the ground. In recent years the development community has come a long way to rethinking CD so that it is no longer viewed only as a technical process involving the transfer of knowledge and organisational models from North to South (OECD 2006; UN 2008). Rather CD is now understood as:

- **“...the process whereby people, organisations and society as a whole unleash, strengthen, adapt and maintain capacity over time”**, (OECD 2006)
- It is not only about changes related to structure or tangible assets, but involves **“altering mindsets, patterns of behaviour, degrees of legitimacy, and the relationship between the formal and the ‘shadow’ system”** (Baser et al 2008)
- Effective CD contributes **to reshaping power and authority, as well as the incentive and interest structures that motivate the strategies and behaviour of key actors**
- **CD requires engaging voluntary collective action** of key actors (Baser et al 2008) – whose **leadership skills** are important in shaping political and development outcomes.

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Working with leadership is now at the centre of much CD strategising, building on the recognition that effective public authority – domestically driven and owned – must revolve around a clear and common vision that appeals to a range of social and political interests.

Donor intervention cannot build or create such leadership; at best it can facilitate it. This is true of CD in developing countries generally. It applies particularly to fragile situations, where the challenges of state-building and CD are especially acute. Here “**the priority capacities for development should be those that contribute to directly reducing fragility**”. (OECD 2006).

Section 2 of this approach paper reviews the challenges and constraints to CD posed by fragility. Section 3 provides some ‘signposting’ for new WBI thinking and action on CD in fragile situations.

2. Context issues

2.1 Fragility

Fragility in development refers predominantly to situations in which there is a breakdown of public authority in terms of the capacity, political will or legitimacy to fulfil the basic functions of the state. These basic functions include:

- the capacity to protect the population from internal and external risk through security provision,
- to govern through the rule of law, by which the law of the land is accepted as binding by the majority of the population and key elite actors;
- to extract and manage resources, and in exchange provide basic services effectively;
- and to facilitate economic growth and development.

The interconnection between these functions is important. Deteriorating capacity or legitimacy in one is likely to have negative effects on the others. For instance, weak law-enforcement capacity debilitates the taxation capacity of the state, and the inability to effectively manage public resources undermines the ability to facilitate economic growth and development.

Fragility is highly contingent on local conditions, while the drivers of fragility can have multiple sources and occur at multiple levels (global and regional, national and sub-national). In some cases, fragility is a temporary condition, in others it relates to more systemic and entrenched processes which are the fruit of longer-term legacies, such as access to natural resource wealth (and the failure to manage economic rents effectively) or to specific social, economic and ethnic cleavages. Recurrent features of fragility (in terms of both cause and effect) also include: high levels of poverty and inequality; armed conflict and other forms of non-political violence (drug-trafficking, increased interpersonal violence); institutional and organisational weakness of the state through state capture or patrimonialist structures, or the predominance of parallel systems of informal rules that undermine state institutions.

Examples of lessons learnt

Evidence to date shows that CD projects may not pay adequate attention to the specific drivers of fragility in each context. A 2005 WB Comprehensive Development Framework (CDF) Progress Report found that CD in most LICUS commonly comprised isolated interventions in specific priorities, and was not always responsive to country priorities – this was found to be the case in 39 countries (of which 18 or 46% were LICUS) (cited in WB 2006: 22). Similarly, a 2005 IEG review of WB CD in Sub-Saharan Africa found that country programmes generally did not address in a systematic and integrated manner

countries ability to build capacity, and CD support tended to be fragmented and disconnected .

In Afghanistan, many resources have gone into technical assistance, but with limited results in CD because it was provided with few Afghan counterparts, leading to limited knowledge transfer results. This was aggravated by resources spent on 'buying of capacity' resulting in open-ended consultant contracts providing potentially unnecessary TA

(WB 2006: 23)

A key lesson learned for any form of CD is that because fragile contexts vary so much, “one size fits all” approaches will not work. Any process of CD should instead start with an understanding of context to identify, at a minimum:

- the specific factors that drive fragility (structural or temporal),
- the relevant actors/stakeholders,
- the nature of the incentive and interest structure that shapes actor behaviour (for instance easy access to natural resource rents or military power or political support from outside the country), and,
- where the real balance of power resides (which may or may not be within the confines of the state).

This is a key starting point in order to identify what the priority capacity areas for development should be, and what the specific windows for opportunity for effective CD might be for the country in question.

Lessons from World Bank experience:

The 2006 IEG evaluation presents a mixed picture of the WB's use of political analysis to inform its strategy and planning in LICUS countries. It commended the WB's analysis of political context in Sudan, Haiti and Timor-Leste. Bank staff in Sudan were seen to demonstrate good understanding of the context and were able to avoid the perception of having chosen sides in a highly complex landscape. In Haiti, bank staff were praised for their understanding of local context, including analysis of the sources of information for Haitians and how this might be improved. Similarly, in Timor-Leste the IEG judged that the Bank's sensitivities to the local political context enabled it to respond quickly to an emerging issue, namely by starting a small programme to deal with the grievances of military veterans before it could become a destabilising factor in a still fragile context (WB 2006: 20).

The IEG evaluation also highlighted lessons learned where political context had not been sufficiently incorporated into strategy. For instance, in Cambodia it was found that progress had been undermined by overestimations of the role of formal government institutions in relation to informal institutions based on patronage, political and military power. In particular, the forestry project was undermined due to insufficient attention to the problem of corruption (Ibid.).

It is not so much the case that the WB/WBI need to produce good political economy analysis, but perhaps more 'commission and consume' it as an integral part of their work.

Commissioning and consuming rather than producing political analysis

The World Bank effectively used existing political analysis in Lao PDR, by drawing on local expertise to provide independent analysis tailored to the needs of the WB. "It avoided the higher costs of preparing a "Bank" analysis, as well as potential tension with the government because it allowed the Bank to avoid getting bogged down in some

of the sensitivities surrounding the analysis. For the Bank, the acquisition of existing knowledge as well as its dissemination proved more important and effective in Lao PDR than knowledge creation” (WB 2006: 66).

At the same time, on the ground staff need to engage in ongoing in-depth engagement and learning of the political process in which CD programs are being carried out.

It is also timely to consider the possible impact of the global financial crisis. The effects of the global recession are still unfolding, but some macro-economic analysis highlights emerging trends, including a better understanding of some of the ‘transmission belts’ for economic shocks in poorer contexts (te Velde et al 2009.). However, much is still unknown and uncertain, including whether/how the crisis will further exacerbate state stability in already fragile situations or if the crisis will precipitate an increase in the number of fragile economies. Nonetheless, it is likely to have severe consequences, as signalled earlier this year by Obiageli Ezekwesili, WB’s Vice President for the Africa Region, as the crisis will cause a sharp fall in four revenue generating areas: private capital flows, remittances, foreign aid and commodity prices.

What research to date shows is that poverty and inequality can be the cause of violence and conflict (Stewart 2009) and that lack of national leadership and accountability are among the root causes that explain persistent state failure in fragile situations (Collier 2009). This potentially contributes to making fragile countries more vulnerable and less resilient to external shocks, such as those caused by the financial crisis. This may have implications for CD priorities in fragile situations where the financial crisis is likely to make conditions for establishing effective public authority even harder.

2.2 Key risks and constraints posed by fragility, and areas of priority for CD

Many of the challenges to CD in fragile situations apply in low capacity/low-income contexts more generally. There are, however, some important differences which derive from the fact that capacity weakness is especially acute and can lead to a spiral of rapidly deteriorating conditions for the exercise of public authority and meeting the basic needs of citizens. This may require special forms of rapid results/ emergency measures in the short-term to contain crisis or conflict while not losing sight of the medium to long-term challenge of building the capacity and responsiveness of the state.

General risks and constraints posed by fragility for CD³

- Fragility produces heightened levels of conflict, mistrust and/or intolerance between a number of (social and political) actors. This undermines the possibility for cooperation across different groups or political actors to work towards a common purpose.
- The fact of a fragmented, divided and polarised political context complicates the endeavour to enhance ownership of CD, as it raises political questions as to whose ownership and for what purpose.
- In contexts of fragility, hybrid political orders are often dominant, in which informal rules co-exist/compete with formal rules and institutions. The latter have either been marginalised or destroyed as a result of conflict, or they were never been embedded in robust state-society

³ See especially Brinkerhoff (2007); OECD (2006); Campbell and Hannan (2009); and Cox and Thornton (2009)

relations and perceived as legitimate by most social and political actors. The former have varying levels of acceptance: they may derive from tradition and community structures of authority, or they may be the result of 'colonisation' of state territory by political contenders, warlords or criminal organisations. CD needs to work not only with formal state structures but needs to engage also with the different levels of systems of rules that shape governance structures.

- CD should also be sensitised to the complex patchwork of state and non-state actors that constitute the political landscape, how they are positioned in respect of one another and in relation to the systems of rules that make up the hybrid political order. Fragility is both cause and effect of incentive and interest structures that constrain the motivation for 'buy-in' to positive state-building. CD thus needs to work with the range of actors and stakeholders that have both 'stabilising' and 'destabilising' potential. This means working not only with reformers, but also with spoilers.
- Fragility often means rapidly changing circumstances and shifting political allegiances between political actors who are interacting in uncertain times. CD in fragile states requires being able to adapt to highly fluid and unpredictable conditions.
- Centre-periphery relations tend to be especially problematic, so CD activities need to think beyond state-centric processes, and across national and sub-national levels.
- To the extent that fragility is caused by fractured state society relations, CD should aim to enhance voice from below to enable bottom-up engagement with SB and governance.

Dilemmas and priorities for thinking about CD.

- Donor action should do no harm by avoiding interventions that threaten local legitimacy and undermine local capacity or aggravate fragility.

In fragile situations, priority capacities should be those that contribute to reducing fragility rather than building some 'ideal' type. This was supported by the IEG report, which recommended the need for appropriate sequencing of reforms and sufficient time for implementation, to achieve better results and reduce the risk of overwhelming limited LICUS capacity (WB IEG 2006).

- External actors seeking to support CD need to think through a number of critical dilemmas including (Brinkerhoff 2007):
 - **Long-term state capacity versus short-term service provision:** a recurring dilemma in fragile situations is between covering urgent short-term needs of a restoration of economic activity and basic service delivery versus working towards building long-term, resilient state capacity. Thus, state capacity may be limited, but the pressure for quick response may lead to looking to alternative sources of service provision (and capacity) and delegating the task to foreign experts, private sector firms, NGOs (national or international), or donors themselves. The key dilemma is how to avoid creating "dual service" provision, which in the long-term can undermine state capacity, while at the same time ensuring that no 'service gap' is created, with crucial humanitarian needs going unmet. The transition between the short, medium and long term needs is not

linear and service provision and recovery initiatives need to happen simultaneously – and not either/or.

- **Technical versus political strategies.** It is easier for donors to focus on technical CD, in part because it is believed to be 'less political'. But in fact there is little that is not political in fragile situations and long-term success tends to lie in the degree to which CD impacts on the murkier and less measurable areas of political and power dynamics (ie, the broader enabling environment within which organisational and individual levels of CD take place).

Papua New Guinea

The World Bank's Interim Strategy in Papua New Guinea analysed the political system, and challenges such as patronage, corruption, lack of capacity and clan loyalties. However, these were treated as technical rather than political challenges, and this political understanding did not adequately inform overall strategy (WB 2006: x). According to this report, while good political analysis did exist in some LICUS, an ongoing challenge was getting Bank staff to internalise political analysis in strategic design and implementation (WB 2006: 66).

- Engaging in CD in fragile situations also requires deciding whether to work with spoilers or morally objectionable governments (toxic states), and what the threshold of acceptable compromise should be.
- **CD should be rooted in a deep understanding of context**, and the particular political and power relations situation of the country. It is only through this understanding that it will be possible to identify the main capacity gaps, and the aspects of state performance most relevant for preventing renewed conflict or further deterioration of state capacity (public expenditure management [PEM] is crucial here). A nuanced analysis of the context would also allow the identification of potential allies for reform processes within state structures
- **Fostering country leadership should be central to CD.** This involves the need to prioritise identifying and working with local institutions, civil society groups and regional groupings with local name recognition and legitimacy. Even in the most fragile/fractured context, there is never a tabula rasa, and working with what works locally should be an essential starting point.
- In situations of fragility there is special urgency in (re)establishing the capacity of some basic state functions on which the rest of basic service provisions and governance depends. Typically this includes security, rule of law, and PEM. The urgency of these areas lies also in the importance of their interaction and the relevance of this for responsive/positive state building and rebuilding the legitimacy of state authority. It is crucial to identify existing capacity levels (even if these are very small) and build on these. It is also crucial to work in stages and not 'overwhelm' existing but precarious capabilities.
- Where renewed conflict is possible, and/or levels of mistrust are high CD should contribute to facilitating dialogue and reconciliation, including dialogue around how the economic spoils of an end to conflict will be managed, by and for whom.
- As soon as possible, it is important to develop links with community groups to begin incipient forms of capacity for social accountability, oversight, and voice. For this it is important to identify likely local partners, and work with them consistently over the short medium and long-term. At

the same time, it is important to recognise that civil society is highly politicised and individuals and groups will be playing to their own political agendas.

3. Capacity development in fragile situations

3.1 Leadership matters for results

The WBI has been at the forefront of new thinking on CD for leadership. This is in line with emerging thinking about the centrality of agency in actuating political and social change – for better or for worse (Leftwich and Hogg 2007). State-building cannot be seen in isolation from the actors that shape it, or resist it. Ultimately the political settlement which underpins SB is brokered between the range of social and political groups whose ‘buy-in’ is essential to secure stabilisation (Przeworski), or at least whose consent is desirable to build in legitimacy. The quality of institutions is in large measure the product of the interaction between elites, understood as those (small) groups of people “in formal or informal positions of authority and power who take or influence key economic, political, social and administrative decisions” (Leftwich and Hogg 2007).

Constraints and challenges

In fragile situations, where state capacity is undermined, leadership is especially important, and the absence of elite support especially damaging for the prospects of positive state-building. In fragile contexts when institutional capacity has been eroded, the strategic positioning and short-term calculations of leadership figures and elite groups carry disproportionate weight in shaping policy directions and outcomes in what are frequently fluid and rapidly changing circumstances.

Elites consist of a wide range of state and non-state actors, including players who operate in shadow economies or outright criminal activities, and political contenders who thrive with the absence of the state, such as warlords or heads of armed groups. Working with leadership is first and foremost about understanding the incentive and interest structures that motivate and shape the behaviour and interaction of elite groups. This includes linking country specific incentive structures to broader global processes that undermine the chances of elite support for state-building, such as the existence of tax havens, the global market for illicit commodities (Moore et al 2009). Fragility is driven in some cases by elite calculations that their interests are best served by securing impunity for corruption, rent-seeking or drug-trafficking. The challenge for SB lies in identifying and supporting windows of opportunity to enhance and facilitate change in these incentive structures, and the corresponding change in mindsets, calculations and attitudes in elite groups.

CD should involve working with this complex, multi-dimensional, multi-level understanding of leadership. It requires working well beyond formal state structures and working with high level political figures to engaging with community leaders and civil society, leaders of the business community (at the local and global level) and also potential spoilers (without losing sight of do no harm principles). It also requires understanding the deeply political nature of this process.

The recent work in WBI on CD for leadership has focussed on the notion of ‘leading for results’, aimed at facilitating leadership projects through which countries gains experience in setting priorities, solving problems and making decisions to achieve specific results. The experiential side of these programs is intended to enhance ownership, legitimacy, negotiation skills and capacity. Achieving concrete results also enhances ongoing positive engagement with pro-reform policy

processes. There are by now a number of incipient good practice experiences in working with different levels of government, public office and community leadership (see [Box](#)).

Examples of good practice

In the Central African Republic, civil servants had stopped reporting for work. The RRA here was aimed at building ownership and commitment, as well as mobilised support for implementation, using a multi-level approach that included senior leadership and mid-level managers to local levels and citizens (WBI 2007:4).

Moreover, the WBI's use of RRA coaches from Central African Republic to share experiences with their counterparts in Burundi, in part to counter scepticism about the RRA approach itself, provides a useful example of how South South learning can be incorporated within leadership CD (WBI 2007:9).

However, the shift in mindset and incentive structures that is intended can never be politically neutral, and CD efforts need to be sensitised to this. There also needs to be a deep understanding of tradition and local value systems cultural specificities about how authority is shaped and justified.

Priorities:

- Leadership is not only a matter of capacity to develop vision and strategy but also, crucially, of the legitimacy of one's role to lead. CD needs to work with an understanding of how legitimacy for leadership is formed at the country level. Some of this derives from process (the rules by which leadership is appointed, such as elections). In rapidly changing political scenarios, legitimacy is also connected to results-based performance, for instance through basic service delivery. Legitimacy however is also derived from tradition and culture specific values systems about authority, or beliefs engendered through charisma (Bellina et al 2009).
- Much legwork must go into identifying leadership, and working with coalitions for change (among both potential spoilers and potential reformers). This includes working with non-state actors as well as state actors, and working at national and sub-national level, but without losing sight of do no harm principles. In situations of fragility, it includes also continual reassessment of changing circumstances, as coalitions are likely to be unstable as players may be acting to a number of political agendas the relative importance of may be constantly changing. The relative importance of results in one area may be rapidly overshadowed by events in another. CD facilitators must be trained to deal with this kind of volatility.
- Experimenting with different approaches to working with leadership. Then there is the need to develop different strategies for different types of leaders:

Different approaches to working with leadership

- Putting together 'dream teams'
Using a 'dream team' approach, such as working with a select group of senior officials, offers potential opportunities – and pitfalls. Uganda, for instance, focused on CD for a small team of senior policy advisors and administrators, either in one central agency or in a small number of agencies. These 'dream teams' may be able to build momentum for reform. But there may also be a number of drawbacks – located in the centre of government, they may have little influence on service delivery to districts and towns, and if high-level political support is withdrawn, they may quickly lose influence (WB Taskforce 2005: 34).

- Different strategies for different levels of leadership.
An interesting example of different strategies for working with different types of leaders has been developed by the UNDP in Afghanistan. Since 2006, UNDP and InWent have supported the Afghan Civil Service Leadership Programme. This Programme builds CD at three levels - for 'top, senior and emergent' civil service leaders. Each level is adapted to suit the needs of that target group: for top leaders, exchanges of views between participants are facilitated, rather than formal training. For senior and emergent leaders, a combination of training, coaching, and a range of learning methods (including role play, roundtables and presentations, group work and so on) are deployed. Throughout, there is an emphasis on local trainers, who can adapt material to local context, provide informal coaching, and build up local expertise beyond the scope of the programme (UNDP Practice Note 2008).

- There is also the challenge of sustaining positive results beyond the short-term, and containing disappointment when things don't work out.
- Finally, CD of leadership needs to connect to national ownership of development projects. Leaders must be perceived to respond to local needs and promote local demands. This is crucial also for the development of legitimacy and credibility of elites, and grounding leadership in society.

The importance of ownership

The WBI can draw on past WB experience, where a lack of national ownership has undermined programme objectives. For example, in Tajikistan, a lack of government involvement in the development of the Bank's analytical work limited the government's interest in the results it generated, undermining implementation. In Angola, senior government officials perceived some Bank-led analytical work as imposing Bank views, undermining ownership and CD in this context (WB 2006: 66).

3.2 Public financial management and service delivery

Public financial management is at the very centre of state capacity: by definition, fragile and conflict-affected states are unable to deliver basic services effectively, which in turn limits their legitimacy. A prime objective of capacity development support should therefore be to develop the state's capacities to provide basic services to its citizens, including security, through improved access to resources and development of administrative capacities to manage these resources and effectively deliver services. But we know CD based on top-down transfer of technical knowledge is not sufficient to achieve results. It is also important to foster a 'shared space' where CD support is provided both to humanitarian actors/non state providers and the state to facilitate a smooth transition without creating a service gap

Constraints and risks for CD posed by fragility

- Fragile states are often constrained by weak domestic revenue collection which means they are often dependent, at least at a first stage, upon external aid. Large inflows of external support combined with weak capacities to manage and implement aid can undermine country ownership of its reconstruction and development process. In addition, capacity development is all the more critical as the presence of a large number of donors requires strong coordination capacities and risks overburdening local capacities.

- The dilemma faced by donors of prioritising emergency needs by quickly delivering basic services over long-term CD of building state capacities to ensure long-term sustainability of service delivery can only be resolved on a case by case basis. A first stage donors often involves delivering aid via parallel structures in order to 'get things done'. Support on capacity development comes next once passed the emergency period. The challenge lies in managing the transition phase effectively.
- Access to natural resources can provide a unique opportunity to finance the reconstruction and development process, but poor or 'captured' management of extractive industries can be a driver of fragility in itself, and in some cases conflict itself may be about gaining control over these resources.

Priorities:

- In post-conflict countries, service provision and the establishment of security are the first prerequisites for recovery. The fulfilment of these tasks requires sufficient mobilisation of revenues and the capacities to efficiently allocate funds to priority areas. Building capacities to collect domestic revenues should be a key priority.
- Building up domestic revenue capacities is a complex and long-term and political process and involves a two way relationship between state and society. It involves building trust in the population about the government's ability to provide services in exchange for a willingness to pay taxes. In the meantime, a key challenge is to maintain a high level of external support to make up for financial needs to support the reconstruction and development process. As a result, one of the priorities is to build up a transparent and accountable public financial management system to ensure donors' confidence in state public finance systems.
- Given the large inflow of external aid compared to domestic revenues and the underlying risk to undermine government's ownership of the reconstruction and development process, capacity to manage large volumes of aid needs to be built. This includes the capacity to plan and prioritise needs through the preparation of credible budgets in line with available resources and the definition of reconstruction and development priorities.
- Capacity to implement and monitor the use of public funds through service delivery is another key need. Indeed, the government needs to be able to follow-up on results to inform strategic planning on reconstruction, including flow of funds towards critical priorities. It needs to be accountable towards donors and more importantly towards its citizens. Capacity development is also needed to ensure civil society's participation in the national strategy definition process (especially civil society in the periphery of a country) and follow-up on use of public funds and results obtained through the reconstruction and development efforts.
- Capacity development in PFM is necessary to establish the government ownership required to build long-term sustainable reforms but also to enable the government to use PFM as a tool to establish its own leadership and legitimacy.
- Capacity development support should start at an early stage in parallel to operational support. A judicious balance must be struck between supplanting nascent local capacity with external specialists in line positions versus kick-starting public management systems to manage government expenditure and ensure delivery of basic public services.

- Non-standard PFM reform entry-points may be necessary and effective, such as a sectoral or decentralised entities. Bypassing ineffective centralised budget execution or increasing discretionary powers of local spending units may be a key way to improve local service delivery.
- Successful capacity development in public financial management depends also on the implementation of other reforms, more specifically, the development of a statistical system, a well-functioning banking sector and treasury, and civil service reform.
- Precise assessment of capacities should be conducted initially along with the definition of clear and realistic objectives in terms of capacity building as it will serve as a basis to design manageable reforms that are in line with local capacities and do not set expectations unrealistically high. Reforms need to be kept simple and be adapted to the limited capacities in government and administration of FCS (Schiavo-Campo, 2007). The pay-off from early and systematic engagement in technocratic capacity development efforts may be lagged until a critical mass of capacity emerges and political acceptance of reform is triggered (c.f. Haiti).
- PFM reform is not only a technocratic exercise; it also serves an important political purpose in state-building. This makes capacity building an inherently political exercise which carefully needs to take into account dimensions of conflict or reasons for fragility. Structured and rule-bound dialogue relating to the budget allocation process can contribute to increased political cohesion by engaging different political interests and addressing systematically the multiple and competing budgetary needs to support political and developmental reconstruction. Building capacity to ensure effort to reach political consensus and compromise around resource allocation decisions at the highest political levels may help to bridge peace-building and state-building objectives.

3.2 Governance, transparency and accountability

A recurrent feature in situations of fragility is that the accountability dimension of the state society interaction is weak. Accountability of public office encompasses three dimensions; transparency (that public office is subject to scrutiny), answerability (that public officials are answerable for their actions), and enforceability (that there are mechanisms in place to sanction wrong-doers in public office or if they do not meet social expectations). It anchors state society relations on the basis of binding rules of political engagement by which power holders and public officials can be held to account. Robust domestic accountability is constructed through a web of horizontal and vertical mechanisms of legal oversight, checks and balances and political answerability that are at the heart of the political settlement which establishes the rules of the game of good governance (Schedler 1999; Hudson 2009).

Constraints and challenges posed by fragility

- In contexts of fragility poor governance and problems of accountability enter a process of deterioration (to varying degrees), and public resources fall prey to 'capture', patronage and mismanagement.
- Under fragile conditions, state authority is more susceptible either to *dispersion* (through weakened state capacity and presence, fractured relations between centre and periphery, or actual colonisation of territory by armed or other actors), or to *concentration* (through authoritarian tendencies in political power, weakened checks and balances and accountability relations). In either case systems of accountability are weakened or become absent altogether.

- In addition, post-conflict contexts present specific challenges for accountability and transparency, as formal institutions and infrastructure are often destroyed as a result of prolonged periods of conflict.
- Ultimately the terms of the political settlement are likely to be rendered unstable (Jones et al 2008; Fritz and Rocha-Menocal 2007; Call 2008). The breakdown or absence of effective systems of accountability is both cause and effect of fragility.

Priorities

- CD for governance and accountability inevitably has political consequences, as at stake are issues about the distribution of power and resources, and about who has a say in defining this. How accountability systems are structured then is deeply political. CD should also work with what is in place through a realistic appraisal of existing patterns of accountability.
- **(Re)building the rule of law.** Systems of accountability rely in part on the degree to which rule of law is in place. In conditions of fragility, rule of law is typically weak, and this is both cause and effect of fragility. The existence of informal institutions which govern conflict resolution, accountability and governance at the local level further contributes to a sense of institutional disarray. However, understanding and working with these informal systems which may be seen as legitimate by the local population is a way of harnessing bottom-up processes to (re)constructing governance. This needs to be balanced by do no harm principles. Informal systems may also harbour practices of discrimination or exclusion, especially towards women.
- CD can contribute to enhancing the legal voice of the more vulnerable groups of society through awareness, and participative dialogue between the different actors and institutions involved in conflict resolution

Example of CD for rule of law:

In Darfur, UNDP supported development of the rule of law, through CD for legal professionals, judiciary and police in order to strengthen vulnerable populations' and women's access to legal representation and justice in the existing court system. This entailed:

- Training for IDP communities as paralegals and managers of Legal Aid Centres within camps
- CD support to the Lawyers Network and Social Workers, to provide legal representation and psycho-social support to victims of violence.
- CD for judges, prosecutors, police and corrections officers to strengthen justice and security institutions.
- Support for Legal Information Centres to provide access to information.
- Confidence building measures, including awareness raising and dialogue between local government officials, police, army, and rebel groups

(UNDP Practice Note 2007).

- CD in rule of law construction can benefit greatly from south-south knowledge exchange, for instance among human rights organisations regarding identifying opportunities and sharing know-how on using rights instruments to enhance legal empowerment of vulnerable groups or local communities (Keck and Sikkink 1998). This, for instance, can be a way of countering practices around extractive industries that harm the environment or human rights. But this

needs also to be weighed against the risk of putting local populations at risk from violent retaliation by elite groups.

- **Strengthening parliaments and political parties.** Parliaments provide a critical space for reinvigorating political dialogue, debate and participation, and political parties through parliaments can reactivate participative law-making, political oversight of the executive, and fulfil the role of political representation. At the same time in fragile contexts they are likely to be problem areas. In contexts of fragility, zero sum logics tend to prevail, and the concept of loyal opposition is likely to be weak. For instance, post-conflict contexts may produce political parties comprised of former armed factions. CD here should be targeted at facilitating transition into functional parties that are able and willing to commit to the rules. For this parliamentarians and parties need to develop a sense of 'ownership' of their function as law-makers, representatives and political watchdogs of the executive branch.

Example from UNDP CD for parliamentarians in Cambodia:

From 2002 to 2005, UNDP supported CD for parliamentarians in Cambodia. Key activities included strengthening the administrative capacity of the Secretariats of the National Assembly and Senate, and the roles of parliamentarians in terms of their oversight and legislative functions. A UNDP evaluation (cited in Tsekpo and Hudson 2009) highlighted a number of successes, and areas of lesson learning for the future.

Successes:

- Effective engagement of MPs, leading to sense of ownership of the programme and eagerness to participate
- Increased awareness by MPs of their roles (including both oversight and representation functions)
- Improved leadership of the Secretariat of the National Assembly

Lessons learned:

- Over ambitious objectives were hard to achieve within timeframe and resource constraints
- While Secretariats may have increased awareness of the importance of reform, their ability to implement reforms was politically constrained. This may demonstrate the importance of considering context and barriers to reform at the very outset of a CD programme.

(Tsekpo and Hudson 2009)

- Focus on specific accountability problems for which specific solutions can be worked out through by the relevant stake-holders. CD which is problem centred can use RRA to good effect. Actions that have results contribute to strengthening the legitimacy of emerging political elites (in political parties, or among the community). This in turn will enhance their levels of 'buy-in' into an (emerging) system of governance which awards them recognition, and towards which they may develop incipient attitudes of ownership and allegiance.
- **Working with the community.** Social accountability requires capable non-state actors and civil society organisations being able to exercise oversight through a range of mechanisms, (these include the vote, rights-based litigation, investigative journalism). But in fragile contexts these opportunities (and related awareness and skills) are often lacking, and communities are weakened through conflict, fractured or disengaged from the state. At the same time, in the absence of the state, it is important to identify opportunities at the local level of community CD to engage in demand-led activities regarding probity in public office, use of public resources or management, for instance of the relevant local extractive industry.

- **The media is a key focal point for social accountability**, and where it becomes activated as a social watchdog it can have impact in reshaping narratives regarding probity in public office. For example, in the DRC freedom and regulation of the media has been the cornerstone for a strategy of reinforcing the quantity and quality of expression and citizens' demands based on better access to information.⁴ Working with radio stations can be a fruitful channel for providing a space for public debate and voice. Radio is an especially powerful technology for dissemination of information, and expression of voice and protest. The WBI work in Burundi is an example of good practice in this respect

WBI support for radio in Burundi

A World Bank team working with Burundi's government and civil society to strengthen governance and combat corruption decided to work with local radio to disseminate results of a governance survey and a study on the situation affecting youth. Under an agreed-to format, a local radio station targeting youth presented findings, aired a discussion of core issues, and invited call-ins from young listeners around the country. A rap song prepared for the program provided a unifying background.

With support from WBI Global Programs (WBIGP) and International Alert, Burundi's Radio Publique Africaine has broadcast fifteen programs to growing audiences. To some extent, interactive radio can contribute to breaking an existing informal code of silence that affects many people traumatized by the conflict years, which pitted Hutu and Tutsi ethnic groups against one another, with ordinary citizens taking part in patterns of lethal violence.

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/BURUNDIEXTN/0,,contentMDK:22073967~menuPK:50003484~pagePK:2865066~piPK:2865079~theSitePK:343751,00.html>

- **On extractive industries**, the WBI should continue to support both community CD to enhance its oversight capacity at the local level where extraction takes place, and its ability to benefit from the development potential of the industry. The CommDev initiative reflects the "growing recognition that engaging, empowering and building the capacity of local communities is critical not only for the success of investments in extractive industries but also for sustainable development beyond the life of the well, pipeline and mine." (CommDev). The challenge lies in developing this in contexts of fragility where governance is weak.

The CommDev approach

Formally launched in January 2006, the Oil, Gas and Mining Sustainable Community Development Fund (CommDev) is a mechanism to fund practical capacity building, training, technical assistance, implementation support, awareness-raising, and tool development more flexibly and efficiently as an integral part of an extractive industry project, or otherwise, with a particular focus on ensuring that communities benefit from extractive industry developments.

The CommDev currently has a project in the DRC on Artisanal and Small-Scale mining, aimed at enhancing 'consensus among key stakeholders on a strategic roadmap aimed at improving the lives of the artisanal and small-scale miners while developing their relationships with the larger mining operations in and around Kolwezi,

⁴ See DRIS (2008) "Citizens' Voice and Accountability Evaluation: DRC Country Case Study".

Katanga.’

The plan will present a vision of a sustainable community, benefiting from the economic activity generated by legal and responsible mineral extraction, processing and trade at several scales, where artisanal mining is one activity within a broad range of livelihoods. The plan developed and implemented for Kolwezi will be a potential model for other parts of the industry in Katanga, and the DRC in general.’

The following objectives will be achieved through a series of research, stakeholder engagement and capacity building activities:

- identify how artisanal mining can be managed as a legal, responsible, safe and efficient livelihood opportunity which is integrated into the sustainable social and economic development of Kolwezi;
- analyse and articulate the economic needs of artisanal miners, map market opportunities, and develop practical recommendations for alternative livelihoods, including SME and supply chain development;
- engage stakeholders across all sectors and create an association for consultation and dissemination of information;
- contribute to the immediate and long-term resolution of existing and potential conflicts; and
- address the specific issues faced by women and children in the context of artisanal mining.

Transforming artisanal mining into sustainable mining and developing alternative livelihoods rests upon meeting several objectives at the same time (establishing enabling conditions for sustainable artisanal mining; alleviating technical and financial constraints; improving the environmental, living and working conditions of miners, etc.) and the proactive engagement of several key players (government, artisanal miners’ associations, international mining companies, non government organizations, international donor agencies, etc.).

Cited in http://commdev.org/section/projects/asm_drc

- Linking South-South learning as part of regional and global themes and programmes can be one way of profiling the importance of local context while also disseminating learning at the regional or global level, and sharing experiences of best practice.

The WBI work on participatory governance diagnostics (discussed further below) should be further built on as it provides a promising base for facilitating multi-stakeholder engagement with issues of governance, accountability and corruption. The special challenge of fragile situations is the fractured nature of society, and the high levels of mistrust.

3.3 Multi-stakeholder coalition building

CD for accountability needs ultimately to be demand driven and led. If CD programmes do not respond to local demands they are less likely to have traction.

Multi-stakeholder coalition building is now identified as important in creating opportunities for dialogue and consensus-building, and for facilitating an enabling environment to support demand side accountability and governance from the bottom up. Multi-stakeholder coalition building involves state as well as non-state actors in forging alliances around common interests and key issues, and in support of state-building processes which are consensual and embedded in mutually supportive state society relations. By creating and strengthening networks and alliances between groups of non-state actors, as well as the state, multi-stakeholder coalition building serves to build the capacity to create pressure for demands of good governance and provide platforms for groups to articulate those demands directly to the state.

Multi-stakeholder coalition building requires a level of institutional capacity to organise, strategise and develop agendas which organisations can then communicate out to others and seek alliances based on shared visions and goals. It also requires personal strengths of leadership and political skills on the part of organisational leaders to manage processes of coalition building (which are often processes of reform and change), such as seeking out networking opportunities, influencing sceptics and managing voices of dissent and opposition. And it is through the experience of building dialogue and ongoing communication that trust levels between different players can begin to be transformed.

The Multistakeholder Forestry Programme in Indonesia signals the merits of this form of CD program in enhancing participation, ownership of policy decision across a variety of players, and addressing issues of mistrust.

Capacity building in Multi-stakeholder Forestry Programme (MFP) in Indonesia

The Multi-stakeholder Forestry Programme (MFP) aimed to establish long-term dialogue processes between government and civil society by initiating multi-stakeholder forums. The multi-stakeholder forums added value to the development and policy process by:

- connecting well-established networks from the community up to the district level and to policy dialogue at national level;
- generating empirical evidence to be used in policy-making;
- training local journalists on principles of peace journalism, in regions with high incidence of forest-related conflicts;
- increasing flows of information between civil society actors, and the local media;
- engaging the Ministry of Forestry with major civil society organisations, research institutes and donor programmes to provide inputs for the revision of social forestry policies.

For the MFP, capacity building was to support the building of partnerships and networks in order to influence and inform decision-making and policy-development at local and national level. Capacity-building had several dimensions:

- sharing knowledge and experiences related to influencing policy-making;
- facilitating peer-learning and the dissemination of good practices;
- creating evidence for advocacy purposes;
- training on effective communication and advocacy strategies;
- technical and issue-related trainings;
- training in Participatory Action Research.

(Particip GmbH 2008)

Constraints and challenges posed by fragility

- In cases of recent conflict there will be especially high levels of mistrust between different social and political actors and/or towards the state. Social cohesion is likely to be fractured and the fabric of society be torn through war and displacement.
- Similarly, the issues which drive fragility in many contexts – such as ethnic differences, land rights, economic conditions – will pose barriers for the very process of forging alliances based in common interest.
- In many fragile contexts civil society is weak. Non-state actors lack the political relationships with state actors, or relevant business communities (for instance in the extractive industries) which allow them access and meaningful dialogue as well as the political skills to form alliances, create strategies to influence others and manage conflict/dissent effectively. Lack of effective leadership skills among non-state actors are a key constraint.
- An additional problem in fragile states is that addressing the unwillingness of actors to engage in multi-stakeholder coalition building because they see it as undermining their interests. Whilst capacity development may not be the appropriate tool to address issues of political will and incentive structures there may be an entry point in addressing actors' perceptions of each other and the added value of broad engagement. For example, many multi-stakeholder coalition building are centred on particular issues, problems or sectors. Capacity development programmes can seek to demonstrate the added value of engaging a broad range of actors in order to solve the problem at hand where non-state actors are seen to be key holders of experience that can bring specialist knowledge to the policy process. However, this will require state and non-state actors that are developmentally focused and wish to improve the development and policy processes of fragile states.

Priorities

- A deep understanding of the context and “who is who” is essential. This requires detailed mapping of stakeholder through ongoing engagement with local context and political developments in the political landscape. This mapping needs to tap into different ‘sources’ of leadership both at the centre and periphery levels
- CD must be sensitised to the political dimension of multi-stakeholder coalition building. By supporting some actors and not others, CD is likely not be perceived to be neutral. The choice of which organisations or leaders to engage with can have an impact on the balance of power.
- CD should build as far as possible on pre-existing endogenous networks and coalitions to facilitate the engagement of a broad range of stakeholders. This involves three main entry points:
 - Build the bottom-up demand for good governance, by strengthening the political, technical and leadership skills of the various stakeholders in connection to governance issues.
 - Build the capacity and will of state actors to engage meaningfully with multi-stakeholder coalition building. This should focus on demonstrating the added value

of engagement of a broad range of stakeholders in development and policy processes, such as the legitimacy derive from responsive state action.⁵

- Focus on problem specific issues of governance.
- Facilitating south–south learning across state-and non-state actors. Talking to peers in other country contexts undergoing similar experiences tends to be more fruitful than talking to technicians from the north.

3.4 Private sector

In a context of low public capacities and service procurement, the development of a dynamic formal private sector is often a key element in rebuilding the state’s economy and countering poverty. In addition, in fragile states, the government may rely on the private sector to provide basic services. The use of local private goods and services can significantly impact the cost and sustainability of reconstruction efforts, avoiding the use of expensive imported goods which can be found or produced locally, the reliance on foreign companies employing highly-paid expatriates requiring heavy security protection, etc. As a result, an enabling environment is important for local private initiatives to thrive.

- Capacities need to be developed at the government level to design and implement sound economic, financial, infrastructure and legal policies favourable to private sector development. Indeed, access to basic infrastructures (e.g.: energy) and financial resources (banking sector), reliance on a sound legal and regulatory framework are key to foster private sector development. Capacities to development information databases (market studies, public procurement bids, etc.) should also be provided by public administrations for the benefit of local private entrepreneurs.
- The investment needs occurring under a reconstruction period offer unique opportunities for the emergence of a dynamic private sector. However, the reconstruction efforts are often funded by donors setting high levels of procurement requirements which often cannot be met by local companies (e.g.: large procurement contracts cannot be borne by local companies which often have a limited core capital; local companies do not meet international standards in terms of management, reporting or even operations disqualifying them for international bidding processes, etc.). Thus, capacity development within the private sector should focus on helping local entrepreneurs to implement international standards in their activities and management in order to have access to opportunities arising from the reconstruction process and prepare for international competition. Provision of education and training as well as partnerships with international firms can be effective tools to build up this capacity.

Example of good practice

⁵ Voice and accountability findings

Peace Dividend Trust – Afghanistan: Capacity development for the private sector Peace Dividend Trust (PDT) is a non-profit foundation dedicated to making peace and humanitarian operations more effective, efficient and equitable through streamlined local purchasing. PDT provides services to buyers and sellers that make it easier to do business in post-conflict countries, resulting in increased economic activity and a more equitable spread of benefits throughout those societies. In Afghanistan, PDT supports long-term economic recovery by increasing the purchasing of local goods and services. When the international community buys and hires locally, a substantial part of their operational spending directly enters the local economy and supports private sector development and entrepreneurship. In order to accomplish these goals, PDT-A provides, among other types of support, capacity development services to build the capacity of Afghan businesses through training that improves skills and increases the opportunity for successful contracting. PDT-A initiative is funded by USAID, DFID and CIDA.

4. Recent thinking in the WB and WBI in capacity development, and challenges for innovation in fragile contexts:

- **The WBI and WB are at the head of some of the recent thinking on the importance of leadership.** The issue of leadership quality and capacity as central for SB and governance reform is critical, as is the role of the donor community in identifying leaders across a broad range of state and non-state actors whose buy-in to reform processes is important to the challenge of overcoming fragility. In line with the work on enhancing the dimensions of vision, competence and integrity, WB/WBI programs in LICUS countries have aimed to facilitate other aspects to do with strengthening leadership, and rooting it in broader processes of governance and state-building (with varying levels of effectiveness) (Campbell and Hannon 2009):

WB Leadership programs in LICUS Countries

- Cooperative leadership approaches, in Burundi, CAR and Timor-lest, where the focus was on conflict resolution and increasing trust between former adversaries and potential collaborators
- Results-based and management approaches, in the CAR and Burundi, specifically through exposure to the rapid results approach (RRA), with the aim of developing skills, and linking leaders to concrete results
- Knowledge-exposure and strategy development workshops, (for instance in CAR and Tajikistan) aimed at providing leaders with ideas about how to address challenges and develop through collective engagement, shared direction and vision.

Campbell and Hannon (2009)

Impact and effectiveness of this has produced mixed results, as pointed out by the Campbell and Hannon (2009) report, but importantly there are building blocks beginning to be in place which the WBI can continue to support.

There is also much that the WBI can explore in terms of facilitating south-south exchange among prominent leaders, through high profile events that bring together figures of regional and international political standing, and are figures of integrity and vision. This could also entail experimenting with a wider range of ‘tools’, or rather alongside methods such as training courses, WBI could integrate the greater use of mentoring, facilitation of discussions and lesson learning from ‘neutral brokers’ and greater practitioner to practitioner exchange.

- **The need for community-based work, and engaging with local actors and local institutions to encourage the emergence of demand led accountability and governance systems.** Initiatives like the CommGap and CommDev are important in casing some of the innovative CD work to facilitate bottom up multi-stakeholder coalition building, and demand led-governance. Strengthening community leadership and oversight capacity over governance and development issues, as well as facilitating a sense of shared public space are central to shore up the prospects of enhanced social capital, and should be central objectives of WBI analytical and strategic thinking.
- **Participatory governance diagnostic work.** The WBI has, within the Global Program, facilitated country level governance and corruption (GAC) diagnostics with an emphasis on promoting demand-side analyses and problem solving of governance issues. The process is intended as an in-depth and participatory research undertaking aimed at giving visibility to governance and corruption issues, promoting at the same time multi-stakeholder dialogue for devising action plans and policy reform responses. GAC processes have taken place across a wide spectrum of countries.

The public and participatory character of the process and the results it yields is intended to strengthen the demand side of governance and a sense of ownership over governance agendas by the participants. The participatory process of exposing bad governance issues is key to the question of ownership in terms of identifying the issues and devising solutions. In addition, the data that is collected contributes to building a knowledge base which in turn is intended to arm governments, non state actors and citizens with the means to monitor progress.

GAC developments in Haiti

In Haiti, in response to a GAC survey a number of agencies were singled out for their poor performance, and lack of integrity, officials from the customs services and the public telephone company addressed the public in a high-level conference. This prompted public discussion of causes behind poor governance, and possible solutions.

The GAC in Haiti also contributed to parliamentarians engaging with issues of transparency and access to information and the merits of drafting an ‘access to information law’

Carrillo et al(2007)

- **Building on the positive results of the Rapid Results Approach (RRA) toolkit.** Given the fluid and rapidly changing nature of fragile situations, the achievement of concrete ‘rapid’ results is perhaps especially attractive. RRA is about empowering teams (of leaders) to achieve quick results in relation to a specific short-term problem, ‘while building ownership and accountability for the response effort’ (WBI 2008). These in turn contribute to building the legitimacy and credibility capital of leaders vis a vis their respective constituencies. At the same time, the experiential process of RRA, it is hoped, can change mindsets from initial positions of mistrust/scepticism and outright antagonism, to an attitude of positive engagement. On the other hand, precisely the challenge in fragile situations is that of sustaining results.

- **South-South exchange, knowledge learning networks and knowledge development should continue to be central to WBI engagement in fragile contexts.**

WBI support of such initiatives as the Affiliated Network for Social Accountability (ANSA) which aims to build capacity for improved technical rigor in implementing social accountability initiatives among civil society organisations is innovative.

Amongst the range of south-south networks that the WBI facilitates, here we highlight the importance of supporting south-south education networks. Building education is crucial for both human capital and social capital in the long-term.

The development of education and research capacity are important for long-term capacity fragile states in terms of enhancing ownership of knowledge and human capital

- Stronger education systems will support the development of future leadership by developing the capacities of individuals and instilling civil values in them.
- Stronger education systems will also strengthen the capacity of governments to deliver services and manage their finances more effectively. Stronger research capacities will also ensure that economic and social problems are met with nationally owned solutions.
- Stronger education systems can also, through the teaching of civil values, develop a more engaged civil society; interested in matters of the state and its development.
- Furthermore, alliances between academic and research bodies exist globally and their experience are easier to share across the south and with the north. These alliances would contribute to the strengthening of systems in fragile states.

- **Ensure engagement is anchored in local context and respond to local needs.** While there is important innovative thinking in the WBI/WB with regard to CD in fragile settings, there is also room for more effective engagement that is more anchored in context specific realities and needs. The importance of political economy analysis at the national, sub-national and sector level cannot be overstated. Moreover, there is a constant need for ongoing reassessment of rapidly changing political situations in which leadership, the balance of power and the rules of the game may be shifting quite rapidly. And this has implications for how CD programs work on the ground. Problem-focused political economy analysis, for example, would be a useful tool for sector level analysis.
- **Take risks:** Moreover, the WBI is well placed to innovate in areas where the WB is more 'constrained' in regard to interventions that may be seen to be too politically sensitive. (WB Taskforce 2005: 80).

Final remarks

- **CD should be driven first and foremost by the objective of unleashing the potential for change.** At the same time, agency is what drives development. CD should involve creative thinking about how to tap into agency to induce change in behaviour and mindset not just in technical skills and knowledge. This has implications for operations and staffing on CD projects. It requires, on the external actor side, the ability of staff to adapt to changing contexts, to experiment with existing opportunities and structures and to understand the complexities of human agency. This has implications for training and the kind of country expertise that is required
- **CD generally, but perhaps especially so in fragile contexts requires accepting that assessing impact needs to focus not only on tangible outcomes, but perhaps more so on intangible**

developments such as legitimacy, empowerment and voice , transformation of power relations (Baser et al 2008).

- **Finally CD in fragile situations needs to focus on building capacities that reduce fragility.** This means prioritising key areas that are vulnerable to contest or to being easily overwhelmed by domestic or external events (such as the policy centre of government) and those areas that are critical to building citizen perceptions of an effective public authority.

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