DEVELOPING CAPACITY IN FRAGILE STATES

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SUMMARY

How can fragile states and the international community strengthen capacity and find a path from fragility to socio-economic progress? This article offers some answers to this question. The discussion opens with brief overviews of capacity and capacity development (CD), and then turns to capacity targets in fragile states. Almost any CD choice involves trade-offs and dilemmas. The article explores the following: 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 model of CD intervention is presented. The model identifies three dimensions that can be used to characterise 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 of the model are identified. The article concludes with some emerging guidance for CD. Copyright © 2009 John Wiley & Sons, Ltd.

KEY WORDS — capacity development; fragile states; international donors; post-conflict

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 organisations and the neighbours of troubled states. Finding answers calls for better understanding of capacity and capacity development (CD). This article contributes to this search.

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 polarised 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 towards 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. Countries that have experienced violent conflict face a 40 per cent risk of renewed violence within 5 years (Collier *et al.*, 2003).

CAPACITY

As noted, capacity—particularly capacity deficits—figure prominently in characterisations of fragile states. 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

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of sectoral or national development strategies. A commonly used set of levels includes the following: (1) individuals, (2) organisations 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.

CAPACITY DEVELOPMENT

What can donors feasibly accomplish related to capacity, and what CD interventions are appropriate? CD is fundamentally—and importantly for sustainable progress—an endogenous process that concerns what goes on in a particular country, apart from whatever donors do (Eade and Williams, 1995; Baser and Morgan, 2008). 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 their environments (see Fukuda-Parr *et al.,* 2002). To oversimplify, early efforts consisted of projectised resource transfers, skill-building and organisational strengthening that ignored the environment within which 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 organisation to focus on politics, power and incentives.

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 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.[1] 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 (see Barakat and Chard, 2002).

Levels and targets for capacity development

Targets can be categorised according to the interconnected levels noted above: individuals, organisations and/or the enabling environment in which they function. 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)
- Organisation (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 1 provides illustrations of interventions for each CD target.

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

Table 1. CD targets and illustrative interventions

If CD targets are defined in terms of. . .	Then interventions focus on. . .
Resources	• Material and equipment • Micro-credit • Food aid • Budget support • Dedicated funding (e.g. trust funds, and social funds)
Skills and knowledge	• Training • Study tours • Technical assistance • Technology transfer
Organisation	• Management systems development • Organisation twinning • Restructuring • Civil service reform • Decentralisation
Politics and power	• Community empowerment • Civil society advocacy development • Legislative strengthening • Political party development • Discouraging ethnic-based politics
Incentives	• 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, as Table 2 summarises. 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 politicised environment of externally supported CD. Regarding the latter, donors' national foreign policy objectives influence choice of countries, intervention strategies and funding levels.

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, mobilise public opinion and put a media spotlight on intervention efforts. These factors often exacerbate organisational wrangles and uncoordinated cross-purposes among donors and their partners on the ground as they respond to their constituencies, and pursue their mandates and individual interests. Donors do not act as a unified decision-maker; turf battles and bureaucratic in-fighting are recognised features of post-conflict reconstruction efforts, including CD.[2]

The narrow 'margin of error' factor is qualitatively different from non-fragile situations: in societies that have been fragmented by deteriorating or conflict conditions, people's trust and tolerance levels tend to be lower and their suspicion levels are heightened. They are less likely to be willing to cooperate across societal groups or to give

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[2]Hence the frequent calls for donor coordination. See, for example, ODI (2005) and OECD (2006b).

Table 2. Comparison of CD in fragile and non-fragile states

Similarities	Differences
• Need to consider sustainability and reinforcement of endogenous capacity	• Pressure to restore services and security quickly
• Long timeframe	• Short timeframe
• Change agents and champions, political will and ownership	• Limited capacity to build on
• Importance of adaptation of intervention templates	• Often not simply rebuilding, but creating new capacities
• Systems perspective to capture complexity and interconnections	• Little 'margin of error' (e.g. lack of: trust and social capital, institutional resilience, etc.)
	• Hyper-politicised environment

Source: Author.

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 1. First, whichever capacity deficits donors target for CD in fragile states, from insufficient resources to inadequate policy frameworks and incentives, the political ramifications of these choices must be recognised. Donors need to think about how choices can positively or negatively influence stability and reconstruction operations and post-conflict assistance. Political sensitivity will be increased by: (a) learning enough about the country's socio-cultural and political context to assess with some degree of confidence what those ramifications might be, factoring that analysis into CD programming and ideally enabling CD programmes to target root causes of fragility, and not just symptoms and (b) communicating actively with country actors regarding CD plans and programmes to avoid contributing to misunderstandings, and engage country partners in a two-way exchange of ideas regarding capacity issues.[3]

Second, because of the limited capacity available in fragile states, donors should choose targets selectively and sequence CD assistance. For example, public sector agencies may have a range of capacity problems 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 organisations, which target(s) to prioritise are questions that need to be answered. The international community lacks definitive answers to selectivity, priority, and sequencing questions for CD in fragile states (World Bank, 2006). However, in many cases clear answers will remain elusive given the complex trade-offs involved.

CAPACITY-DEVELOPMENT DILEMMAS AND TRADE-OFFS

For donors, the overarching dilemma is between providing for basic needs and delivering services in the near-term and contributing to CD for the long-term. 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 capacity is partial at best.

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 programmes 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 (Lopes and Theisohn, 2003; Reich, 2006; Brinkerhoff, 2007). The challenge is exacerbated by the fact that CD takes time and demands for its exercise are ever persistent.

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[3]Vandemoortele (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.

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 espouse the principle that external interveners should transition from doing to capacity building, their designs are much more stand-alone operations than programmes of support to country organisations 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, 2005; ODI, 2005).

State versus 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). 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 time frames.

The pressures for quick response in states with weak and destroyed capacity, where needs for services are immediate, drive interveners to look to alternative sources of capacity to fill the 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:

- capitalise 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.

For example, in Timor Leste, international NGOs filled capacity gaps in health services and worked with donors and government public health officials to restore service-delivery capacity after the breakdown in public institutions and services. The capacity-building programme proceeded in phases, gradually transferring responsibility and authority for managing and financing the health system, and eventually phasing out the majority of the international NGOs (Rohland and Cliffe, 2002). 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 approach. Although they provided financing, they allowed Timorese professionals to take the lead. International health experts worked with the Timorese to develop their skills and knowledge and to strengthen organisational systems and policies (see Conflict, Security and Development Group, 2003: para 184).

Services now versus institutional strengthening

A related trade-off is how to balance the humanitarian imperative to provide immediate services 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?

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 (Barakat and Chard, 2002). 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 versus 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 stabilisation 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, concentrating CD largely on immediate security (disarmament, demobilisation 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 (Simonsen, 2006).

One consequence of this increase in instability is that CD for security forces emphasises ensuring that those forces can deal with crime and quell unrest and violence, with limited attention to accountability and development of a functioning justice system that can instil a sense of legitimacy regarding law enforcement among citizens (Ball, 2007). Stability requires more than law and order; in its largest sense it concerns the very foundations of how societies are governed and how citizens relate to the state. Long-term stability depends upon dealing with politics, power and incentives. Increased resources, skills and organisational effectiveness will not be enough, but these CD targets tend to be first and foremost on capacity builders' agendas.

Technical versus political

Capacity builders often focus more on resources, skills/knowledge and organisation 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. Further, country counterparts often share the view that capacity is largely a question of skills to be addressed through training, or of organisations to be strengthened through increased funding, equipment and management systems.[4]

Keeping CD technical also helps to meet performance targets and to report progress to constituents in the donor countries.[5] Projects funded, disbursements made, NGO grants awarded, training courses held, individuals trained and organisations assisted are all capacity-building inputs that can be counted. Performance outcomes that are the

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[4]See, for example, the study of capacity issues in Papua New Guinea's health sector, Bolger *et al.* (2005).

[5]In Iraq, 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.

assumed result of capacity increases can also be tallied and reported on, for example, immunisation and literacy rates, percentage of government spending on social services and so on.[6] These metrics can be used to track changes over time and/or to compare fragile states with one another.

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 1. Yet CD to develop these is more complex and time-consuming. Without them, however, increased resources, better skills and knowledge and more effective organisations are less likely to contribute to sustained fulfilment of the core state functions of security, service delivery and democratic politics.

As Table 2 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' (Brinkerhoff, 2008: 244). The United Nations administrations in East Timor and Afghanistan, and the reconstruction missions in Sierra Leone and Liberia all have confronted the politicised 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 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, 2007), 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).

External actors and local capacity

Several dilemmas are associated with the use of external actors in CD. 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.

Liberia's Governance and Economic Management Assistance Programme (GEMAP), established by the international donor community in September 2005, is an example of a response to corruption. GEMAP instituted 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. GEMAP allocated monitoring and oversight authority to international experts, and gave them co-signatory authority for financial management decisions. It also provided a variety of technical advisors charged with developing capacity and a hand-off to national actors (Dwan and Bailey, 2006; UNDP, 2006).

Beyond the political aspects of the balance between external assistance and engaging with local capacity, other more operational issues arise that can interfere with CD. The first is the brain drain from local organisations, 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'. Important issues for sustainable CD are how to avoid draining existing capacity as qualified people look to

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[6]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).

where opportunities lie, and how to transition from the islands of capacity embodied in individual projects to spread capacity more broadly within the public sector.[7]

A second challenge derives from the fact that external experts command higher wages and greater privileges than local actors. The perceived imbalances can lead to resentments, for instance, in situations where diaspora members return to their countries of origin as members of reconstruction and technical assistance teams (Brinkerhoff, 2008; Brinkerhoff and Taddesse, 2008).

Attitudinal issues constitute a third challenge, one that is not specific to fragile-state situations, but can become exaggerated in humanitarian and post-conflict crises. External actors may find it difficult to avoid a 'saviour' mentality 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.

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 fueling resentments and the dysfunctional relationships noted above. For example, Patrick (2001) notes that local NGOs and community groups were often ignored or marginalised 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 leads to a preference for hiring doers. External actors tend to be recruited for their technical expertise, not expertise in CD. Expatriate individuals, and international NGOs and contractor organisations, are often expected to build capacity, but faced with performance pressures and targets, they tend to focus on the results most easily measured: capacity substitution and gap filling.

A model for capacity-development intervention

Three intersecting dimensions are the main sources of CD dilemmas and trade-offs reviewed above: (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 1 presents the model.

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 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.

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[7]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 called for a major cut in their numbers.
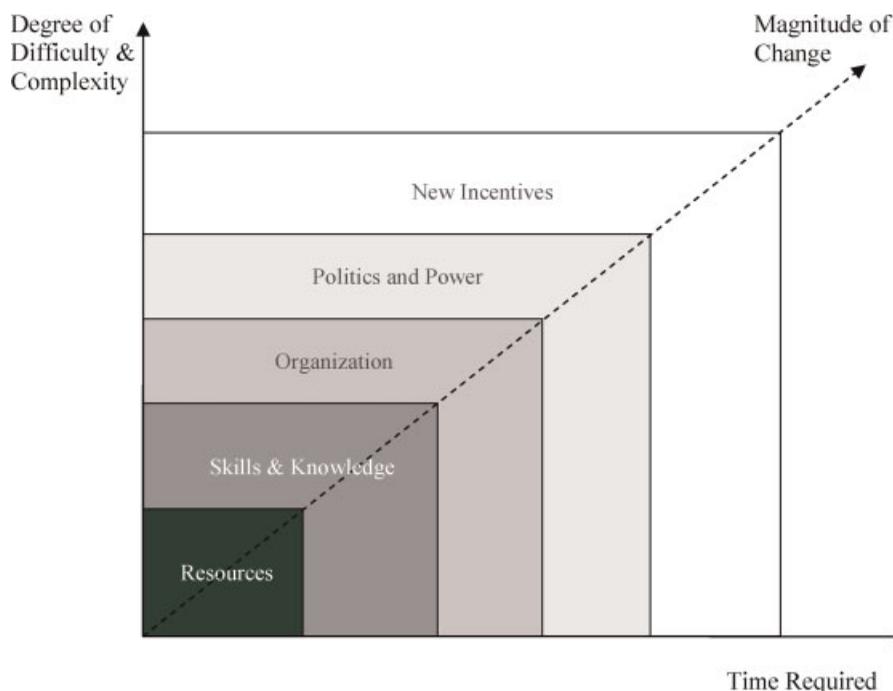
Figure 1. Capacity development model. Source: Author, adapted from Fowler (1997: 193).

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 programmes. An example clarifies 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.

However, 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, 2006). The ARTF targeted skills and knowledge, as well as organisational capacity gaps. 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 is more complex, difficult and time-consuming.

Implications of the capacity-development model for fragile states

Time requirements

The horizontal axis in the model underlines the need both to adjust CD outcomes in fragile states to fit donor programming and intervention calendars, 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, while CD, beyond resource transfers, is usually a long-term endeavour. Experience has shown that the window for funding allocations and for committing human and organisational resources is generally from 1 to

3 years. It is during that period that donors announce ambitious mandates, launch projects and ramp up spending rates. This means that the timeframe to reach the intended targets, which often include fundamental changes in sociopolitical structures and new incentives, is often insufficient to achieve the intended outcomes. Further, 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 several cautions. 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 grants and 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 (see ODI, 2005; FSG, 2006). 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 summarised 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 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.

CONCLUSIONS: IMPLICATIONS FOR CAPACITY DEVELOPMENT

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 programmes.

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 dynamic pushes external actors towards bypass options and gap filling. 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 bypass government with independent transitional administrative structures, separate funding arrangements for their own independent programmes, 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. 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 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.[8]

In summary, there is no one 'right' way to develop capacity, and the intervention process in most fragile states is chaotic and fragmented. Despite these caveats, there are some signposts that can point towards enhanced prospects for success.

Successful CD in fragile states benefits from harmonised purposes

The difficulties of harmonisation 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 harmonising purposes derives from their blend of technical and political objectives. CD in fragile states is a highly political, and often politicised, undertaking, although the language of CD tends towards the technical, the bureaucratic and the euphemistic.[9] CD suffers when politics drive purposes to the exclusion of considerations of technical feasibility and sustainability. On the other hand, it also suffers when technical prescriptions ignore political realities.

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. The selection process should involve local decision-makers, and capitalise on taking advantage of windows of opportunity that open with the emergence of political will.

CD needs to recognise which mix of targets needs to be addressed (resources, skills/knowledge, organisation, politics and power and 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. Figure 1 graphically illustrates these interconnections. The pressures 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 organisational strengthening. However, absent attention to the socio-cultural and psychological elements of capacity, the 'countable' interventions are likely to fall short of their expected contributions to reductions in fragility.

CD needs competent capacity developers

As experience demonstrates, all those who are assigned CD roles are not equally endowed with the abilities and mentalities necessary to work with local actors and organisations to enable them to increase their capacities. An ongoing discussion in technical assistance is the variation in the capacity of external TA to build capacity.[10] As whole-of-government approaches bring new capacity builders into fragile state operations, the issue of the capacity

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[8]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.
[9]A well-recognised example of the latter is how problems with corruption are characterised as 'lack of administrative capacity' or weak 'absorptive capacity'.
[10]See, for example, the discussion in Smillie (2001).

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, organisation 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.[11] 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.

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[11]Examples include DFID's drivers of change, see: www.gsdrc.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 Stabilisation 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/

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