UGANDA

THE AFRICAN CAPACITY
BUILDING FOUNDATION

STUDIES IN RECONSTRUCTION AND CAPACITY BUILDING IN POST-CONFLICT COUNTRIES IN AFRICA

SOME LESSONS OF EXPERIENCE FROM UGANDA

ACBF EXECUTIVE BOARD
31st Regular Meeting
May 5-7, 2004
Harare, Zimbabwe

EB/R31-OC/5-2A4

STUDIES IN RECONSTRUCTION AND CAPACITY BUILDING IN POST-CONFLICT COUNTRIES IN AFRICA

SOME LESSONS OF EXPERIENCE FROM UGANDA

AN ACBF OPERATIONS-BASED STUDY BY

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Revised Report December 2003

ACRONYMS

ACBF	-	African Capacity Building Foundation
AERC	-	African Economic Research Consortium
AU	-	African Union
AUMC	-	Association of Uganda Management Consultants
CAS	-	Country Assistance Strategy
CBS	-	Capacity Building Secretariat
CFF	-	Compensatory Financing Facility
CSRP	-	Civil Service Reform Program
DP	-	Democratic Party
EDP	-	Enterprise Development Project
EPRC	-	Economic Policy Research
ERC	-	Economic Recovery Credit Center
ESAF	-	Enhanced Structural Adjustment Facility
EU	-	European Union
GNP	-	Gross National Product
GDP	-	Gross Domestic Product
HIPC	-	Highly Indebted Poor Countries
HRDP	-	Human Resources Development Project
ICBP	-	Institutional Capacity Building Project
ICO	-	International Coffee Organization
ICPAU	-	Institute of Certified Public Accountants in Uganda
IDA	-	International Development Agency
IMF	-	International Monetary Fund
KY	-	Kabaka Yekka
MA	-	Master of Arts
MDFT	-	Multi-Donor Trust Fund
NGO	-	Non-Government Organization
NHEC	-	National Higher Education Council
NMC	-	National Manpower Council
NMC	-	National Policy Instrument
NRA	-	National Resistance Army
NRC	-	National Resistance Council
NRM	-	National Resistance Movement
PCU	-	Project Coordination Units
PEAP	-	Poverty Eradication Action Plan
PEP	-	Public Enterprise Project
PIP	-	Public Investment Plan
PMA	-	Plan for Modernization of Agricultural
PRSP	-	Poverty Reduction Strategic Papers
PSRRC	-	Public Service Review and Recognition Commission
RC	-	Resistance Council
TA	-	Technical Assistance
UICBP	-	Uganda Institutional Capacity Project
UMA	-	Uganda's Manufactures Association
UMI	-	Uganda Management Institute
UN	-	United Nation
UNDP	-	United Nations Development Program
UPC	-	Uganda People's Congress
WTO	-	World Trade Organization

SUMMARY

1.0   Post-colonial events in Uganda are easily divided into four periods corresponding to the dominant political regimes: the newly independent government under Milton Obote from 1963-71; the Amin era 1971-79; Obote 11 1980-85, the National Resistance Movement government 1986 to present. The three periods have had far reaching implications for the evolution of the capacity development in Uganda.

1.2   Uganda had one of the most vigorous and promising economies and polities in sub-Saharan Africa at independence. Favored with good climate and fertile soils, the country was self-sufficient in food, with the agricultural sector being the largest earner of foreign exchange. Manufacturing produced the basic inputs and consumer goods and foreign exchange through the export of textiles and copper. The main problem during the early years of independence was the acute shortage of qualified and skilled manpower particularly for professional and technician posts which most non-Ugandans held. By the early 1970s, through aggressive expansion of primary, secondary and tertiary education, as well as training abroad, Uganda's overall capacity in every field was well above the sub-Saharan average. However, growing political conflicts and Obote's creation of a one-party state in the mid-1960s led to increasing tensions, culminating in the overthrow of his government in 1971 through a military coup led by General Idi Amin.

1.3   The Amin era was a period notorious of political and economic mismanagement leading to severe economic decline, political instability and increased violence. The regime radically reversed the economic and social progress attained since independence, as the ensuring civil strife resulted in tremendous loss of human life. It has been estimated that 500,000 may have lost their lives during Amin's eight-year dictatorship, 1 million people were internally displaced from their homes and farms and as many as 200,000 Ugandans had fled the country and were living in exiles. Between 1970 and 1980, Uganda's GDP declined by 25 percent, exports by 60 percent and import volume by close to 50 percent. With the large increase in military expenditure, the government budget became increasingly untenable and was largely financed by bank borrowing, which resulted in average inflation rates well in excess of 70 percent. By 1985, government expenditure on education and health, in real terms, amounted about 27 percent and 9 percent respectively of the 1970 level.

1.4   At the same time, the weak and inefficient government exercised excessive controls over the economy and society, which resulted into pervasive caprice, arbitrariness, rent seeking and corruption. The members of the Asian community, which had dominated the industrial and commercial sectors, were expelled and their properties handed over as a form of political patronage. This loss of entrepreneurs and skilled manpower resulted in the breakdown in the management of commercial and industrial sectors. As the remaining skilled Ugandans were severely intimidated, most of them fled the country, and were replaced by semi-illiterate soldiers and civilians in managerial and

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senior civil service positions. Naturally, standards in the civil service were severely eroded, and a significant decline in economic output and political insecurity. In 1979, the military overthrow of Amin's regime by a combined force of the Tanzanian army and Ugandan exiles. This marked the peak of destruction with some social and economic infrastructure destroyed and another flight of educated and managerial classes.

1.5   There was a relatively brief attempt to stabilize and revitalize the economy in the early 1980s. The economic mismanagement and abuse of human rights on a massive scale continued during Obote 11. It is little surprise that the recovery remained weak partly because of the major structural problems that had emerged during the previous decade, as well as the political uncertainty that followed, characterized by a competition among many former exiles who participated in the overthrow of Amin, failed to bring the cohesiveness and political unity needed to support the reconstruction of the shattered economy and society. Political and economic leaders of Obote 11 administration were largely drawn from a range of military and civilian backgrounds with different ideological leanings, making it difficult to resolve policy conflicts. The National Resistance Army captured Kampala in January 1986. By mid-1986, the military campaigns were officially declared successful in the Southern, Western and Central Uganda. Pockets of resistance continued, especially in the North.

1.6   Today, seventeen years of reconciliation, policy reform, and policy recovery are a direct result of the interaction between a government which has created a benign environment of development, and donors who have provided generous support conditional on compliance with a standard package of structural adjustment policies involving changes in macro-economic management. These include the removal of price distortions on foreign exchange, capital, and essential commodities, improved fiscal and financial discipline, the reduction of marketing monopolies and state controls, and civil service reform. The government has, in turn, set up participatory political structures at national and local levels, restore law and order, and taken many of the unpopular decisions required to enforce the changes demanded by the adjustment policy.

1.7   The early post-conflict capacity building interventions by international donors in Uganda (1986-1989), which is the primary focus of this study as per the terms of reference, were largely informed neither by serious needs assessment evaluation studies, policy framework, institutional coherence, effective participation and ownership of beneficiaries nor by a radical departure in aid delivery modalities. Not surprisingly, most of the capacity building assistance offered tended to be donor-driven, uncoordinated, short in timeframes, and had limited in-built capability to contribute effectively to longer-term processes of institutional change.

1.8   In order to broaden its power base and forestall potential competition and polarization, the National Resistance Movement (NRM)-led government invited leaders from other political parties and the top military brass from rival armies and offered them top cabinet and military posts. In the short and medium term, the idea of a broad-based national government was perceived as an imaginative policy choice of promoting peace, retaining the best and brightest at home and managing the conduct of "potential political

spoilers". In addition, the government suspended multi-party politics in order to concentrate on national political healing, reconciliation and unity. The broad government of national unity sought to promote strategic partnership between the state, the private sector and civil society in a post-conflict reconstruction and development. It also sought to provide the NMR government with sufficient political space to concentrate on rebuilding the economic and political institutions, creating a disciplined army and police, promoting a conformist parliament and courts, building and nurturing an enlightened, patriotic human resource base capable of servicing the new political dispensation.

1.9   At the lower levels of governance, the NRM government introduced structures of social mobilization and control known as "resistance councils" (RC). These structures operated in a hierarchical fashion all the way from the village, parish, and sub-county, county to district and eventually at the national level. By 1989, they had become the only vehicle for grassroots democratic participation and electing representatives into the government-controlled parliament. The RC system was rationalized on the grounds that post-conflict Uganda was faced with the major challenge of a polarized society. Rebuilding bridges of communication between social groups and promoting participation in political life demanded a deliberate social engineering program rather than single-mindedly embarking on divisive and competitive politics. Having created the right political environment, the NMR government went forward to mobilize international support to reconstruct the economy and society.

1.10   Under the World Bank aid coordination, Uganda received a vast range of capacity building support resources from the international community to address a diversity of public service administration and technical gaps in almost every institution of the state. It is important to emphasize, from the outset that under very difficult post-conflict environment in Uganda, interventions were informed by neither comprehensive capacity assessment studies nor did the international community tailor its modalities of technical cooperation delivery to suit the new contingencies. A few core agencies of economic management like the Ministries of Finance and Economic Planning and the Public Service, the Bank of Uganda, the Auditor General's Office and the Uganda Revenue Authority were initially targeted for special technical assistance. Moreover, the initial institutional restructuring resolved around the clarity of responsibilities between core agencies and the merger of the Ministries of Finance and that of Planning and Economic Development to form the Ministry of Finance and Economic Planning provided a more appropriate framework within which to manage the economy.

1.11   The immediate post-conflict capacity building interventions in Uganda included the provision of technical assistance, training, best practices, tools and equipment and transport facilitation. The provision of technical assistance was deliberately targeted to a few carefully selected line ministries and government agencies. First, it largely consisted of long-term advisors/experts and short-term consultants. Long-term advisors were mainly provided in the areas of economic management, policy formulation and strategic planning, organization reforms and institutional strengthening. Second, the training component was provided in four categories, namely short-term formal training in specific technical and management aspects lasting between a few works to six months; long-term

training, including post-graduate training of professional cadres to upgrade their academic qualifications; in-house training, mainly department based on-the-job training targeting new staff and existing staff in new management positions; and sensitization seminars and workshops designed for all government administrative cadres in central and local governments to induct them to modern financial and administrative procedures, project management, implementation, supervision, monitoring and evaluation. Third, capacity building intervention in Uganda included the provision of tools and equipment. Donors supplied computers and accessories, office furniture, photocopying machines, telephones and fax, and medical equipment. Finally, capacity building interventions included the provision transport facilitation, namely cars and motorcycles.

1.12   It is important to point out that in the absence of an effective government and societal capacity, the immediate post-conflict capacity building efforts in Uganda, as elsewhere on the continent, were essentially *ad hoc,* haphazard and donor-driven. They came through as scattered, loosely coordinated and expensive technical assistance personnel, with accompanying technical equipment to facilitate their various assignments. As a result, most donors took the responsibility for the execution of the projects that they funded by establishing their own project coordination units (PCU), which often bypassed governmental structures. Under the prevailing serious shortage of personnel and unreliable government funding, very little rigorous in-house counterpart training of Ugandans was undertaken. Several donors including the UNDP, the British Council, CFTC, Germany, Canada and the European Union offered expensive scholarships for Ugandans in specialist skills and professions. Unfortunately, some of these trainees did not return to Uganda given the unfavorable working conditions. Not surprisingly, the earlier capacity building programs were poorly coordinated both within and between line ministries and between government and the donor community. More often than not, they were designed and executed without being guided by a common national strategy. This resulted into a lack of linkages or comprehensiveness.

1.13   As one of the World Bank studies noted, despite the Bank's respected performance in coordination, less apparent was any overall strategy for reconstruction, which prioritized and sequenced sector activities. Beyond the macroeconomic framework, coordination with respect to particular sectors or programs, like capacity building, was not evident, despite a view that a comparative advantage arising from the Bank's multi-sectoral nature was the potential to coordinate across sectors. The report also pointed out that nationally, despite coordination structures, some replication of project initiatives and donor competition in a donor-driven environment were not uncommon. The study recommends not only a strategic partnership and coordination of key national actors, donor agencies, development NGOs, but also the creation of multi-donor trust fund (MDTF) to undertake critical crosscutting subjects like post-conflict institution development and capacity building.

1.14   The above blemishes, notwithstanding, the earlier capacity building initiatives had far-reaching implications in the subsequent capacity building efforts in Uganda. With regard to institutional capacity building, the major outcome of this exercise revolved around the public sector reform in which government ministerial structures were

reviewed resulting into merging, reconstitution, abolition and creation of new ministries. The primary objectives of this exercise were essentially two-fold. One, it was to streamline the government structure and to rationalize its functions and systems in order to increase efficiency and effectiveness in service delivery. Two, it was to reduce government operations by hiving off to private hire agencies some functions that do not form the core business of the government but which are critical to the delivery of key government services to the people. This exercise was in line with the emerging government policy of withdrawing from direct production and direct delivery of services to assume its new role of facilitation, regulation and monitoring of private sector operations.

1.15   Donor-driven capacity building in Uganda would be successful in a very narrow sense. It developed capacity within a few identified institutions to carry out some specific functions and achieve identifiable outputs. With respect to technical assistance, the focus was on establishing systems and filling the manpower gaps created by the loss and/or displacement of skilled personnel during the war. Various training programs created a critical mass of economist and statistician cadres; the reintroduction of statistical bulletins, the increased flow and improved quality of policy papers and briefs, incremental improvements to the planning and budgetary systems coupled with the growing political consensus on policy change and a return of some professional Ugandans from the Diaspora. Such capacities could neither be sustained nor replicated into meaningful capacity in other existing organizations. This is partly because capacity building of this particular mode hardly "mainstreamed", but kept parallel and apart.

1.16   The study has found that the sustainability of these poorly conceived and haphazardly planned capacity building initiatives were quickly threatened by a number of structural and political factors. *First,* the primary agency to reconstruct the state and economy in Uganda was, in principle, supposed to be led by the Ugandans themselves. In practice, the friends of Uganda in the donor community played overly interventionist roles in the provision of finance, technical assistance and policy advice and or conditionalities. Under this donor-driven, with too much donor competition, the capacity building regime in Uganda was not undertaken as an organic process. It did not start with a comprehensive needs assessment to establish institutional and manpower gaps and priorities so as to build on them in a manner that respects peculiar post-conflict conditions, continuity and fosters sustainability. Nor were they integrated into government medium-term expenditure framework and budget. The study recommends the need for ACBF to assume a donors' coordinating role in all matters dealing with capacity building in post-conflict situations in Africa and impress on its recipients to integrate donor resources into government medium-term expenditure frameworks and budgets. Like the World Bank and other major organizations, ACBF's possible entry point may be to establish a post-conflict unit that would coordinate studies on capacity building needs assessment, capacity building plans, assume aid coordination role in the capacity building initiatives, advise and support other staff members in developing and implementing cost-effective strategies to restore human and social capital in war-shattered economies and societies and consolidate ACBF's cross-country learning on post-conflict reconstruction issues.

1.17   ***Second,*** in the early years of structural adjustment and reconstruction, the Bank and the Fund literally "ran the policy management show" in Uganda. As Tony Kellick (1997) has observed, "Letters of Intent" which are ostensibly from government, were almost invariably drafted in Washington, D.C, with governments left trying to negotiate variations in a document presented to them. He concluded, "…It is difficult to imagine a procedure more subservient of ownership". To be sure, external imposition weakened and dis-empowered rather than strengthened Uganda's administrative capacity and undermined the moral authority of the state, which was seen to have accepted external diktat. It also generated hostility from some domestic groups whose knowledge and skills would have been invaluable inputs in the success of any policy. The study recommends the need to strengthen existing capacities and institutions through ownership, local participation and comprehensive budgetary reviews.

1.18   ***Third,*** reconstruction and capacity building after a prolonged violent civil conflict tends to be a long and formidable task. The main challenge to the post-conflict government, NGOs and the donor community in Uganda was whether or not adopt a paradigm shift from the "rational development model" that works under normal conditions to a "specialized post-conflict development model". As John Stuart Mill observed in his ***1873 Autobiography,*** "No great improvements in the lot of mankind are possible, until a great change takes place in the fundamental constitution of their modes of thought". Arguably, the specialized post-conflict approach has entirely different requirements from a development universe. For the economy that is in ruins, the government capacity in tatters and the private sector largely in disarray, recovery requires incremental planning, careful and realistic policy reforms and careful consideration of the post-war constraints. Additionally, some characteristics of post-conflict setting – fragility of political environment, skittishness of private investment, concentration of wealth and access to resources, thinness of financial sector markets, and severely reduced governance capacity – make some conventional wisdoms not applicable, at least not in the short run. While the immediate post-conflict period can be a "window of opportunity" to pursue policy reforms, especially those essential to macroeconomic stability and democratization, caution should be exercised in pursuing an ambitious reform agenda too soon after a major social collapse. The failure to grasp these basic fundamentals, leads overzealous actors in the post-conflict environment to chase their own shadows (World Bank, 1997:161). By the same token, the early stages of post-conflict reconstruction in Uganda was highly unlikely to make optimum use of any assistance delivered under conventional development assumptions. The study recommends the need for the government, private sector and the donor community to appreciate the special development needs of post-conflict societies and to treat them differently from normal developing countries. The ACBF may consider adopting an ***Operational Policy Statement on Post-Conflict Reconstruction*** that consolidates, clarifies, and refines existing policy guidelines for support to post conflict reconstruction. The policy statement should be read together with the Fund Procedures and Good Practices emphasizing a ten-year period of consistent support of its capacity building initiatives in post-conflict countries. The Operational Policy would consider the following issues:

- Advise on economic development implications of peace accords options
- Aid coordination in capacity building initiatives
- Definition of priorities in capacity building initiatives
- Flexibility in programming, design and implementation of capacity building initiatives
- Institutional arrangements for capacity building initiatives
- Monitoring and evaluation of capacity building programs
- Promotion of equitable development and peace building

1.19   ***Fourth,*** the sustainability of capacity development in the immediate post-conflict Uganda was threatened by inordinate dependency on foreign financing and expertise without any imaginative exit strategies. International community interventions should aim to build capacity not only in government, but should also invest in higher education and other relevant knowledge institutions and NGOs. This will support the development of human capital more broadly, and will strengthen the country's ability to nurture, sustain, update and regenerate capacity over time. On the revenue side, although the Uganda Revenue Authority's performance has improved over the years, development financing in Uganda continued to be highly dependent on unpredictable foreign resources, which remained inadequate to remunerate fairly Ugandans working in the public service. In fact, the net aid flows and dependence of technical assistance personnel substantially increased in the subsequent years and showed no signs of diminishing even after the whole decade and a half of reform and reconstruction. Worse still, despite an aggressive training program of the earlier post-reconstruction phase, donors continued to depend significantly on expensive, and often, less knowledgeable foreign technical assistance personnel. The study recommends that Uganda should judiciously implement the existing technical cooperation policy in order to minimize distortions imposed by the ill-planned and poorly coordinated technical cooperation arrangements.

1.20   ***Fifth,*** the earlier capacity development programs in Uganda were not anchored on firm national institutional framework, policy or plan that established a country's system for decision-making and establishing priorities. Our interviews with senior government officials and donors in Kampala indicated that several capacity building projects were designed and implemented as autonomous entities without linkages with similar or related activities in other sectors. Capacity building projects and programs tended to be designed and implemented in isolation without being guided by either a common national plan or strategy. In short, they remained uncoordinated and poorly integrated at different levels: within ministries, between ministries and between the government and the donor community. A national capacity building framework would have been responsible for identifying national priorities, developing national policies and programs, coordinating activities in the various capacity building areas, liaising with donors on the necessary external funding, monitoring the implementation of programs, evaluating the impact of capacity building initiatives, and consolidating information on the various capacity building efforts. In the absence of such a framework, capacity building initiatives have tended, at least in the first post-conflict decade, to be *ad hoc* and haphazard at best and *laissez faire* at worst. The study calls for a multi-sectoral capacity building framework,

with emphasis on dialogue – both between donors and government but also more broadly within countries.

1.21   **Sixth** and as pointed out earlier, immediately after the capture of state power, the new NRM government seriously suffered from weak institutional capacity. This was amply demonstrated not only by its weak capacity to formulate and implement consistent development policies, inability to manage the economy but also crucially by its inability to manage productive relationships with multilateral and bilateral institutions as well as NGOs. Not surprisingly, donor agencies set the agenda, and created parallel organizational structures manned by foreign technical assistance personnel that planned and executed development projects and programs with little or no participation of indigenous counterparts. Worse still, various internal evaluation reports and interviews with senior Ugandan officials indicated that in the earlier years of the reconstruction program in Uganda, donor agencies did not work in a very participatory manner in terms of involving beneficiaries or various sections of civil society. Rather than empower and strengthen the available local human and institutional capacities, parallel organizational structures served only to dis-empower the Ugandan institutions and society that they purported to be helping. The sustainability of capacity building effort calls not only for strong government ownership and participation right from the start but most importantly, the need to for donor self-coordination, standardization of their processes and requirements, and harmonization of their goals with nationally determined and accepted goals and priorities. Such improvements may be helpful in reducing some of the problems of fragmentation; competition and the heavy administrative burden associated with donor funding that strain or even overwhelm partner country institutions. Finally, the study recommends building capacity of local training, research and consultancy sectors that will provide the much-needed knowledge-intensive services and participate effectively in the global knowledge and information exchange networks.

1.22   **Seventh,** the sustainability of capacity building initiatives in Uganda was threatened by the unfavorable working conditions and inappropriate incentive structure for public service workers. As pointed out earlier, the capacity that is being created and utilized to realize a set of development goals will need to be retained further developed and sustained over time. Inadequate salaries and other incentives can easily stifle the creativity and effort of public and private officials and induce them to divert their efforts and attention to undesirable activities or engage in unprofessional behavior such as corruption or embezzlement of funds. Low salaries and lack of appropriate and uniform incentives (e.g. housing schemes, transport, family welfare benefits, travel etc.) were observed to be major cause of high turnover of trained staff in the Ugandan civil service. The current low salaries and benefits in public service in Uganda will continue to pause a threat to capacity retention efforts. The study recommends that the strengthening institutional frameworks and making them more conducive to developing and sustaining capacity should be the priority of governments and donors alike. This includes both working to improve the quality of governance generally, and establishing incentive schemes for performance for individuals and organizational capacity development.

1.23 ***Eighth,*** like the addiction to opium, the more technical assistance the Ugandan government received, the more it tended to request. Understandably, there are usually short-term gains associated with dealing with foreign advisors and consultants than local experts. These include foreign trips, accessibility to aid-funded vehicles, computers, and the like. Like donors, recipient governments perceive technical assistance personnel as an easier channel of communication with donor agencies: they can act as interpreters and facilitators on behalf of recipients and deal directly with donors on issues that arise during the course of project implementation. Indeed, as Goran Hyden (1994:9) observed, the arrangement "encourages political leaders and officials in the recipient country to consider their relations to the donors as more important than those with their own people". Vested class interests of this kind have forced some critics to question the otherwise "hidden agenda" on both sides of the aid relationship (Hayter, 1991; Bhatt, 1980). The study recommends the creation and nurturing of an enlightened political leadership that will cherish national pride, independence, and dignity. The ACBF may consider participating in the funding of the annual Eastern African Young Leadership Summer program, which exposes future leaders (the best and brightest from East African Universities) to leadership norms, ethics and best practices.

1.24 ***Finally,*** Uganda lacked a framework of effective mutual collaboration in which the government, NGOs, donors and other small self-help groups make contributions to capacity building and poverty reduction. Uganda like many African countries, is a conglomeration of micro-environments which makes it difficult to apply blanket solutions to the whole country. Activities in one sub-environment may be organized differently from those in another. The study recommends to ACBF the adoption of a "learning system", in which numerous small activities develop effectiveness and then efficiency before expanding. These activities should be closely adapted to local conditions and preferences, and supported by government policies in creating conditions for increasing production activities and investment in human resources at the local level.

1.25 In conclusion, after about first five years of learning by doing, mobilizing internal political coalitions, reforming and streamlining government structures, accumulating and nurturing a critical mass of technocrats in key civil service positions, the government of Uganda gradually institutionalized policy management in general and capacity building in particular. The lessons of experience and best practices distilled from this latter period were deliberately included in this study in order to enrich arguments and strengthen conclusions.

Contents

STUDIES IN RECONSTRUCTION AND CAPACITY BUILDING IN POST-CONFLICT COUNTRIES IN AFRICA

SOME LESSONS OF EXPERIENCE FROM UGANDA

HISTORICAL AND THEORETICAL SETTING

Study Scope and Methodology

1.1   Case studies of four diverse country experiences form the core of this assessment. They are Uganda, Rwanda, Mozambique and Sierra Leone. Liberia was dropped because of logistics problems. Since researchers did not participate in the selection of the countries to be studied nor in deciding on the periods to be covered for each respective country, we took liberty to extend the mandate of the terms of reference by documenting histories of each conflict and by going beyond indicated time frames in order to draw from experience for future best practices.

1.2   The sources of information of this retrospective study were two-fold: intensive reviews of the recent literature on the effectiveness of international intervention in capacity-building and structured interviews with interviews with officials in government, private sector, civil society and in international development agencies. The first stage of the study used secondary sources, which included a review of books, journal articles and newspapers, official and unofficial government documents as well as those from major development agencies. These reviews analyzed donor and recipient experiences from various post-conflict countries and highlighted valuable insights and knowledge gaps concerning capacity-building policies, processes, and institutions involved in the provisions of emergency relief, reconstruction and reconciliation. The second phase used primary sources, mainly in the form of structured interviews and informal conversations and discussions with senior officials in government, private sector and in the donor community in Kampala, Uganda and in Washington, DC. A selected list of the documents we reviewed and the people we interviewed can be found in the references and annexes, respectively.

1.3   Answers were sought on questions such as (i) who formulated the demand for capacity-building needs? (ii) How and to what extent were national institutions involved in designing, implementing and evaluating post-conflict capacity-building programs? (iii) What critical factors impeded the said programs to realize their full potential? (iv) To what extent were those programs sustainable? And, (v) how and to what extent was the national leadership involved in articulating needs, priorities and their sequencing?

1.4   Although fully aware of the subjective nature of the interviews, and the need for caution in processing the information obtained, there was a strong conviction that interviews would allow a nuanced grasp of the reality of the experiences through perception, frustration, and expectation of a wide variety of actors and stakeholders. The main objective of the study was to draw conclusions and present recommendations that would provide a guide to strategies and instruments for post-conflict capacity building initiatives by the African Capacity Building Foundation (ACBF) in post-conflict

settings. Additionally, the study aims to contribute to a dialogue on the Fund's ability to respond more effectively and efficiently to the needs of societies rebuilding after conflict. It also provides recommendations for clarification and refinement of the Fund's policy in this area. A selected list of documents reviewed and a list of persons interviewed are contained in the bibliography and annexes respectively. Due to the limitations imposed by time and resources, we managed to visit Kampala and Washington, DC for only three and five working days, respectively.

1.5   The Report is thematically organized. It starts with a theoretical presentation that informs the explanation of the nature of conflicts and their costs. This is followed by a short historical background of the Ugandan political economy that provides the context for understanding the impact as well as limitations of external interventions in conflict mitigation, reconstruction and capacity building. Finally, lessons of experience and best practices are presented and discussed in lieu of a conclusion.

Conflict and African Politics

1.6   In the realm of peace and security in Africa, the 1990s witnessed dramatic and profound changes throughout the continent. With the conclusion of the Cold War, some of the major tensions between East and West over the African battleground were markedly eased.   South Africa and Namibia installed democratically elected governments. Relative peace and stability was established in Mozambique after three decades of confrontation between the warring parties.   Several dozen of African countries held democratic elections.   Unquestionably, all these were positive and significant signs of peace, stability and development. However, while many parts of the world moved toward greater stability and political and economic cooperation, Africa remained one of the cauldrons of instability. Political insecurity and violent conflict became increasingly persistent realities of the development scene in Africa. Internal strife with deep historical roots surfaced in many countries on the continent. Ironically, while the international community paid less and less attention to African security affairs, the continent's institutional and organizational capacity to manage its pervasive conflicts was not developing at the same pace as the escalation of conflict. Against such a backdrop, peace and peacemaking in Africa emerge as critical issues in global politics.

1.7   Widespread societal conflicts in Africa are often played out against the backdrop of deep poverty, illiteracy, and weak systems of governance.   Undermined by unfavorable terms of trade, indebtedness and administrative failures, most states in Africa have not responded adequately to the critical social needs of their citizens. In the most extreme cases, Africa's insecurity has been reflected in traumatic episodes of collapsed and fragile states.[1] Almost invariably, state collapses are products of long-term degenerative politics marked by a loss of control over the economic and political space. As would be expected, collapsed states in Africa have had harmful spillover effects on neighboring countries. The overflow of refugees, heightened ethnic tension in some cases, and the resulting diplomatic conflicts, have engaged substantial resources and efforts from relatively stable countries that share borders with collapsed states

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[1]. "Fragile states" are understood to be countries facing latent or protracted conflict (including situations of war), countries emerging from conflict (with major uncertainties as to their future stability) and countries directly affected by regional conflicts. Their "fragility" can take different forms. In the extreme cases, state structures have disappeared. In other cases, the central state may appear strong (e.g. in terms of military control), but lacks legitimacy, controls only part of the national territory or fails to deliver even the most basic services (including in developmental terms). The net result is generally a situation of chronic instability, insecurity, violation of human rights, economic and social collapse, high levels of aid dependency and rising levels of absolute poverty (Rugumamu, 2001).

(Zartman, 1995: 1-5). In the process, what were once thought to be merely domestic conflicts, not in the purview of international organizations such as the United Nations (UN) and regional organizations such as the African Union (AU), have now been internationalized. External actors have been drawn into what was technically a civil war in order to restore peace and security. It has become increasingly apparent that Africa should develop capacity to deal with its own growing domestic security problems.

Essence of Conflict and Conflict Mapping

1.8   From antiquity to contemporary times, competition and conflict are regarded as inherent phenomena in both nature and society. Latent or violent social confrontations have long been considered as the *primum mobile* for social change and transformation. Arguments to support this proposition that conflict and competition are inevitable and ubiquitous in all societies at all times abound. Similarly, in the best of circumstances, conflict and competition are bounded and circumscribed. Contending groups of people and rival nations get involved get involved in violent conflicts either because their vital interests or their values are challenged, or because their needs are being not met. The deprivation (actual or potential) of any important value induces fear, a sense of treat, and unhappiness. Whether contending groups in a particular society are defined by ethnicity, religion, ideology, gender, or class identities, they have, by definition, different needs, interest, values and access to power and resources. Understandably, such differences necessarily generate social conflict and competition. What is at issue, therefore, is how to represent, manage and resolve inherent social conflicts before they degenerate into violence and massive destruction. The aim of conflict prevention then is not to prevent conflict as such, but to reduce the likelihood of specific conflicts becoming, or continuing to be, physically violent (Goodhand and Hulme, 1999:14).[2]

1.9   The major positive and negative changes and transformations in world history occurred as a result of resolving old intractable conflicts through violence or war. In fact, the epoch-making social revolutions of past centuries were the only way of resolving the irreconcilable conflicts of different social formations. On the ashes of destruction and disintegration caused by the previous system, social revolutions provided societies with unique opportunities to devise more conducive institutional arrangements to meet the challenges of the new times. In this broader sense, therefore, conflict *per se* is not at issue. The existence of conflict does not in itself necessarily lead to the eruption of widespread hostilities. The tolerance and coping capacities of the poor, excluded and marginalized are legend and manifold. Conflict does engender large-scale violence if various structural conditions are present, such as authoritarian rule and a lack of political rights, state weakness and/or lack of institutional capacity to manage conflict. The risk of an outbreak of violence increases when these conditions exist

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[2]. Termed either "conflict", "war", or, more fashionably, "complex political emergencies" they may be characterized by the following predictable features:

- They occur within and across state boundaries. Although the conflict may originate or take place within a particular state, they also have regional origins, spillover effects and involve numerous external actors
- They are political in nature. The competition for power and scarce resources is the central dynamic in social conflicts
    - They have multiple and interconnected causes
    - They are protracted in duration. They may subside and escalate over time so that sporadic violence and the threat of violence become the accepted norm
    - They are embedded and are expressions of cleavages within existing social, political, economic and cultural differences
    - They involve predatory social formations. Often ethno-nationalist in nature, conflicts involve groups that can be mobilized and violently manipulated by conflict entrepreneurs and political leaders (Goodhand and Hulme, 1999:16).

concurrently or are exacerbated by other problems, such as manipulation of ethnic or other differences (in religion, culture, and language), which further fragment society and intensify conflict (Collier And Hoeffler, 1999; Colletta and Cullen, 2000).

1.10   Even the simplest interpersonal conflict has many elements. Conflicts involving multiple parties, a large number of people or complex organizations such as nation-states are enormously complicated. Every conflict has certain basic elements that permit researchers to produce a tentative road map. The mapper first gathers information about the history of the conflict and its physical and organizational settings. To be sure, a conflict does not emerge in a vacuum. Sometimes one conflict is nested within another. The second step is to examine the parties to a conflict. These differ in the directness of their involvement, and the importance of the outcome. Primary parties are those who oppose one another, have a direct stake in the outcome of the conflict, and exhibit fighting behavior. Secondary parties have an indirect stake in the outcome. They are often allies or sympathizers with the primary parties or are actors such as mediators, peacekeeping and peace-enforcing forces that might intervene to facilitate the management of the conflict.

1.11   It is not always possible to distinguish the cause of a conflict from its consequences. In fact, as a conflict emerges, cause and consequences tend to merge. Hostility might be a consequence of one phase of a conflict and a cause of the next. Perceived goal and interest incompatibility is perhaps the most basic cause of social conflict. Identity defense is also common, particularly in the contemporary world where group awareness and rights have assumed high visibility. Cultural differences, and particularly language, are yet other sources of separateness and difference. They create a sense of self and self-defense, which is probably another primary motive for conflict. It is important to distinguish clearly the contending goals and interests of each party

1.12   Moreover, a conflict is constantly moving and changing. Even if parties are at a stalemate, aspects of a conflict's context will be changing. Runaway responses of parties to one another are made more visible through conflict mapping. Such dynamics as unrestrained escalation and polarization carry participants away from cooperative resolution toward greater hostility. Perception changes occur within opposing sides, reinforcing runaway response: stereotyping opponents, seeing them as the negative mirror image of oneself, and imputing to them increasingly malign motives. In this way, a conflict map is able to serve as a conceptual guide to clarify the nature and dynamics of a conflict (Wehr, 1995; Rugumamu, 2001).

1.13   Once conflicts escalate into violence, the major concern of neighboring states, civil society, and the international community is to intervene in the conflict in order to facilitate the mediation process and to help transform structures that produce insecurity and structural violence into positive peace.[3] We should hasten to point out that conflicts in which the state is an effective arbiter do not present particular difficulties, since they are manageable within the national framework. The problem arises when the state itself is a party to the conflict, for under those conditions, external involvement becomes

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[3] . John Galtung makes a clear distinction between "positive" and "negative" peace. Positive peace. Positive peace encompasses an ideal of how society should be. It requires that not only all types of violence be minimal or non-existent, but also that the major potential causes of future conflict be removed. The notion of negative peace is defined as the end of widespread violent conflict associate with war. It may include prevalent social violence and structural violence. For details see Galtung (1995; 1998).

necessary. We contend that a solid foundation for effective organization and enabling institutions is a necessary precondition for sustainable and enduring peace-building. For the purpose of this report, institutions are understood as sets of rules governing the actions of individuals and organizations, and encompass the interactions of all relevant parties and negotiations among participants. Countries as well as societies need institutions that strengthen organizations and promote good governance, whether through laws and regulations, or by coordinating the actions of many players, as in international treaties. Rule-based processes increase the transparency of policies designed to create desired outcomes, and of the organizations used to implement them. Institutions that are internally consistent have the lowest risk of breaking down, because such institutions are self-reinforcing. For emerging democracies, this means a wide distribution of power and no permanent exclusion of significant actors from the political system.

Costs of conflict

1.14 During a civil war a society diverts some of its resources from productive activities to destruction. This, according to Paul Collier et al. (2003), causes a double loss: the loss of what the resources were previously contributing and the loss from the damage that they now inflict. The diversion of resources to the war effort often causes a decrease in other public expenditures such as those on infrastructure, health and education. During the war, the rebel forces tend to target physical infrastructure as part of their strategy. The main targets are the enemy's communications and support lines, such as telecommunications, airport, ports, roads and bridges. They also loot and destroy housing, schools and health facilities.

1.15 As will be noted in this and in subsequent reports, the costs of civil war are usually prohibitive. About 40 percent of Mozambican immobile capital in agriculture, communications and administrative sectors was destroyed. The pre-war transport system had been one of the largest foreign exchange earners, as goods were transported from and to the neighboring states of Malawi, South Africa, Swaziland and Zimbabwe. In fact, 208 out of 222 units of rolling stock were lost or damaged between 1982 and 1989 (Bruck, 2001).

1.16 Severe conflict, especially its most virulent ethnic forms, destroys much more than buildings and power plants. It short-circuits the rules that keep human interaction constructive and predictable, targets primarily the organizations and individuals who administer those rules, and wipes out most positive forms of social capital. Civil war can have the effect of switching behavior from an equilibrium in which there is expectation for honesty to one in which there is expectation of corruption. Once the reputation for honest has been lost, the incentive for honest behavior in the future is greatly weakened. In this sense, therefore, post-conflict reconstruction is first and foremost an institutional challenge. Failure to meet that challenge dooms the effectiveness of any external facilitation and intervention.

1.17 Probably a substantial cost arises from the fear that violence generates in a society. It increases insecurity in two senses: micro-insecurity by which the threat of violence is directly targeted against the person and against property. Frightened people tend to flee from their homes. But civil wars also increase macro-insecurity, in by which the threat is targeted at those state-level institutions, which provide the framework for economic activity, such as non-arbitrary taxation, the rule of law, and the sanctity of contracts. Paul Collier et al. (2003:14-16) have noted that less than a fifth of 1980 cattle

stock in Mozambique remained by 1992. Cattle were lost because of direct rebel activity, that is, rebels stole them to feed their troops and killed many others to spread terror, and because of indirect effects of warfare, namely, a lack of adequate feed and veterinary attention during the war. Faced with the prospects of such losses, people try to protect their assets by shifting wealth abroad.

1.18   The more direct effects of civil war are the fatalities and population displacements. Violent conflict can decimate the human resources of a country when people are killed, maimed, or displaced in large numbers. In the modern civil war the composition of victims differs radically from the wars of the early 20th century because the impact has shifted from military personnel to civilians. At the beginning of the 20th century about ninety percent of the victims were soldiers, but by the 1990s, nearly ninety percent of the casualties resulting from armed conflict were civilians, and mainly women and children (Carns, 1997). Forced migration broadly consists of two groups: refugees and internationally displaced persons. The 1994 Rwandan genocide left an estimated 1 million men, women and children dead, about 3 million refugees and 4 million internally displaced persons out of a total Rwandan population estimated at 7.7 million.

1.19   Finally, civil wars are not only costly for the countries in which they are fought, but for the entire region. Neighboring countries must accommodate large numbers of refugees and these have consequences for the population of the asylum countries. Moreover, civil war leads to increasing defense budgets in neighboring countries, the spread of diseases, (more common during crowding), drug production and trafficking, terrorism, as well as tarnishing the reputation of the region as a locus of new investment. In the following chapter, we put forward a conceptual and analytic framework used by study to explain conflict and post-conflict reconstruction.

POST-CONFLICT RECONSTRUCTION: A CONCEPTUAL FRAMEWORK

A Conceptual Framework

2.1   Post-conflict reconstruction, like other disciplines, has unique concepts that require explanation. The entry point for this work is the World Bank study, *A framework for World Bank Involvement in Post-Conflict Reconstruction* (1997). The study identifies a "country conflict" as one that has recently experienced widespread violence, or where the preoccupation of the state is armed warfare, where the state has failed, or a significant part of the population is engaged in armed struggle with the state. In each situation, external agencies need to understand the varying histories and the nature of the "failure" process in order to calibrate informed intervention measures to facilitate the transition from war to sustainable peace, support the resumption of economic and social development, and determine at what point in the post-conflict process is a particular country judged to have achieved a relative state of normalcy.[4] These observations are very important precisely because conflicts are different everywhere and require tailor-made approaches. They differ, *inter alia*, in duration, in the intensity and scope of destruction, in the relative military and political strength of the opponents, and in the degree to which the middle and upper classes are affected by the hostilities. Whereas the conflicts in Uganda and Sierra Leone were products of state failure due to predatory or ineffectual governance, the erosion of the Rwandan state was a product of ethnic-cum-regional conflict and the Mozambican state's failure was due to ideological conflict.

2.2   While post-conflict reconstruction, like post-natural disaster reconstruction, typically involves the repair and reconstruction of physical and economic infrastructure, it also entails a number of interventions aimed at rebuilding weakened institutions. The state institutions are usually so weakened that they are incapable of to carrying out their traditional functions. Those interventions include jump-starting the economy, reconstructing the framework for democratic governance, rebuilding and maintaining key social infrastructure, and planning for financial normalization. In contrast, unlike post-disaster construction, post-conflict reconstruction assistance often operates amid tensions and suspicions between key actors within the country, which can and does influence relations among the engaged international parties as well. Moreover, a civil war alters both the level and the structure of economic activity in ways, which persist beyond the war (World Bank, 1998a; Colletta and Cullen, 2000).

2.3   As cross-country studies have demonstrated, unlike post-post disaster reconstruction, post-conflict reconstruction interventions are radically different from "normal" operations. The devastation of human, social and physical capital often found at the beginning of the post-conflict period, and the particular provisions of the peace agreement, require a paradigm shift for diagnosing and prescribing policy interventions, which should be conflict mitigating. The volatile and fast-changing circumstances of post-conflict societies demand a high degree of flexibility and speed in the design, implementation, monitoring and evaluation of projects and programs. In addition, post-

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[4] . The speed of the evolution toward normalcy and the benchmarks for evaluating progress remain contentious. The World Bank has tentatively proposed possible indicators to include: (i) macroeconomic stability and its likely sustainability; (ii) recovery of private sector confidence, as measured by the investment ratio; and (iii) the effectiveness with which institutional arrangements and the political system are coping with the tensions, schisms and behaviors that lay behind the conflict to begin with. For details see World Bank (1998b: 47).

conflict interventions tend to have explicit objectives like supporting the transition from war to peace, resumption of economic and social development, reconciliation and reconstruction, human and institutional capacity building, a special investment fund to maintain social cohesion during the period of economic adjustment and poverty reduction and decentralization. Moreover, a post-conflict reconstruction process typically requires at least two decades of sustained effort, with the risk of war a recurrent risk of war (Collier, 2001). Arguably, conflicts are often protracted rather than limited in duration and tend to tear the country's social fabric and destroy is physical and human capital. Recovery requires incremental planning, careful and realistic policy reforms, and a consideration of the post-war constraints and peace agreements. Raising taxes in post-conflict situations, for example, may discourage private investment, downsizing the civil service under public sector reform programs, may contradict agreements made under the peace accords; standard procurement and disbursement procedures can easily degenerate into serious stumbling blocks to recovery, reconstruction and reconciliation. In short, post-conflict operations require intensive monitoring to ensure their continued relevance, effectiveness and efficiency, and timely preparation of post-conflict completion reports to expedite learning (World Bank, 1998b; Duffield, 1994).

2.4   It is against this background that most bilateral and multilateral organizations have established post-conflict research units to consolidate institutional learning on reconstruction issues, to support staff in developing and implementing reconstruction strategies, and to act as the focal point for partnership with other members of the international community.

Capacity Building Defined
2.5   In this research effort, we define capacity - including knowledge and technology - as the ability of organizations, organizational units, individuals and societies to identify constraints and to plan and manage development effectively, efficiently and sustainably. This definition involves both the development of human resources, institutions and society, and also a supportive policy environment. It encompasses the process by which individuals, groups organizations and societies develop their abilities individually and collectively, to identify their problems and constraints on development, set development objectives, formulate policies and programs, perform functions required to solve the identified problems and achieve a set of development objectives. Each society has the capacities that correspond to its own functions and objectives. Non-industrial societies, for example, have relatively few formal institutions, but they do have highly developed skills and a complex web of social and cultural relationships that are often difficult for outsiders to comprehend. Capacity building needs to be addressed at three levels: individual, institutional and societal. All these layers of capacity are mutually interdependent. If one or the other is pursued on its own, development can become skewed and inefficient (Browne, 2002:2-4).

- *Individual capacity-building*: This involves enabling individuals to embark on a continuous process of learning that builds on existing knowledge and skills, and extending these to new directions as fresh opportunities appear.
- *Institutional*: This also involves building on existing capacities. Rather than trying to construct new and alien institutions on the basis of foreign blueprints, governments and donors instead need to seek out existing initiatives, however nascent, and encourage these to grow.
- *Societal*: This involves capacities in the society as a whole, or transformation for

development. It encompasses the facilitatory process, which lies at the heart of human development - the opening and widening of opportunities that enable people to use and expand their capacities to the fullest. Social capital and cohesion are at the core of societal capacity and apply both nationally and locally. Without such opportunities, soon people will find their skills rapidly erode or become obsolete. And if they find no opportunities locally, trained and skilled people will join the brain drain and take their skills overseas.

2.6 In this regard, therefore, the broad concept of capacity-building is comprised of various processes of creating new capacities (capacity creation), effectively mobilizing and utilizing existing capacities (capacity utilization) and sustaining the created capacity over time (capacity retention). These dimensions of capacity development are interactive and dynamic. Briefly, let us elaborate on each of these processes.

Capacity Creation

2.7 The creation of effective human and institutional capacity rests on a strong foundation that facilitates the creation of new capacities through learning opportunities as well as by putting in place processes, which enhance the adaptability required for dealing with a dynamic environment. Such a foundation is created through formal training and informally through on-the-job training as well as through accumulation of norms, routines and processes, which promote capacity creation on a continuous basis.

Capacity Utilization

2.8 Efficient and effective use of existing capacities is an important aspect of capacity building. The failure of most African countries to make effective use of their human resources has been identified as one of the major factors retarding development. The cause for the underutilization and/or mis-utilization of this critical agent of progress can be traced to the extant disenabling environment. In this context, effectiveness and efficiency involve taking stock of existing capacities and then mobilizing them to achieve a set of development goals. Making the best use of existing capacities will involve mobilization of all the creative and innovative capacities that can be found in existing human and institutional capacities.

Sustaining Capacity

2.9 The capacity that is being created and utilized to realize a set of development goals will need to be retained, developed and sustained over time. Capacity building programs and projects will need to be designed in such a way that they are sustainable beyond the initial external interventions. Sustaining capacity is more likely to occur in the context of a modicum of political and economic stability that is supportive of conducive working conditions, ensures low risk of violent social conflict, and provides an atmosphere of support for the capacity building efforts in society and good governance. Sources of funding are an important element of sustainability and capacity retention. In the long-run, the key to sustaining capacity building programs will be the availability of local sources of funding. Sustainable capacity building will need to address the capacity to mobilize domestic resources, notably government revenues as well as savings and investments. Resource mobilization is therefore an important component of capacity building.

Capacity Building Environments

2.10   The processes of capacity building are embedded in complex environments that affect their ability to achieve intended objectives. At the most general level of analysis is the broad political economy environment. This refers to the economic, social and political milieux (local, national and international) in which individuals, organizations and society attempt to carry out their activities, and the extent to which conditions in the environment facilitate or constrain performance. Within this dimension, a broad set of factors affect the ability of actors to perform effectively, efficiently and sustainably. In terms of economic factors, the level and growth rates of GDP, conditions in the international commodity and capital markets the labor market situations, the level of private sector development, and the nature and extent of development assistance impinge on virtually all activities carried out by government. Politically, actors are affected by factors such as leadership support, the extent to which civil society is mobilized, the degree of political stability, and the nature and development of political institutions. Social factors are also important. They include: the level of human resource development; tolerance or tensions among social groups; social mobilization and needs; the development of non-government organizations (NGOs); and the degree of participation in economic and social life.

2.11   At the international level, it is important to emphasize that donors will have a long-term view of what they want to contribute to – a better health system, efficient judiciary or more skilled economists at the national treasury- in a capacity building needs matrix. At the same time, however, they remain accountable to their constituencies at home. They feel more comfortable, therefore, if they can point to visible activities such as courses in the home universities, training manuals, computer systems – which encourage a bias toward self-contained and pre-ordained packages. Moreover, donors want to retain as much control as possible and avoid accusations that hard-earned taxpayer funds were being squandered through inefficiency, incompetence or corruption. One way of achieving this kind of assurance is to establish expatriates as gatekeepers.

2.12   The second dimension of capacity is the institutional environment of the public sector that facilitates or constrains the actors' activities and affects their performance. This dimension includes: laws and regulations affecting the civil service or private sector and the operation of government, such as hiring, promotion, and remuneration policies; the general operating procedures; and standards of performance. It includes the financial and budgetary support that allows organizations to carry out particular tasks, as well as the policies in effect that constrain or hinder performance. The institutional context also includes laws and regulations defining the responsibilities and power relationships among actors, and the informal power relationships that often mean that some institutions and agencies acquire resources or influence policy more effectively than others. Of course, not every capacity building takes place through the public sector. All countries are constantly engaged in multiple parallel processes of capacity development, in the public sector, civil society and the private sector.

2.13   The third dimension of capacity-building relates to the coordinated activity of several organizations that is required to accomplish a given task, i.e., the task network. The interaction of organizations within this network can facilitate or constrain performance. Some organizations may be more central to a given task than others; these are called "primary organizations". Secondary organizations have a less central role in accomplishing the task but are nonetheless essential to it. In addition, there are often supporting organizations that provide important services that enable a task to be

performed. How these networks function and the nature of formal and informal interactions among them are important aspects of organizational performance. Within any particular task network, there may be organizations from diverse levels of government, as well as from the private sector and NGO sectors.

2.14   The fourth and fifth dimensions of capacity development are the organizational and human resource bases of the organization. These two levels of analysis are closely intertwined. The fourth dimension of capacity development focuses on organizational structures, processes, resources, and management styles that affect how individual talents and skills are used to accomplish particular tasks. It should be pointed out that organizations establish goals, structure work, define authority relations and provide incentives and disincentives that shape the behavior of those who work within them. The fifth dimension of capacity development relates to the training and recruitment of managerial, professional, and technical talent that contributes to organizational performance. Among these five sets of factors that affect capacity building initiatives there may be some that facilitate effective performance and others that constrain it. A case study research, such as this of Uganda, can illuminate how various factors influence capacity building in post-conflict societies and which interventions can promote better performance.

UGANDA CASE STUDY

Country Context

3.1   Uganda is a landlocked country situated in equatorial Africa. It is bordered by Sudan to the north, Kenya to the east, Tanzania and Rwanda to the south, and Zaire to the east. Though not well-endowed with minerals or fossil fuel, the country has rich soils and a favorable climate for agriculture. The population, estimated at 17 million, lives primarily in rural areas; agriculture is the mainstay of the economy, accounting for more than 50 percent of the GDP, 75 percent of export earnings, and 80 percent of employment. In the 1960s Uganda's economic base was relatively diversified. The export basket consisted of coffee, cotton, tea and tobacco. Since the early 1970s, the sources of export earnings have narrowed and by 1989 coffee accounted for 97 percent of the total value of export receipts.[5]

3.2   Ethnic, linguistic and religious divisions that are deeply rooted in colonial political history characterize Uganda, a landlocked country of about 21 million people. It is the home of 53 officially recognized ethnic groups, divided along overlapping and complex religious and regional divisions. Moreover, Uganda's politics largely reflect its social schisms, of which two stand out: that between the Buganda and non-Buganda, and that between the predominantly Moslem and poorer North and the predominantly Christian and more commercialized South. Economic disparities between the North, traditionally in control of the army and security, and the South and West, whose populations generally enjoyed greater material wealth, run partly along similar lines.

3.3   The establishment of the British protectorate over Uganda introduced a number of fundamental changes – social, economic and political – with important implications for capacity development. High on the priority agenda, the colonialists needed administrative capacity to spread their policies and firmly establish their colonial system of government. They opted for indirect rule, a system that allowed them to access and tap local experienced human resources in order to establish an effective administration over the protectorate. The way in which the protectorate responded to capacity constraints in Uganda is in some ways reflective of the problems Uganda is currently facing. In a number of respects, some of the capacity constraints have roots in the colonial policies. Of particular interest was the tendency by the colonial government to exclude Africans from the financial management and accounting professions. Moreover, (as early as the 1890s), the North was used as a labor reservoir for the cash economy of the Southern parts of Uganda that were considered to have more fertile soils and organized farming. This resulted in the late introduction of education and cash crop farming in the North, particularly tobacco and cotton, when other parts of the country were far advanced, especially in the areas of trade. The relatively well-developed economic infrastructure and tax system laid a foundation for its faster development.[6]

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[5]. When the International Coffee Organization (ICO) quota collapsed, the international price of coffee declined from $3.3 per kilo in 1986 to $0.98 per kilo in 1990, Uganda's foreign exchange earnings dropped from the all-time high of $394 million in 1986 to $179 million in 1990, a decline of 54 percent in four years (World Bank, 1998c).

[6]. Ian Leggett (2001) has noted that by the mid-1950s, farmers in Buganda had cash incomes higher than anywhere else in the country, three times those of farmers in Acholi and West Nile, and nine times higher than the cattle herders of Karamoja. It is this imbalance that the subsequent growth in commerce, public administration and services has only exacerbated.

Anatomy of the Ugandan Conflict

3.4   Post-colonial events in Uganda are easily divided into four periods corresponding to the dominant political regimes: the newly independent government of Obote from 1963-71; the Amin era 1971-79; Obote 11 1980-85; and the National Resistance Movement (NRM) 1986 to the present. During the post-colonial period, the Democratic Party (DP) tended to be a vehicle for the Catholic elite of the South, and the Uganda Peoples' Congress (UPC) played a similar role for the Protestant elite of the North. Kabaka Yekka (KY) was predominantly an ethnically based political party for the Baganda. In their struggle for state power, elite factions have mobilized support around these ethnic and religious divisions, thereby both deepening and masking cross-cutting economic divisions. It is important to point out that the Lancaster House Constitution of Independence of 1962 had imposed a tricky and unworkable federal structure on the country, which tended to re-enforce every kind of sectarianism.

3.5   The early years of independence (1962-1970) were full of vibrant economic activities with important implication for capacity development. The economic decline and social decay in Uganda is directly connected to political conflict and repression. The failure to maintain a viable balance of power and to respect ethnic pluralism in the 1960s led to conflict, dictatorship, and state terror, which destroyed the operational capacity of the state. The other nagging problem during this period was the acute shortage of qualified and skilled Ugandan manpower particularly for professionals and technicians posts which were primarily held by non-Ugandans. During the colonial period only a tiny elite received tertiary and technical education. The 1968 Manpower Survey revealed that as many as 74 percent of professionals were non-Ugandans; and in the mining sector Ugandans filled only 2 percent of the professional posts. In this regard, the first Five-Year Development Plan recommended that the education system be expanded to produce the needed manpower. It further recommended the establishment of a Manpower Planning Board to strengthen and broaden the manpower planning and to evolve an integrated approach to manpower issues. However, growing political conflict and Obote's creation of a one-party state in the mid-sixties led to increasing tensions, culminating in the overthrow of his regime in 1971 through a military coup led by Idi Amin.

3.6   The Amin era, from 1971-1979, was a period of notorious political mismanagement leading to severe economic decline, political instability and increasing civil violence. The military regime quickly moved away from the outward-oriented policies pursued in the intermediate post-independence period. Local industries were granted significant protection, and the size and involvement of the public sector in economic activity expanded considerably. The members of the Asian community, which had dominated the industrial and commercial sectors, were expelled and their properties were distributed as a form of political patronage. This loss of entrepreneurs and skilled manpower resulted in a breakdown in the management of the commercial and industrial sectors. Standards in the civil service were eroded. As the remaining skilled Ugandans were severely intimidated, most of them fled the country and were replaced with semi-illiterate soldiers and civilians in managerial positions.

Impact of the War

3.7   The weak and inefficient government system continued to have excessive control over the economy and society, which resulted in to pervasive caprice, arbitrariness, rent seeking and corruption. The economy took a nosedive. Ultimately, this led to a significant decline in economic output of about 20 percent during the 1970s.

Much of the earnings from coffee boom of the mid-1970s was used for military hardware and other imported merchandise. As budgetary revenues collapsed, there was an increasing reliance of domestic bank financing, which intensified inflationary pressures. Despite mounting inflation, and the consequent appreciation of the real effective exchange rate, the official exchange rate and agricultural producer prices remained fixed throughout the 1970s. The military overthrow of Amin by a combined force of Tanzanian Army and Ugandan exiles marked the peak of destruction with some social and economic infrastructure destroyed and another flight of the educated and managerial classes (Sharer, Zoysa and McDonald, 1995:1).

3.8 As will be discussed later, there was a relatively brief attempt to stabilize and revitalize the economy in the early 1980s. However, the recovery remained weak partly because of the major structural problems that had emerged during the previous decade, and partly due to the political uncertainty that followed, characterized by a competition among the many exiles who participated in the overthrow of Amin, which failed to bring the cohesiveness and political unity needed to support the reconstruction of a shattered economy and society. The situation was exacerbated by controversies surrounding the 1980 elections. The Obote 11 government was formed and soon after conflicts started in the Luwero and neighboring districts. The leaders in the Obote 11 administration were drawn from a range of military and civilian backgrounds with different political leanings, making it increasingly difficult to resolve conflicts. The appointment of individuals through political patronage continued. Most of them lacked the capacity, experience and skills to meet the challenges of economic and social reconstruction. It is not surprising that they failed to deliver public goods and services.

3.9 When Obote government took over power in December 1980, it inherited a shattered economy, which was in macroeconomic disequilibria in all the four markets: the goods markets, the money markets, the labor market, and the foreign exchange markets. In 1981, the government instituted programs of economic stabilization with the guidance and assistance of the IMF. The major objectives of the program was to halt the deterioration of the economy, revive production, restore confidence in the shilling, eliminate price distortions, improve fiscal and monetary discipline, and lay a firm foundation for sustained recovery. By the end of 1983/84, increased political instability and the intensification of the civil war led to the collapse of the economic stabilization efforts. In such circumstances, the contribution of donors to conflict resolution and reconstruction efforts was limited. Lives and property were lost on a greater scale than in the 1970s, and reconstruction efforts were abortive.

3.10 The military overthrow of the Obote 11 government in July 1985. The civil war continued to rage in the South. The National Resistance Army captured Kampala in January 1986 and assumed command of the administration. The declining economic trends, which had begun in the late 1970s, continued at an accelerated speed.

3.11 As earlier pointed out, the causes of political breakdown in Uganda were various. It is important to distinguish those factors, which make Uganda intrinsically prone to conflict, and so must be addressed in the post-conflict phase, and those, which were idiosyncratic to the episode itself. A few years after independence, the new government led by President Milton Obote quickly abandoned its grand post-colonial experiment of nation building – an attempt to manage Uganda's cultural pluralism by harmonizing the paternalism of the center with embryonic institutions of local control and participation. By abolishing the monarchy and federalism and centralizing power under the amended 1967 Constitution, his weakened government lost credibility as a

political and economic manager. As the regime became more self-centered and vindictive, opposition began to grow, first in the army and gradually in the civil society generally. Slowly but inexorably, society was polarized, norms changed, and violence became an accepted way to resolve conflicts. The fear that the opponent will resort to violence made it rational to use violence pre-emptively. It is little wonder that for the next twenty years, Uganda suffered the disastrous consequences of a system of rule in which there were no limits to the exercise of power. During this period, the country went through no less than seven different regimes, all of which ignored the rule of law and left people without a sense of personal security and power. Many Ugandan were forced into exile and those who stayed on withdrew from politics, leaving politicians to conduct their business without any accountability (Hyden, 1998: 112).

3.12   President Idi Amin's major contribution to the collapse of the Ugandan state, society and the economy was the militarization of politics. Using force to exact compliance, the regime lost its organizational clarity and functional role as a social manager. The institutionalization of violence had virtually effaced civilian institutions and made the military the sole arbiter of conflict. His immediate contribution to the collapse of the state was when he tried to augment the regime's economic power without the support of established social groups and institutions. In 1972, he launched the "Economic War" by expelling holders of British passports, including approximately 70,000 Asians of Indian and Pakistani descent. Many Asians had been active in agro-business, manufacturing and commerce. Their mass expulsion and Amin's efforts to expropriate foreign business undermined business confidence in Uganda. Above all, relations with Uganda's neighbors soured and the East African Community was disbanded in 1977. Meanwhile, a combined force of Ugandan exiles and the Tanzanian army forced the regime out of power in March 1979. Its overthrow produced a period of extreme instability as successive, short-lived governments gradually lost control of territory to various insurgent forces.[7]

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[7]. There were three governments in less than two years: the Lule government was in office for only 70 days (April to June 1979); followed by Binaisa government which ruled for close to one year, and the Military Commission which ushered in elections of 1980.

3.13   Slowly but inexorably, the weakened Ugandan state and society began to experience what Samuel Huntington (1968) has aptly referred to as "political decay". During the subsequent decade, the political life in Uganda was literally a mixture of terror and anarchy in which life was short, nasty, and brutish. Between 1965 and 1975, Uganda made a rapid transition from partial democracy to complete repression. This state of affairs normally occurs as nascent social and economic institutions atrophy because they are unable to contain the centrifugal forces of society. It also occurs when centralized institutions of social penetration are unable to tame the contiguous periphery. It culminates, most often, in fragmentation and the emergence of countervailing power centers. After five years in the bush, during which the troops gradually gained control over Western, Southern and Central Uganda, the National Resistance Army (NRA) was able to take Kampala in early 1986, replacing the collapsing government of General Tito Okello. At the same time, civil war raged in the countryside; state regulatory structures had collapsed; many of the best-educated people had been killed or were driven away; civil service hardly functioned; infrastructure and output had collapsed; crime was endemic; schools and hospitals had no materials, and their staffs were demoralized. State collapse of this genre is usually characterized by a disintegration of overarching governmental structures, structures that establish and maintain order, coordination and security.

Costs of conflict

3.14   Social conflict and political breakdown have various effects. As Paul Collier (1999) has observed, conflict produces the physical destruction of assets. Both state and rebels become predatory. Second, transactions become disrupted as the mechanisms for contract enforcement start to break down. Faced with opportunism by the political leadership, the legal system and the civil service become opportunistic. Businesses respond to this by retreating into a hard core of known relationships, not daring to take risks new with clients. Transactions thereby become both more costly and less competitive, fostering the emergence of informal cartels. Third, government expenditure is diverted from its economically productive functions to the objectives of predation and defense. Fourth, because conflict causes economic decline, there are strong incentives for households, firms and government to dissave: since incomes are perceived as temporarily low, there is an attempt to maintain consumption. Fifth, households will shift their assets, including human capital, out of the country, to environments where they are both safer and more productive. The fleeing officials of the Rwandan government took away billions of dollars from the Central Bank

3.15   The first order of business of the new government was to establish and maintain security for the citizens and property. As pointed out earlier, establishing and maintaining order and security is a fundamental prerequisite for capacity building in a post-conflict society. The best needs assessment, reconstruction program, ownership, staffing, financing arrangements, resource availability, and the implementation capacity is worth little if program implementation and general economic activity are constrained by lack of physical security. The National Resistance Army (NRA) gained control of Kampala and gradually secured more complete territorial control the following years. Viewed retrospectively, the new government virtually inherited a collapsed state, a state that lacked social cohesion, an institutional core, and organizational capacities. It was further characterized by institutional immobilization, uncertainty, loss of commitment to a common good, devaluation of human life, and a mistrust of authority. More specifically, the state and society had suffered the predations of Idi Amin and three subsequent transient regimes, including civil war, mass emigration of skilled citizens

and mass murders. Some 7 percent of the population was displaced or were refugees. Moreover, the inherited economy was poorer than that of 1971, and it had retreated into subsistence activities.[8] Between 1971 and 1986, the economy declined by 13 percent. Above all, well over one-half of Uganda's private wealth was held abroad. Each of these developments had far reaching implications for post-conflict recovery, reconstruction and capacity-building (Collier, 1998:21).

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[8] . By 1980, Uganda had become dependent on one cash crop – coffee – for 98 percent of its exports. The volume of other traditional exports – particularly cotton, tea, and tobacco – became negligible, and copper exports ceased.

RECONSTRUCTION: ACTORS, PROCESSES, STRUCTURES AND VALUES

Politics of reconstruction

4.1 Successful peace building and reconstruction in war-torn societies is said to involve a "triple transition": a security transition from war to peace; a political transition from authoritarianism to a more participatory form of government; and a socio-economic reconstruction. These developments are nourished in contexts with citizen security, the rule of law, equitable distribution of resources, functioning markets, responsive governance, an active civil society, and basic trust among national sectors. These are the basic objectives of war-to- peace transitions and reintegration. As Paul Collier at al. (2003) have noted, to rebuild a society torn by civil war requires a decade or more under the best conditions. The best conditions mean, at the minimum, that governments and society share a political will for peace and change, an attribute which if often in short supply in many post-conflict societies.

4.2 The reconstruction of war-torn societies invariably requires cooperation, sacrifices, and a willingness to accept postponement of benefits by all parties to the conflict. Demands for sacrifice and postponement of benefits have always been difficult to negotiate and to realize. Moreover, international support can contribute to bringing about most of these conditions, but donors and international agencies still have much to learn about what to do following civil conflict. There is still insufficient understanding and weak institutional capacity among international agencies in defining their comparative advantages and identifying dynamic collaboration synergies when addressing intricate issues of post-conflict reconstruction in poor societies over the long term. Expectations of what can be achieved remain unrealistic with regard to transferring democratic capacities, estimating the time it will take to realize goals, and determining rational mechanisms and structures of effective policy dialogue with different national actors. Uganda has been billed as the main example of successful African post-conflict recovery. The World Bank's involvement in the reconstruction efforts in Uganda was particularly comprehensive. In the first five years after the conflict (1987-1992), the main focus of this study, the Bank supported approximately 25 lending operations amounting to more than US$1 billion, and closely coordinated with other international donors. Additionally, the Bank's consistent support focused on assisting the government to achieve economic stability and promote long-term economic growth (World Bank, 1998c).

State Reconstruction: government capacity-building initiatives

4.3 As Gilbert Khadiagala (1995:36) points out, conceptually, state reconstruction usually deals with rejuvenating institutional mechanisms that formerly gave consistency to state action, legitimizing power, establishing social trust, and returning the state to the center of political life. Creating and strengthening the legitimacy of national and local authorities (through inclusiveness and transparency), rebuilding the technical capacity of key institutions, and making them capable of managing tensions in a non-violent manner is as important as repairing the shattered physical infrastructure. To be sure, effective institutions and organizations demand high levels of skill and dedication among managers, and cooperation and understanding among beneficiaries. William J. Foltz (1995) has proposed that the reconstruction of a state involves putting back into place at least six basic elements:

- *Reestablishing the state's control over the means of coercion:* (military, police

and security) throughout the territory to secure security. This implies both a thorough reform of the security sector and an urgent, possibly phased, demobilization and reintegration program of former combatants. In this process, transparency over military expenditures should be increased.

- *Reestablishing the state's fiscal capacity:* by rebuilding the customs and tax systems without overburdening a fledgling private sector. The ability to tax is key to obtaining the resources for reconstruction. The International Monetary Fund (IMF) offers unique expertise to restore fiscal authority.

- *Restoring macroeconomic management capacity.* This includes capacity for preparing and implementing budgets, for formulating and implementing key reforms, for analyzing investments, and for carrying out and monitoring reconstruction programs.

- *Developing a functioning judiciary.* This is necessary in order to reestablish the rule of law as a pre-condition for security and economic reconstruction.

- *Decentralizing decision-making and expenditure authority.* Such a policy decisions lowers the echelons of governments, and strengthens capacities at these levels.

- *Improving governance and transparency.* This requires bringing transparency into opaque rent systems and dismantling outrageous monopolies.

4.4   As noted earlier, understanding the structural causes of conflict and state collapse are not only critical to stopping and preventing their recurrence, but it is also important in effectively mitigating ongoing conflict and dealing with their legacies. For the new government in Kampala, the first order of business was to restore legitimate state institutions as well as demobilize some undesirable combatants that would have otherwise jeopardized the broader peace and development process. This was accomplished by providing collective and individual security to the citizenry from immediate and large-scale violence and by restoring the state's capacity to maintain territorial integrity. National security is, arguably, the foundation on which progress in other issue areas firmly rests.

4.5   Although military forces are well suited to coercion, deterrence, and the imposition of order, building a stable security environment in Uganda proved costly in terms of time and money. The end of the war did not result in an automatic fiscal "peace dividend". The government military expenditure increased substantially until 1992-93 with a large demobilization of troops. Prior to this, military expenditure was seen as necessary to maintain macro-security; and there was also a fear that demobilization would give rise to micro-security, as unskilled ex-soldiers would turn to banditry. By 1990, the Ministry of Defense was spending 38 percent of the national budget – about twice the amount going to education and health (Colleta et al., 1995:305). In answering such basic questions as who and what has to be protected and for whom, and for whom, the new government was forced to expand the size of its army and police force in order to protect the general populace, selected key individuals, infrastructure, institutions, humanitarian workers and control belligerents. Moreover, the territorial integrity had to be secured through a combination of border/boundary, movement, and point-of-entry controls. Finally, diplomatic efforts were deployed to formalize bilateral security initiatives with neighboring states (Tanzania, Kenya, Rwanda and Sudan) to gain cooperation in information and intelligence sharing as well as prevent unhelpful interference from regional actors.

4.6   After capturing the capital city, the NRM government campaigned tirelessly to win the hearts and minds of Ugandan citizens by adopting policies that were perceived to be pro-people, pro-democracy, corruption-free government with a pro-development ideology. It professed to promote national unity and eliminate all forms of sectarianism. Like most regimes that come to power through the barrel of a gun, Museveni's government promised the country that it would stay in power for only four years, and that it would then hand over power to a popularly elected government based on political party activity. Viewed retrospectively, capitalizing on its immense popularity, the Movement sought to unilaterally design and impose a new political system that would entrench its long-term survival.

4.7   By the mid-1986, the military campaigns were declared successful in the southern, western and central Uganda. Pockets of resistance continued, especially in the north and north-east, as soldiers from the defeated army of Tito Okello took to the bush to fight the central government under a variety of different leaders and motivations. The Lord's Resistance Army and the Allied Democratic Front continued to conduct organized rebellions against the state. However, neither group constitutes a major widespread threat of combat deaths or challenge to the survival of the central government.[9] The Movement's dual policy of military pacification and offers of unconditional amnesty to recalcitrant rebels rather than negotiations with the fleeing soldiers sent a chilling message that NRM was on a "conquering mission" and not conducting a pacification process.[10] All in all, the security preconditions for reconstruction and capacity building activities had been largely established.

4.8   In order to broaden its power base, forestall potential competition and polarization, as well as maximize the utilization of existing human resources, the NRM welcomed leaders from other political parties and the top military brass from rival armies and granted them top cabinet and military posts. In the short and medium term, this was a very imaginative policy strategy of promoting peace, retaining the best and brightest at home, encouraging the return of those in the Diaspora, and managing the conduct of "potential spoilers". Moreover, the idea of a broad-based government served as a political ploy for resolving the gap of legitimacy at the elite level (Stedman, 1997:6). This decision was consistent with its manifesto, which stipulated that national unity required eliminating ethnic, regional and religious sectarianism from Ugandan politics. At the same time, the Movement imposed Draconian measures controlling the activities of other political parties.[11] A broad consensus existed endorsed the view that the NRM government needed breathing space to heal the wounds of civil was, restore the rule of law, rehabilitate and reconstruct the economy and return the country to the path of constitutionalism. The advocates of the no-party democracy argued that a poor and backward country like Uganda, recovering from decades of state-sponsored violence, war, economic decay and moral degeneration, could not afford the luxury of multy-partyism. Arguably, Ugandans needed time to restore political sanity, forge national unity, reconstruct the economy, inculcate democratic values and practices, and

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9. E.A Brett (1994:64) argues that once the national army was defeated, the only sources of support for the Amin regime existed among groups in the north and north-east which had benefited most directly from its activities, continued to hold out against the National Resistance Army. He adds that this position would have been far weaker had NRM responded more sensitively to the needs of these areas than it did in 1986 and 1987.

[10] . The Movement came to power by winning the civil war and, consequently, it believed in the importance of force, strong organization, and good strategy. It believed in a mixture of strong political control, limited popular participation, and economic liberalization that allows for a strong state role in regulating the market. For more details see Ottaway (1999:14).

[11]. Although political party activity was abolished, parties were not formally banned. They continued to issue newspapers, collect revenue from property registered in their names, and receive gifts from party sympathizers.

build viable and sustainable democratic institutions. Only then, would the stage be set for a competitive multi-party political system.

4.9   Through an elaborate cooptation campaign, the government achieved its goal of a broad-based national government that provided it with space to concentrate on rebuilding the political and economic institutions, created a disciplined national army and police, promoted a conformist legislature and courts, and created new and patriotic capacities, as well as embarking on a popular constitution-making exercise aimed ultimately at reshaping the future political landscape of Uganda. William J. Foltz (1995:16) has aptly referred to this style of state reconstruction as a "policy of coercive national reconciliation". Dialectically speaking, however, enforced national unity can only create conditions for embittered social and political relations and ultimately engender the disruption of that unity. Not unexpectedly, opposition voices in Uganda gradually began to see no sense in the existence of a "peace and tranquility" that was being used to deny them their liberties. They recognized the attempts to use the existence of negative peace in a few parts of the country in order to block the development of positive peace in the whole country.

4.10   Initially, the suspension of freedom of association had been decreed to last only four years from 1986, but the limit was further extended for another five years. As Nelson Kasfir (2000:) has noted, the Movement's no-party democracy has been used by the government to enhance its legitimacy and deepen its position of power. Parties were banned from organizing, mobilizing or even setting up grassroots branches in villages and cities. Viewed retrospectively, the organizational capacities of opposition parties and some civil society associations were severely underdeveloped. Similarly, Ugandans in Diaspora were not particularly enthusiastic in returning home where politics was strictly controlled.

4.11   Meanwhile, the Movement was being allocated unlimited resources from the National Treasury to campaign nationally against the "evils" of multi-party politics. Naturally, the organizational capacities of opposition parties and those of civil society were severely stifled. Moreover, the subsequent debate on the merits and demerits of no-party democracy was not conducted in a rational, calm, moderate, democratic and civilized manner. By adopting "I know it all, holier than thou" postures in the debate for and against no-party democracy, the Movement and the multi-party protagonists spread confusion and bewilderment among the populace. In short, the playing field was not level! This aspect of the public policy, seems to have been, in the long-run, detrimental at developing capacity at individual, institutional and societal levels, as it failed to open and widen the opportunities that enable people to use and expand their capacities to the fullest.

4.12   The new government adopted a *Ten-Point Program,* the NRM Manifesto. It emphasized participatory democracy, security, national unity and the restoration of the economy. The program was to form the basis for a nation-wide coalition of political and social forces that could usher in a new and better future for the long-suffering people of Uganda. It claimed that resolving political crisis required the creation of grassroots democracy, a politically educated army and police force, and greater national economic independence. It further claimed that mass political education was required to explain to the people the reasons for altering institutions and policies. In this regard, good local government was a key to Uganda's success as an agricultural economy based on rural smallholder peasants. The need to address capacity-building at the local level cannot be

overemphasized, given the public sector role in planning and spearheading development, especially in the rural areas.

4.13   The government imposed on a whole country a guerrilla movement structure for social mobilization and control known as "resistance councils" (RCs). The NRM government passed legislation in 1987 to bring the whole system of RCs under government control, including the power to dissolve individual councils (RC Statute No. 9, 1987). They had originally been set up in the liberated areas to supply it with food and recruits. Initially formed to strengthen local security, these committees evolved gradually into administrative structures for state control and political mobilization. RCs provided opportunity to create village governments among peasants who had not previously participated democratically in governing their own lives. They operated in a hierarchical fashion all the way from the village, parish, and sub-county to district and eventually the national level.[12] By 1989, the RCs had become the only vehicles for grassroots democratic participation and for electing representatives into the government-controlled parliament. The whole community constituted the RC at the village level, met monthly, and could recall any of the elected members of their executive committees responsible for implementing programs and projects. Councils and committees at higher levels were indirectly elected by members of the council at a lower level, but they, too, were liable to recall and to re-election every three years. Elections were held in 1989 and 1992, and many unpopular incumbents were replaced. As various studies have documented, councils and committees have strengthened state capacity and the development of a participatory culture at every level. RCs have become cost-effective mechanisms for settling disputes, maintaining security, improving infrastructure and, at the district level, making policy, managing local revenue, and supervising the work of the district administration. Sub-country councils were given corporate status to allow them to manage development projects (Ddungu and Wabwire, 1992; Burkey, 1991).

4.14   Initially, these structures were accepted by the broad masses of the population not because they reflected their true needs and feelings, but largely due to sheer force of circumstances, including the use of force, coercion and manipulation. However, it bears remembering that in post-conflict situations, if governing institutions are not flexible enough to accommodate diversity, they are likely to trigger a relapse into a conflict complex. Council members could put in hundreds of hours in voluntary community service and expose cases of corruption or negligence, but they did not have the full authority over elected officials or manage finances normally vested in developed local government systems. They could expose but not control malfeasance; they could make policy recommendations but not oblige officials to carry them out. Gradually, the councils were perceived as imposed institutions on society!

4.15   The RC system was based on a number of arguments. First, it was argued that post-conflict Uganda was faced a major challenge of a polarized society. Rebuilding bridges of communication between social groups and promoting participation in political life demanded deliberate social engineering. Strategic partnerships between the state, the private sector and civil society would have been a *sine qua non* of post-conflict reconstruction with the government taking the lead. Secondly, and as a result of the first argument, all citizens, at different levels would be expected to participate in politics on an equal basis under the overall umbrella of the Movement. The democratic

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[12.] Increasingly, the RC system was bureaucratized and limited by state policy from above. The system tends to be top-down political participation. For example, RC at village level had little power and influence beyond the very local level in the RC system. They had neither finance nor real policymaking power beyond the village.

nature of the Movement was said to hinge on the assumption that councils at every level had the power – and were expected to exercise that power – to elect leaders and participate in local meetings as well as the power to recall committee members who were unable to perform the functions of the office or were breaching laws or public trust. It was further argued that, particularly in a politically traumatized society such as that of Uganda, citizens required an interim period of reconciliation and healing before opening up to divisive and competitive politics. It was finally assumed that having discharged its duty of preparing the country for the return to democracy, the monolithic system of the Movement would readily give way to all other political parties to move to new levels of political organization and participate in a multi-party, pluralist democracy.

4.16   The national introduction of this novel form of democracy, which promised a decisive break from the control of the old politicians, brought the NRM into every hamlet in the country. The success of this experiment led to a massive national effort, which was presented as the answer to Uganda's decidedly undemocratic past. It responded to a widely held desire by Ugandans that they should be permitted to participate effectively in their government. By 1996, decentralization, incorporating political, administrative and financial powers, had been completed with the creation of 35 districts. The RC system provided a firm institutional base for the decentralization system. In fact, delay in decentralization was caused by an absence of adequate resources (human and institutional) for governance measures at the local level.

4.17   To the consternation of many opposition parties, if the last fifteen years of the Movement have succeeded in ushering in peace, stability and economic growth in the country, the restoration of basic human rights, including the right to form governments based on alternative party programs should be the high water mark of this progress and not the other way around.   Worse still, distinctive activities that have come to be associated with reconciliation and social healing in post-conflict situations were largely ignored by the Museveni regime, that insisted instead on applying a military solution to every conflict.[13] The goodwill of society seems to have been squandered.

Parliament
4.18   Moreover, the Movement made a fundamental change by ushering in novel state institutions of governance and transparency at a higher level, it created the Inspectorate of Government, the Human Rights Commission, an integrated army, and established a Constitutional Commission. Under the Legal Notice Number 1 of 1986, the NRM established the National Resistance Council (NRC) to act in place of the disbanded Parliament. The NRC was a political organ of the Movement and the overwhelming majority of its members were partisans drawn from those who fought in the guerrilla war or those who supported the war. In 1989 elections for the NRC were conducted. Candidates were prohibited from campaigning. Elections were conducted not through a secret ballot- box but by queuing openly behind the candidate of one's choice. This practice was considered intimidating, especially in areas where NRM had little support. It clearly forced people to show their endorsement or otherwise of government sponsored- candidates. Out of 278 members of the NRC, 68 were nominated members. One of its first pieces of legislation was to extend the NRM rule for five years beginning January, 1990. This was a clear manifestation of the weakness and subservience of the

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[13] . Under the rubric of "traditional" reconciliation or conflict resolution techniques, social healing activities have included public hearings, ritual blessings, symbolic acts of forgiveness, corporal punishment, and material compensation awarded to an aggrieved party to be paid by the "guilty". In some instances, these activities have facilitated the building of understanding and consensus, but in others, they have worked to benefit the office holder, his family or his immediate community. For details see Rugumamu (2001:26-28).

Parliament to other organs of the state like the Presidency, the National Executive Committee, and the Army. Most of those interviewed referred to the Parliament as a "rubber stamp".

4.19   It is important to point out that the new government embarked on various far-reaching institutional reforms. These include constitutional reform, civil service reform, and decentralization to local governments, public enterprise reform and private sector development. The above reforms, which were undertaken almost simultaneously, put tremendous pressure on the limited local human and institutional resources. Not surprisingly, most initiatives have met with limited success and a resort to indiscriminate use of foreign experts and finance to fill the existing critical resource gaps has not been uncommon. Although education and training opportunities were expanded, they were not aggressive enough to meet the demand.

4.20   In order to further confirm its "democratic" credentials, the Movement put in place some policies that eschewed positive discrimination and affirmative action. Such policy decisions sought to privilege and empower certain disadvantaged groups by reserving special seats in the parliament, cabinet positions, and training preferences. These included special parliamentary representation for youth, women, trade unionists and the disabled. To be sure, the special needs of these vulnerable groups require special representation. The challenge has always been how to integrate the needs of these groups into the entire reconstruction process.

Civil Society Initiatives
4.21   The civil society is emerging as a strong voice in development in Uganda. Since 1986, civil society organizations have stormed into Kampala. The flood of these organizations has produced varying degrees of cynicism and optimism. Although they expected to play a vital role in mobilizing and articulating social demands and providing countervailing influences to elicit accountable performance in the public and private sectors, an increasing number of "brief-case" organizations have tended to give them an unsavory reputation.[14] Their value added in planning, monitoring and evaluation of development policies and programs remained highly questionable. To this end, civil society in Uganda requires capacity enhancement for independent research and analysis, for strengthening their networks, and for mobilizing broad societal energies for development.

4.22   In the years since 1986, many NGOs emerged to assist with the rehabilitation and reconstruction efforts. Most of them gradually turned the corner from relief to development and advocacy, and sought to strengthen their technical, planning and managerial capacities and secure sustainable funding. As pointed out earlier, twenty years of civil war and social unrest in Uganda resulted in a virtual collapse of all government services, depletion of the country's stock of educated civil servants, and ravaging of the resources and materials available for social services. The fast growing civil society organizations now are involved in a variety of activities including delivery of social services, advocacy, mutual self-help, income-generating projects, relief and social welfare programs. Some work with village groups or needy individuals, others work with large communities or religious bodies, while others work through the government service delivery systems. Their motivations range from the religious to the purely philanthropic to purely developmental. Organizationally, they range from

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[14]. Some bad NGOs have been accused of being fronts for private gain rather than communual benefit. They are private business seeking the NGO label to get tax exemptions.

informal groups organized at a grassroots level with few resources available to them, to indigenous, formally organized groups, to umbrella groups, to local chapters of international NGOs, and to foreign NGOs with large budgets and expatriate staff. These different NGOs are often related to one another in a variety of ways, for example, through funding mechanisms or informal cooperation.

4.23   The government created a new Statute and Statutory Instruments (the Registration Statute No. 5 1989 and the NGO Organizations Regulations-statutory instrument, No. 9, 1990) to register and regulate all NGOs working in the country. NGOs are required to register with the NGO Board in the Ministry of Internal Affairs. The operating environment for NGOs in Uganda is, *prima facie,* a benign one, with less restrictions and more governmental interest than in most other countries in Africa. Once they have registered with the NGO Board, they enjoy great freedom to implement their programs in accordance with their priorities and objectives and with remarkably little interference from government. However, beneath the surface, there has been considerable mistrust, jealousy and misunderstanding on the part of some government officials toward the NGOs. The rapid growth of NGO numbers gave rise to government fears in some quarters that their own authority and capacity was being eroded in favor of the NGO sector. These fears were compounded by explicit or implied suggestions from some donors that they saw NGOs as alternatives to inefficient and corrupt government.

4.24   Of the 703 organizations that had applied for registration by December 1992, 15 named relief as a primary activity, 430 had development and 258 had other. Of the 258 organizations that had other as a primary activity, 248 had evangelism as a subsidiary activity. Of these 248 primarily evangelical organizations, most of which were small in terms of numbers and resources deployed, 195 claimed development and 40 claimed relief as a secondary activity (World Bank, 1994:23).

4.25   Moreover, despite constant harassments and imprisonment, the independent mass media was allowed to develop and operate in the throughout the country. It offers alternative views to the state media. From the early 1990s, newspapers, in English and vernaculars, quickly mushroomed and gained self-confidence to write on any topic, including scandals. But much of Uganda's press was often said to be self-censored and journalists were constantly reminded to "show patriotism" during the period of national reconciliation and healing.

4.26   At the same time, civil society organizations were formed or reactivated to join the struggle for democratization. Among these, women's organizations at every level of society proved the most coherent and effective. They have played key roles at the grassroots level in the democratization process, represented local constituencies in decision-making processes and served as "watchdogs" for government actions.

4.27   Viewed retrospectively, the national unity achieved under the umbrella arrangement would be tenable only for a limited period. In principle, we know that monopoly leads to arrogance and decay in any sphere of life, whether economics, politics or culture. As time passes by, the broad-based alliance begins to crumble, and some members of the alliance begin to demand the unhindered freedom to belong to their own parties and civic organizations. Similarly, it became increasingly difficult for the Movement to retain its avowed inclusivist image. Those members holding different opinions from it on critical issues were no longer treated in a comradely manner. They began to view the "no-party democracy" as a government strategy to undercut their

organizational abilities. Besides, as Goran Hyden has noted (1998), movements, like any other political organization, tend to build up their capacities more successfully while in opposition rather than in power. It would have built its capacity and those of other political parties if the doors of political competition had opened gradually, while all parties build their collective political capacities. The Movement should have recognized that social pluralism is the foundation on which political pluralism would be built. Political parties cannot be held accountable by unorganized individuals, but only by those who are organized in and outside of parties like the trade unions, cooperatives, youth and the like. It was therefore naïve and self-defeating for the NRM to try to be part of both the state and civil society at the same time! This study recommends that the donor community should consider, without making any exceptions, including the democratization conditionality for countries emerging from conflict as one of the pre-conditions for political stability.

Donor-supported capacity building Initiatives 1986-1989

4.28   Following the end of civil war, Uganda had special human, institutional, and logistical capacity requirements, mainly to replace the tragic losses of human resources, economic and social infrastructure, and to re-orient the cultural and social forces toward a modern, progressive and tolerant society. As earlier pointed out, the new government relied heavily not only on some of the severely distorted, pre-existing institutions and bureaucracies, particularly government ministries, local administrative offices, and the court system but also adopted emergence measures to hire out foreign technical assistance personnel to fill huge manpower gaps. We should hasten to emphasize at this juncture that subsequent capacity building interventions in Uganda were neither informed by any serious national needs assessment, nor by a radical change in the modalities of dispensing international aid assistance. Not surprisingly, most of this assistance tended to be donor-driven, uncoordinated, short timeframes, and it therefore had limited ability to contribute effectively to longer-term processes of institutional transformation.

4.29   Under the World Bank aid coordination, Uganda received generous support for reconstruction and development from various donors. It was exclusively conditional on compliance with the standard package of structural adjustment policies involving changes in macro-economic management. These include: the removal of price distortions on foreign exchange, capital, and essential commodities; improved fiscal and financial discipline; the reduction of marketing monopolies and state controls, and civil service reform. The immediate post-conflict resources went toward addressing a diversity of public service administration, balance-of-payments support, budgetary, and infrastructure spending, and technical manpower gap-filling far in excess of what would have been otherwise available from local resources alone. It is also important to emphasize at this juncture that under very difficult post-conflict environment of Uganda, capacity-building   interventions were informed by neither comprehensive capacity assessment studies, effective community participation, economic policy ownership, nor did the international community tailor its modalities of technical cooperation delivery to suit the new contingencies. A few core agencies of economic management like the Ministries of Finance, Planning and Economic Development and the Public Service, the Bank of Uganda, the Auditor General's Office and the Uganda Revenue Authority were initially targeted for special technical assistance. Moreover, the initial institutional restructuring, revolved around the clarity of responsibilities between core agencies and the merger of the Ministries of Finance and that of Planning and

Economic Development to form the Ministry of Finance and Economic Planning provided a more appropriate framework within which to manage the economy.

4.30   As noted earlier, the Ugandan leadership played a critical indirect role in post-conflict reconstruction policy management. It incorporated opposition representatives into the regime, compromised its own Marxist ideological assumptions, maintained economic discipline, threatened powerful vested interests, and supported the small group of key officials who have had to enforce the unpopular decisions required to sustain the donor-imposed structural adjustment policies. After the first ten years of various economic and political reforms, the commitment to political and economic discipline demanded by structural adjustment was probably more widely accepted by the leadership and less dependent on continuing external inducements and pressures. The broad masses also began to enjoy the benefits of policy reforms.

4.31   The immediate post-conflict capacity building interventions in Uganda included the provision of technical assistance, training, best practices, tools and equipment and transport facilitation. First, the provision of technical assistance to a few carefully selected line ministries and government agencies largely consisted of long-term advisors/experts and short-term consultants. Long-term advisors were mainly provided in the areas of economic management, policy formulation and strategic planning, organization reforms and institutional strengthening. Second, a training component was provided in four categories, namely: short-term formal training in specific technical and management aspects lasting between a few works to six months; long-term training, including post-graduate training of professional cadres to upgrade their academic qualifications; in-house training, mainly department-based on-the-job training targeting new staff and existing staff in new management positions; and sensitization seminars and workshops designed for all government administrative cadres in central and local governments to induct them to modern financial and administrative procedures, project management, implementation, supervision, monitoring and evaluation. Third, capacity building intervention in Uganda included the provision of tools and equipment. Donors supplied computers and accessories, office furniture, photocopying machines, telephones and fax, and medical equipment. Finally, capacity building interventions included the provision transport facilitation, namely cars and motorcycles.

4.32   It is important to point out that in the absence of a robust government capacity, the immediate post-conflict capacity-building efforts in Uganda, as elsewhere on the continent, were essentially *ad hoc,* haphazard and donor-driven. They came through as scattered, loosely coordinated and expensive technical assistance personnel, with accompanying technical equipment to facilitate their various assignments. Our interviews in Kampala revealed that donor funded projects, then and now, are largely initiated through direct contacts between line ministries or districts and donors and that they are not integrated into the government medium-term expenditure framework and budget. Worse still, most donors took the responsibility for the execution of the projects that they funded by establishing their own project coordination units (PCU), which often bypassed governmental structures. Under the prevailing serious shortage of personnel and unreliable government funding, very little in-house counterpart training of Ugandans was undertaken. Several donors including the UNDP, the British Council, CFTC, Germany, Canada and the European Union offered expensive scholarships for Ugandans in specialist skills and professions. Unfortunately, some of these trainees did not return to Uganda given the unfavorable working conditions. Not surprisingly, the earlier capacity building programs were poorly coordinated both within and between line ministries and between government and the donor community. More often than not,

they were designed and executed without being guided by a common national strategy. This resulted in a lack of linkages and comprehensiveness.[15]

4.33   As the World Bank study has noted, despite the Bank's respected performance in coordination, less apparent was any overall strategy which prioritized and sequenced sector activities during reconstruction. Beyond the macroeconomic framework, coordination was not evident with respect to particular sectors or programs, like capacity building, despite a view that a comparative advantage arising from the Bank's multi-sectoral nature was the potential to coordinate across sectors. The report also pointed out that nationally, despite coordination structures, some replication of project initiatives and donor competition in a donor-driven environment were not uncommon. This study recommends not only a strategic partnership and coordination of key national actors, donor agencies and development NGOs, but also the creation of multi-donor trust fund to undertake critical crosscutting post-conflict institution development and capacity building (World Bank, 1998b).

4.34   Nonetheless, for purposes of this study, these earlier initiatives have had far-reaching implications in the capacity building efforts in Uganda. With regard to institutional capacity building, the major outcome of this exercise revolved around the public sector reform in which government ministerial structures were reviewed, resulting in the merging, reconstitution, abolition and creation of new ministries. The primary objectives of this exercise were essentially two-fold. First, it was to streamline the government structure and to rationalize its functions and systems in order to increase efficiency and effectiveness in service delivery. The second was to reduce government operations by hiring off to private hire agencies some functions that do not form the core business of government but which are critical to the delivery of key government services to the people. This exercise was in line with the government policy of withdrawing from direct production and direct delivery of services to assume its new role of facilitation, regulation and monitoring of private sector operations.

4.35   Moreover, with respect to technical assistance, the focus was on establishing systems and filling the manpower gaps created by the loss of skilled personnel during the and after war. The various training programs created a critical mass of economist and statistician cadres, the reintroduction of statistical bulletins, the increased flow and improved quality of policy papers and briefs, incremental improvements to the planning and budgetary systems coupled with a growing political consensus on policy change and the return of some professional Ugandans from the Diaspora.[16]

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15. From discussions held with various members in the Department of Human Resource Development at the Ministry of Finance we generally observed that capacity building activities Uganda, then as now, continue to manifest several disturbing features:

(i)   Lack of genuine participation and ownership of the entire program from the design state. There were no specific goals or milestone set for each beneficiary ministry nor were there a definite time frame in which activities would be undertaken

(ii)   Management and coordination structures of human resource development were considered to be weak. The Capacity Building Secretariat, which was the responsible government body, was largely ineffective in policy analysis, training needs assessment, motivation and research in issues related to human resource development.

(iii)   International consultants were hired in a number of ministries in disregard of the principles of the National Technical Cooperation Policy, which require identification of local counterpart, time frame and mechanisms of skills transfer.

(iv)   Inappropriate deployment of personnel in areas where the acquired skilled are not directly applicable and

(v)   Failure to retain the trained personnel who benefited from the training programs under the project. Most of these officers reportedly joined the NGOs, private sector or international and multilateral organizations.

16 . Under Technical Assistance 111, the World Bank set aside resources " to encourage Ugandans outside the country to return in order to take up the task of rebuilding the nation" (World bank, 1998c:10). At the time of writing this eport, no exact figures were available to determine how many really did return.

4.36   However, the sustainability of these poorly conceived and planned as well as loosely coordinated initiatives was quickly threatened by a number of factors. First, although the primary agency to reconstruct the state and economy in Uganda was led by the Ugandans themselves, friends of Uganda in the donor community played critical intervention roles in the provision of financing, technical assistance and policy advice. However, this donor-driven, and with too much donor competition, the capacity-building process was not undertaken as an organic process. It did not start with a comprehensive needs assessment to establish institutional and manpower gaps and priorities so as to build on them in a manner that respected peculiar post-conflict conditions, or that fostered continuity and sustainability. We recommend ACBF to assume a donors' coordinating role in all matters dealing with capacity building in post-conflict situations in Africa. Like the World Bank and other major organizations, the ACBF's possible entry point might be to establish a post-conflict unit that would coordinate studies on capacity building needs assessment, capacity building plans, assume aid coordination role in the capacity-building initiatives, advise and support other staff members in developing and implementing cost-effective strategies to restore human and social capital in war-shattered economies and societies, and consolidate ACBF's cross-country learning on post-conflict reconstruction issues.

4.37   Second, in the early years of structural adjustment and reconstruction, the Bank and the Fund literally "ran the policy management show" in Uganda. As Tony Killick (1995) has observed, "Letters of Intent" which are ostensibly from a government, were almost invariably drafted in Washington, D.C, with governments left trying to negotiate variations in a document presented to them. He concluded, "…It is difficult to imagine a procedure more subservient of ownership". To be sure, external imposition weakened and dis-empowered rather than strengthened Uganda's administrative capacity and undermined the moral authority of the state, which was seen to have accepted external diktat. It also generated hostility from some domestic groups whose knowledge and skills would have been invaluable inputs for the success of any policy.[17] This study recommends the need to strengthen existing capacities and institutions through ownership, effective local participation in major decision-making and comprehensive budgetary reviews.

4.38   Third, reconstruction and capacity-building after a prolonged violent civil conflict tends to be a long and formidable task. The main challenge to the post-conflict government and the donor community in Uganda was whether or not adopt a paradigm shift from the "rational development model" that works under normal conditions to a "specialized post-conflict development model". As John Stuart Mill (1873) observed in his *1873 Autobiography,* "No great improvements in the lot of mankind are possible, until a great change takes place in the fundamental constitution of their modes of thought". Arguably, the specialized post-conflict approach has entirely different requirements from a development universe. For an economy that is in ruins, the government capacity in tatters and the private sector largely in disarray, recovery

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[17] . Several arguments were presented to us to explain this reprehensible practice. They include, among the most common ones:
- Fear of misuse of aid funds if there is no external advisor or project manager controlling project expenditure
- Concern that local technical capabilities are not strong enough to deal with complex issues, especially if focusing on technology and skills transfer
- Desire on the part of the donor to have an insider well-placed within a recipient country to pursue the donor's broader political and economic concerns
- The convenience of having donor representatives on-site with whom to communicate easily as interface with local administration on a day-to-day basis.

requires incremental planning, careful and realistic policy reforms and careful consideration of the post-war constraints. Additionally, some characteristics of post-conflict setting – fragility of the political environment, skittishness of private investment, concentration of wealth and access to resources, thinness of financial sector markets, and severely reduced governance capacity – render some conventional wisdoms inapplicable, at least in the short run. While the immediate post-conflict period can be a "window of opportunity" to pursue policy reforms, especially those essential to macroeconomic stability and democratization, great caution should be exercised in pursuing an ambitious reform agenda too soon after a major social collapse. The failure to grasp these basic fundamentals, leads overzealous actors in the post-conflict environment to chase their own shadows (World Bank, 1997:161).[18]

4.39   By the same token, the early stages of post-conflict reconstruction in Uganda was highly unlikely to make optimum use of any assistance delivered under conventional development assumptions. The study recommends the need for the government, private sector and the donor community to appreciate the special development needs of post-conflict societies and to treat them differently from normal developing countries. The ACBF might consider designing an ***Operational Policy Statement on Post-Conflict Reconstruction*** that consolidates, clarifies, and refines existing policy guidelines for support to post conflict reconstruction. The policy statement should be read together with the Fund Procedures and Good Practices, emphasizing a ten-year period of consistent support of its capacity building initiatives in post-conflict countries. The Operational Policy would consider the following issues:
- o   Advise on economic development implications of peace accords options
- o   Aid coordination in capacity building initiatives
- o   Define priorities in capacity building initiatives
- o   Ensure flexibility in programming, design and implementation of capacity building initiatives
- o   Make institutional arrangements for capacity building initiatives
- o   Monitor and evaluate capacity-building programs
- o   Promote equitable development and peace building

4.40   Fourth, the sustainability of capacity development in post-conflict Uganda was threatened by inordinate dependency on foreign financing and expertise without any imaginative exit strategy. International community interventions should aim at building capacities not only in government, but should invest in higher education and other relevant knowledge institutions and NGOs. This will support the development of human capital more broadly, and will strengthen the country's ability to nurture, sustain, update and regenerate capacity over time. On the revenue side, although the Uganda Revenue Authority's performance has improved over the years, development financing in Uganda continued to be highly dependent on unpredictable foreign resources, which remained inadequate to fairly remunerate those Ugandans working in the public service. In fact, the net aid flows and dependence on technical assistance personnel substantially increased in subsequent years and showed no signs of diminishing even after a whole decade and a half of reform and reconstruction. Worse still, despite the aggressive training program of the earlier post-reconstruction phase, donors continued to depend significantly on expensive, and often, less knowledgeable, foreign technical assistance personnel. This study recommends that Uganda should judiciously implement the

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[18] . The Report further notes that…The sequencing of standard economic policy reform and governance measures also needs to be tailored to avoid threatening the sustainability of peace agreements and to take account of the typically severe distortions in economic conditions (World Bank, 1997:161).

existing technical cooperation policy in order to minimize distortions imposed by ill-planned and poorly coordinated technical cooperation arrangements.

4.41   Fifth, the earlier capacity development programs in Uganda were not anchored in firm national institutional framework, policy or plan that established the country's system for decision-making and establishing priorities. Our interviews with senior government officials and donors in Kampala indicated that several capacity-building projects were designed and implemented as autonomous entities without linkages with similar or related activities in other sectors. Capacity-building projects and programs tended to be designed and implemented in isolation without being guided by either a common national plan or strategy. In short, they remained uncoordinated and unintegrated at different levels: within ministries, between ministries and between the government and the donor community. A national capacity building policy framework would have been responsible for identifying national priorities, developing national policies and programs, coordinating activities in the various capacity building areas, liaising with donors on the necessary external funding, monitoring the implementation of programs, evaluating the impact of capacity building initiatives, and consolidating information on the various capacity building efforts. In the absence of such a policy and institutional framework, capacity-building initiatives tended, at least in the first post-conflict decade, to be *ad hoc* and haphazard at best and *laissez faire* at worst. The study calls for a multi-sectoral capacity-building framework, with emphasis on dialogue, both between donors and government but also more broadly within countries.

4.42   Sixth and as pointed out earlier, immediately after the capture of state power, the new NRM government seriously suffered from weak institutional capacity. This was amply demonstrated not only by its weak capacity to formulate and implement consistent development policies and its inability to manage the economy but also crucially by its incapacity to manage productive relationships with multilateral institutions and donors. Not surprisingly, donor agencies set the agenda and created parallel organizational structures manned by foreign technical assistance personnel that planned and executed development projects and programs with little or no participation from indigenous counterparts. Worse still, various internal evaluation reports and interviews with senior Ugandan officials indicate that in the earlier years of the reconstruction program in Uganda, donor agencies did not work in a very participatory manner in terms of involving beneficiaries or various sections of civil society. Rather than empower and strengthen the available local human and institutional capacities, parallel organizational structures served only to dis-empower the Ugandan institutions and society that they purported to be helping. Sustainable capacity-building efforts call not only for strong government ownership and participation right from the start, but most importantly, for donor self-coordination, standardization of their processes and requirements, and harmonization of their goals with nationally determined and accepted goals and priorities. Such improvements may be helpful in reducing some of the problems of fragmentation; and competition and the heavy administrative burdens associated with donor funding that can strain or even overwhelm partner country institutions. Finally, this study recommends building-capacity of local training, research and consultancy sectors that will provide much-needed knowledge-intensive services and participate effectively in the global knowledge and information exchange networks.

4.43   Seventh, the sustainability of capacity building initiatives in Uganda was threatened by the unfavorable working conditions and inappropriate incentive structure for public service workers. As pointed out earlier, the capacity that is being created and utilized to realize a set of development goals will need to be retained and further

developed and sustained over time. Inadequate salaries and other incentives can easily stifle the creativity and effort of public and private officials and induce them to divert their efforts and attention to undesirable activities or to engage in unprofessional behavior such as corruption or embezzlement of funds. Low salaries and lack of appropriate and uniform incentives (e.g. housing schemes, transport, family welfare benefits, travel etc.) were observed to be major causes of high turnover of trained staff in the Ugandan civil service. It should be emphasized that the current low salaries and benefits of the Ugandan public service will continue to pose a threat to capacity retention efforts. We recommend that strengthening institutional frameworks and making them more conducive to developing and sustaining capacity should be the priority of governments and donors alike. This includes both working to improve the quality of governance generally, and also establishing competitive incentive schemes for performance for individuals and for organizational capacity development.

4.44   Eighth, like the addiction to opium, the more technical assistance the Ugandan government received, the more it tended to request. Understandably, there are usually short-term gains associated with dealing with foreign advisors and consultants rather than local experts. These include foreign trips, accessibility to aid-funded vehicles, computers, and the like. Like donors, recipient governments perceive technical assistance personnel as an easier channel of communication with donor agencies; they can act as interpreters and facilitators on behalf of recipients and deal directly with donors on issues that arise during the course of project implementation. Indeed, as Goran Hyden (1994:9) has observed, the arrangement "encourages political leaders and officials in the recipient country to consider their relations to the donors as more important than those with their own people". Vested class interests of this kind have forced some critics to question the otherwise "hidden agenda" on both sides of the aid relationship (Hayter, 1991; Rugumamu, 1997). The study recommends the creation and nurturing of an enlightened political leadership that will cherish national pride, independence, and dignity. The ACBF might consider participating in the funding of the annual Eastern African Young Leadership Summer program, which exposes future leaders (the best and brightest from East African Universities) to leadership norms, ethics and best practices.

Broader Lessons from Initial Capacity Building Efforts

4.45   A closer look at most of the earlier capacity building initiatives in Uganda provides us with informed insights into the nature and character of the international aid process. On the one hand, the overwhelming power of donors and the inherent weakness of post-conflict state and society become all too obvious. As pointed out earlier, donors not only fashioned the structure of the capacity-building initiatives but also determined what interests were to be served and modalities of achieving them. On the other hand, the recipient's high degree of need for foreign assistance translated itself into almost total surrender of national sovereignty. Our interviews revealed that the Ugandan government made little effort to mobilize its existing institutional and organizational resources to define and defend its "national interests" however crudely defined. We agreed with our interviewers that the pressure for political survival forced the government to seek and obtain foreign assistance at any cost.

4.46   Moreover, Uganda's excessive dependence on foreign assistance gradually eroded the capacity of the government to design and implement comprehensive policies and strategies that would have enhanced sustainable capacity development. In the absence of credible policies, institutions and strategies, donors increasingly usurped the

role of policy management. Our interviews revealed that some capacity building projects tended to be run and managed almost like "private donor companies". In the process, the government and beneficiary organizations were not only marginalized but also increasingly showed little interest in what appeared to be foreign concerns. Instead of promoting prudent and sustainable capacity-building, various donor agencies encouraged the state to hire foreign consultants and embark on costly foreign training. Instead of strengthening weak and effective institutions, most donor agencies created parallel aid organizations to manage capacity building projects. Instead of helping to undertake a comprehensive manpower survey in order to identify critical gaps, donors resorted to deploying foreign technical assistance to fill manpower gaps of their own choices.

4.47   Finally, in the absence of a comprehensive capacity building policy and institutional framework, capacity building efforts continued to be *ad hoc,* disjointed, and donor-driven. It is little wonder that donors filled manpower gaps even where better-trained and more experienced local capacities existed. Gradually, however, dependence on external benefactors gave way to more enlightened approaches to self-reliant and participatory development. The perception that outsiders could develop Ugandans was quickly abandoned. In the following chapter, we describe and explain some attempts made at institutionalized national capacity building in Uganda.

INSTITUTIONALIZED CAPACITY-BUILDING (1989)

National Institutions and Policies

5.1   We have emphasized that the institutional and organizational capacities of the aid recipient government are critical intervening variables in explaining capacity development in a post-conflict environment. We have argued that the pervasive institutional and organizational weaknesses of post-conflict situations as well as donor agendas tend to compound the structural conditions under which capacity building projects are selected, designed, and implemented. The immediate post-conflict capacity-building efforts in Uganda demonstrate that a weak and diffuse institutional framework allowed overzealous donor agencies to impose projects that largely disregarded even the most rudimentary aid delivery requirements like manpower audit and planning, recipient ownership, local participation or even the sourcing existing local resources.

5.2   One key to more effective capacity building is for the beneficiaries to take greater responsibility for initiating, implementing and monitoring the process. In other words, take national ownership of the development process. Such ownership speaks about self-confidence, without which there can be no leadership or commitment to capacity building. In order to enhance access to external support while preserving local ownership, national agents need not only participate, but must also have full control over the initial idea as well as the execution of the project and its integration into national processes. This calls on the international community to focus, right from the early stages of reconstruction, on strengthening existing local and national capacities, rather than trying to construct new institutions on the basis of foreign blueprints.

5.3   As Uganda's policy management capacities expanded and deepened, the government asserted itself and took a lead in shaping its relationship with international partners. By the late 1980s, it had acquired a critical mass of highly educated civil servants, a vibrant university and research sector, a large supply of well-qualified professionals and an extensive and active NGO community. Slowly but inexorably, the Ugandan government was able to define and defend its development objectives, undertake rigorous policy studies like the *1989 National Manpower Survey,* and adopt strategies to productively engage the donor community and international NGOs.

5.4   First of all, the government was able to concretize its development objectives and strategies from its Vision 2020 and the Poverty Reduction Strategic Plan. Both policy documents call upon the government and other stakeholders to pursue development policies that are informed by rigorous research, consultation and participation. Uganda's long-term development will depend, it was argued, on its capability to analyze, initiate and manage change, accumulate human capital and adapt modern ways of doing things – including productivity-enhancing techniques of production. Similarly, subsequent capacity building initiatives have come to focus on new policy areas, particularly human resource development, institutional strengthening, policy formulation and planning skills, and the supply of modern technology equipment for sustainable institutional building. There was also an increasing shift of focus among donors to move from project support to program-based intervention to capacity building and in favor of the lead agency arrangement in various activities.[19] Under the program-

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[19]. Under this arrangement, each donor agency concentrates on a few sectors of preference, and channels other support resources to other sectors through lead donors in such sectors. In this connection, the implementation agreements, including guidelines for performance monitoring, are agreed among donors. The lead donor in that sector coordinates technical assistance, capacity building and institutional development.

based support, there is also a noticeable tendency to promote twin arrangements between national institutions with overseas ones so as to encourage the exchange of information, expertise, experience and best practices in capacity-building endeavors. Above all, unlike the civil service, some institutions of higher learning like Makerere University have designed exit strategies from donor dependence by gradually replacing non-national experts through aggressive training and retention and by improving salaries and other benefits for the academic members of staff.

5.5   As the government capacity improved, a decision was taken in June 1989 to establish the National Manpower Council (NMC) and the Capacity Building Secretariat (CBS) to serve as national capacity building instruments. The former is broadly responsible for designing a national human resource development policy that provides a strategic vision, and consistency and ownership of interventions, and the latter acts as a link between training needs and the provider of training, determines capacity building priorities, conducts research and develops programs and action plans. In addition, this institutional framework is composed of three associations/apex organizations, in charge of specific areas of capacity building, namely: the Institute of Certified Public Accountants in Uganda (ICPAU), which would regulate the accounting profession, the Association of Uganda Management Consultants (AUMC), which coordinates and regulates the local management consultancy profession; and the Uganda Management Institute, (UMI), which coordinates management training education and advises on management training needs.

5.6   As the national policy instrument, the NMC is entrusted with the responsibility of ensuring that the country's manpower needs are adequately met. In its mandate, NMC is supported by three sub-committees, namely: the Public Service Manpower and Staff Development Sub-committee; the Parastatal and Private Sector Manpower and Staff Development sub-committee; and the National Scholarship and Fellowship sub-committee. In addition, the Council oversees the Validation and Certification Board. The Manpower Planning Section, under the Economic Planning Department in the Ministry of Finance and Economic Planning, acts as Secretariat to the Council.

5.7   In addition to the NMC, the National Higher Education Council (NHEC), which was originally proposed by the 1989 Education Policy Review Commission, was endorsed in 1990. The following are its main responsibilities:
- To formulate policy guidelines for tertiary education
- To plan and evaluate programs of study
- To coordinate admissions to tertiary education institutions
- To validate academic and professional courses
- To determine the equivalence of academic and professional qualifications obtained in Uganda and abroad
- To ensure uniform standards of education in tertiary institutions of equivalent level, and to plan courses in higher education.

5.8   Moreover, as the government's capacity improved, the CBS pursued, since 1991, a number of initiatives aimed at prioritizing areas for capacity building and commissioned a series of detailed studies on selected aspects of capacity building. The initial studies included policy analysis, project management, national training institutions, local consulting professions, repatriation, overseas training, and women and capacity building. These studies provided the basis for establishing not only the new M.A. in economic policy and planning at Makerere University, the establishment of the Economic Policy Research Center largely funded by the African Capacity Building

Foundation (ACBF) participation in the M.A programs under the auspices of the African Economic Research Consortium (AERC) but most importantly, it provided the basis for the preparation of the Technical Assistance Policy and the National Capacity Building Plan.

5.9   Some critical aspects of the Ugandan policy on indigenous capacity building are outlined in the Technical Assistance Policy that was issued in May 1993. The policy emphasizes the urgent need to invest in the creation of more domestic managerial, technical and analytical human resources for the effective management of the economy and society. Under this policy framework, donors also agreed to promote demand-driven local training programs, which benefit a larger number of people at relatively low costs and utilize local expertise and materials wherever possible. More specifically, the Technical Assistance Policy encourages:

(i)   establishment or strengthening of both public and private institutions
(ii)   development of human resources to produce a skilled labor force
(iii)   efficient use of both domestic and external financial and human resources
(iv)   reversal of the brain-drain through the mobilization and motivation of the available national manpower
(v)   transfer of appropriate technology
(vi)   national execution of projects, supplemented by the use of local consultants and expatriates; and
(vii)   extension of technical assistance to the private sector including NGOs.

The above objectives constitute some of the core principles on which the National Capacity Building Plan is based. The Plan identifies priority areas for the long-term capacity-building action program, develops an institutional framework for the implementation of the program and guides donors in their contributions to the capacity-building initiatives. More specifically, the Plan has the following primary objectives:

- To initiate a process of building Ugandan ownership and responsibility for capacity-building and to enable the transition from ad hoc measures to planned and integrated approach in addressing capacity building problems
- To identify, describe and analyze the main areas needing intervention in long-term capacity-building action program
- To identify institutional and policy changes needed in each of the priority areas of intervention, by recommending action and by suggesting timing and responsibility for such action
- To guide the contribution that donors can make toward capacity-building effort and,
- To propose an overall institutional framework that will ensure the effective implementation of future capacity building programs.

5.10   Unlike previous capacity building attempts, the Ugandan Capacity Building Plan concentrates on selected priority areas where local capacity is particularly severe and where the strengthening of local talent has an immediate impact on the effective performance of government and on the development of a sound economic environment. The areas included in the Plan, in order of priority, are the following:

(i) It will strengthen capacity for policy formulation/analysis within the Ministry of Finance and Economic Planning

- The plan supports institutional changes at the Ministry of Finance and Economic Planning entailing the creation of a new Economic Planning Department in charge of long-term thinking, policy analysis and strategic planning, and the delegation of responsibility for short-term demand management policies to a new Macroeconomic Department, as well as the delegation of responsibility for preparing both development and recurrent budget to a new Expenditure Department. Moreover, attention is to be given to the staffing the new Economic Planning Department with highly qualified supply-side expertise. The establishment of the autonomous Economic Policy Research Center (EPRC) at Makerere is expected to bring new blood to the Economic Planning Department, as staff from the Department would be able to undertake short rotational assignments with the EPRC. As regards sectoral planning, measures should be taken to raise the motivation and competence of staff through the provision of training facilities and equipment.

(ii) It will improve the Manpower Planning function and link Manpower planning to the training function
- It was resolved that an overall policy on manpower and training policy would be the responsibility of the Manpower Planning Section of the Ministry of Finance and Economic Planning. It was further resolved that the Ministry of Public Service would be assigned the responsibility of manpower planning for the Public Service. It was also assigned the responsibility for conducting training needs assessment for the public sector.

(iii) It will strengthening the legal and judicial system
- This will imply the revision and updating of existing legislation in selected areas, to be identified by the Law Reform Commission, as well as substantial strengthening of both the Ministry of Justice and Constitutional Affairs and the Judiciary. Other measures to strengthen the Ministry of Justice will include the introduction of a computerized system for records and registries management, the provision of adequate legal reference material, and an increase in the number of state attorneys in the districts.

(iv) It will enhance the role and contribution of women to policy development and management
- To address gender related problems in the public sector; it is necessary to develop more transparent promotion policies. This will be addressed in the context of the restructuring of the Ministry of Public Service. Further, the training policy for the Civil Service should ensure that female professionals are given adequate access to training. In order to benefit women working for the private sector, labor legislation will have to be revised with the aim of extending greater benefits to women workers.

(v) It will strengthening management training institutions
- The participation of local training institutions in the development process is essential if the demand for skills is to be matched by an adequate supply of qualified manpower. This calls for designing of a training plan with rational distribution of responsibilities to the various institutions of higher learning. It also

calls for effective utilization of training facilities, provision of adequate resources and adequate incentives to teaching staff.

(vi) It will strengthen the capacity for policy analysis outside government

- In order to enrich policy debates in Uganda, it was resolved to encourage the establishment of organizations that would conduct policy analysis independently from government. The establishment of the EPRC is supported on the basis that it will enrich the policy debate and will contribute to raising standards for research. Further, the EPRC will have a capacity building effect on other institutions and programs. Such as the MA in economic policy and planning at Makerere through the establishment of a Young Professional Program at the EPRC.

(vii) It will strengthening the accounting profession

- In recognition of the fact that Uganda suffers from a clear lack of skills in the area of financial management and accounting, the strengthening of the accounting profession deserves priority attention. There is need to increase the number of qualified accountants, to regulate their conduct, and to establish and enforce sound accounting practices and standards.

(viii) It will strengthen the local consulting profession

- As a matter of policy, the government will give preference to local consultants, invite local firms to bid on all government contracts, and ensure that strict competitive bidding guidelines are observed in contract awards. There is also need to establish sound professional standards, a code of conduct and guidelines for ensuring the quality of professional work carried out by consultants.

(ix) It will strengthen technical and vocational education and industrial training capacity

- It is necessary to strengthen the country's capacity to provide technical and vocational education, to revise the curriculum offered at technical schools, to integrate technical and commercial education in order to provide students with the skills necessary to enter self-employment, and to ensure that technical and vocational education ceases to be terminal.

(x) It will strengthen the non-governmental organizations as capacity builders

- It is necessary to strengthen the efficiency, effectiveness and sustainability of the non-governmental organizations and community based groups. At a policy level, there is need to introduce policies encouraging the active participation of NGOs in the provision of social services at grassroots level. There is need also to establish codes of conduct and information sharing mechanisms in order to facilitate partnerships between government/donor and NGOs.

(xi) It will encourage the return of skilled Ugandans.

- In order to reduce dependence on outside expertise, it was resolved to encourage the return of skilled Ugandans. It was resolved also that a comprehensive policy on repatriation be developed, coordinate repatriation schemes and direct donors assistance for the repatriation exercise.

5.11   Slowly but inexorably, donors began to move away from a massive deployment of foreign consultants to nurturing national professionals and inviting Ugandan professionals in the diaspora to take up short-term assignments with the public sector. Gradually also, donors began putting emphasis on "partnership", " policy dialogue" and

"participation" in working with not only government agencies and bureaucrats but also with non-governmental organizations and other parts of the civil society, as well as creating conditions under which the private sector might flourish. The resulting Poverty Reduction Strategic Papers (PRSPs) are now widely used as one of the key bases for decisions on aid and debt relief (World Bank, 1998c).

5.12   The Capacity-Building Plan stressed the need for strengthening capacity for policy analysis outside government. This has the potential to enrich the policy debate by providing government with different perspectives on important issues and making policy analysis more participatory. The Plan points out the need for the establishment of units or organizations, which could conduct policy analysis independent of government. The Economic Policy Research Center (EPRC), for example, is meant to broaden and deepen participation in policy debates. Uganda's Manufacturers Association (UMA) which has a fully-fledged Policy Research and Analysis Unit and a Center for Basic Research has had an important role to play in major policy debates in Uganda.

5.13   However, despite these policy pronouncements and commitments, performance on the ground has tended to lag behind the stated policy objectives. This is, in large part, because of the lack of adequate professional and technical skills as well as the lack of a genuine government commitment to an efficient and effective build national capacity. It is also important to emphasize that it takes more than a decade after the cessation of the a major conflict to put in place the necessary institutional capacities to create, deploy and retain national capacities sustainably. For purposes of illustration, let us look at three case studies of capacity building, namely, the EU-assisted Human Resources Development Project (HRDP) of 1992[20], the 1995 World Bank-assisted Uganda Institutional Capacity Building Project (UICBP) and the Civil Service Reforms of the 1990s.

5.14   Although the Human Resource Development project agreement was signed in 1992, it did not commence any activities until March 1994, and even today it has made no significant progress beyond the scholarship awards. HRDP, financed at ECU 3.1 million under the Lomé IV Agreement had five components:
- Capacity building in the Ministry of Finance and Economic Planning, Public Service and Labor and Social Welfare (ECU 1.21 million);
- Strengthening the tertiary level technical and commercial institutions (ECU 0.7 million);
- Strengthening the university education at Makerere University (ECU 1.15 million);
- Support for In-service Training (ECU 0.100 million); and
- Support for the return of qualified Ugandans.

5.15   According to our interviews, the major reason for its failure has been variously attributed to the lack of its ownership by government, lack of participatory approach in its conception and preparation, ambitions design and diversity of priorities targeted, lack of linkages with ongoing programs, and insufficient data, estimates and implementation plan preparations. Above all, were lengthy and bureaucratic procedures of the EU aid

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[20] . The project had seven major objectives (i) to improve the efficiency and effectiveness of the public sector management associated with human resource development planning and delivery (ii) to increase the supply of technical and business personnel; (iii) to increase the supply of technical and business teachers; (iv) to continue with the rehabilitation of Makerere university and the enhancement of teaching and research capabilities; (v) to provide appropriate technology and entrepreneurial training to small scale business; (vi) to provide short-term scholarships for advanced training overseas including concern for gender imbalances in advanced studies; and (vii) to enhance the return of qualified Ugandans from overseas.

disbursements, which were not adequately tailored to cater for post-conflict situations. At the time of this study, the project was under review for possible restructuring.

5.16 The Ugandan Institutional Capacity Building Project (UICBP), which commenced in August 1995, took serious lessons from the experience of the HRDP and various past technical assistance programs. UICBP targeted a few major priorities of the National Capacity Building Plan, with the objective of establishing greater local institutional and human capacity to develop and implement policy and support the growth of the private sector, continued support of Civil Service Reform, decentralization program, and strengthening the legal and financial accountability of government institutions.[21]

5.17 In planning and designing the UICBP, special attention was given to avoid duplication of effort and to ensure firm government ownership right from the start. This objective was achieved through the comprehensively participatory approach of the government, other stakeholders and donors. A local team of technical experts was used to develop, negotiate and implement the project. A comprehensive implementation manual was prepared well ahead of the project start up and a launch workshop was held to introduce and sensitize stakeholders. This local team worked with the IDA team of experts to provide support on the donor side. The project promotes heavy reliance on the use of local expertise and local demand driven training and strengthening of local institutions, both public and private. Training funds provided under this component are on a cost-sharing basis.

5.18 The third case study is capacity-building through civil service reform. Aware that a politicized public service would undermine its efforts, the Movement enjoined public servants from any political activity. At the same time, the Public Service Review and Reorganization Commission (PSRRC) was established to diagnose the problems of the civil service and recommend action to be taken. The Commission identified several problems: inadequate pay and benefits, poor management skills, a dysfunctional civil service organization, inadequate personnel management and training, inadequate facilities, assets and maintenance culture and lack of leadership ethics and a code of conduct of public servants. It recommended the establishment of the Ugandan Civil Service Reform Program (CSRP) to address the problems of performance improvement, capacity building and productivity in the public sector.

5.19 The CSRP report recommended comprehensive programs to be undertaken in order to restore public service efficiency, improve services to the public and contribute to the implementation of the policy for both good governance and poverty alleviation. It was recommended that the development of a strong civil service, with greater delegation of power and responsibility and involving more the local communities in the management of public affairs was a matter of critical importance to the achievement of the economic recovery of those priority areas marked out for poverty alleviation. More specifically, the Ugandan Civil Service sought to achieve the following objectives:
- Rationalizing of ministries and districts
- Right-sizing the civil service
- Strengthening the ministry of Public Service's Capacity to manage the reform process
- Monetization of benefits

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[21] . The Ugandan Institutional Capacity Building Project had five components: (i) Central Government Capacity Building ($6.62 million); local Government Capacity Building ($12.74 million); Legal Sector Reform ($8.24 million); Accountancy Profession ($0.98 million); and Training Funds ($7.02 million).

- Job grading
- Payroll monitoring and establishment of controls
- Code of conduct and discipline
- Information program and communication strategy for the reform

5.20   The World Bank and the governments of the United Kingdom, Sweden, Denmark, Austria, Norway and the Netherlands support the CSRP project.   The achievements of the civil service reforms in Uganda have been impressive. By June 1995, the size of the civil service and the military had fallen dramatically. The civil service workers were reduced from 320,000 to 143,000. The civil service was streamlined by reducing the number of ministries and departments from 32 to 21. Efficiency reviews of all government ministries were carried out in all 39 districts, and pay levels increased by roughly 50 percent a year during the 1990/93 periods. The responsibility of delivering government services to district and sub-district levels was decentralized, and the capacity to manage the civil service was strengthened, especially in the Ministry of Public Service. Given the fact that the public service had been run down over many years, the task of setting up enabling systems for an efficient civil service will take some time. More ominously, the civil servants' salaries and benefits bear little relation with the country's cost of living and are disproportionately low in comparison to salaries offered by autonomous bodies, projects and other sectors of the Ugandan economy.

5.21   In order to achieve the reform objectives, the government negotiated a $35 million loan with the British government to undertake various capacity building programs in the civil service.[22] The view of most people involved in the CSRP is that donors, including the World Bank, have played a very positive and facilitative role, that the design of the reform program was thorough, and that there is a reasonable degree of ownership considering that many individuals in the civil service will have to lose their jobs and benefits. Several factors have contributed greatly to this success: internalization of problems to be resolved by reform; broad agreement on the vision of "where to go and what to do"; strong and sustained support for the reform by a critical mass of the top leadership; and coordination of the on-going reforms and efforts to bring out synergy and optimal sequencing (Langseth, 1995).

5.22   The demobilization of the Ugandan army was delayed until late 1992. This was partly because there was a continuing need for an army to deter rebels, and partly because of fears that soldiers would be more of a problem once demobilized than they were while on the payroll. Specifically, demobilized soldiers might become disaffected and join new rebel groups, or resort to crime. Nonetheless, by 1994, the military ranks had been reduced from 90,000 to 50,000.[23]

5.23   One of the most important strategic objectives of the Public Service Reform Program was Pay Reform. It sought to improve salaries in the public sector in order to attract, motivate and retain high caliber staff, support the change process necessary for enhanced productivity and improved service delivery in the public service, and gain public officers' commitment and loyalty to the achievement of Uganda's goals. This

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[22]. The Civil Service capacity building program has five components: (i) a central government capacity building component; (ii) a local government capacity building component; (iii) a legal sector reform component; (iv) an Accountancy profession component; and (v) an implementation skills training funds component.

[22]. By 1986, The NRA was considered too small for national defense. It had to be enlarged in order to   suppress the insurgency and supplement the depleted policy force to maintain law and order. Another reason for expansion was the need to reintegrate all the rival armies into one army in the name of reconciliation. With the pacification of most of the North, a large army was considered wasteful.

noble objective was to be achieved by harmonizing and rationalizing the salary structure across the public service, in order to ensure equity and comparable pay structure across government institutions and agencies, phasing out public servants paid by development partners, and developing a pay policy for public service institutions and government agencies. At the time of conducting this study, this exercise had not been undertaken. And as will be argued later, the failure to institute pay reform in Uganda has largely been responsible for the retention problems of the capacity created through aggressive training programs.

Multi-Party Democracy

5.24   Despite massive financial and technical support, donors seem either to have bought wholeheartedly NRM's arguments about Uganda not being ready for multi-party democracy or have simply been ambivalent toward the idea of a return to multiparty democracy. They tend to claim that since the adjustment and reconstruction programs have worked relatively well in Uganda, such success should not be disturbed by multi-party democracy. To be sure, these are double standards. Other neighboring African countries such as Kenya, Tanzania and Ethiopia have been openly pressured to become multi-party. This ambivalence has strengthened the regime's reluctance to open up the political space to other actors. The Uganda government seems to have persisted in its efforts of developing its own political system as an alternative form of democratic representation, and despite considerable misgivings on the part of donors, has so far managed to get away with it (Doornbos, 1996:426). As earlier noted, a tightly controlled political participation in Uganda did not augur well for capacity development.

Economic Adjustment, Capacity development and Reconstruction

5.25   Previously weakened by processes of collapse, the economic adjustment of 1987 started from a very low base. Through the years of conflict and general neglect since the early 1970s, the public sector capacities in all forms were generally eroded and substantially misdirected, under-utilized and under-remunerated. The process of rehabilitation, reconstruction and creation of new capacities has been long and expensive, involving multiple and often uncoordinated efforts by the government, private sector and the donor community. As of 2000, Uganda's public sector's ability to formulate effective policy, manage the economy and exhibit financial discipline within the context of the country's development strategy remained generally weak. It was characterized by incomplete reforms and general overhaul of the public service in order to provide for efficient structures, optimum numbers, appropriate systems of management and operations, new salary structures, enhanced pay, better conditions of service, and appropriate techniques and skills development. This weakness, in turn, led to a general lack of accurate, timely and appropriate information to provide forecasts on the key economic and fiscal indicators required for economic and financial decision-making and for monitoring policy performance.

5.26   The pervasive weak capacity of the state resulted into overwhelming dependence on external resources at every stage of economic reconstruction. The post-conflict recovery and economic reforms in Uganda benefited enormously from generous foreign aid and policy advice. Bilateral and multilateral donor support has played a significant role in this recovery by supplying experts, technical advice and economic support. The World Bank Group not only played a very critical aid coordination role, but it was also Uganda's largest donor. Since 1986, the Bank organized annual Donor Consultative Group meetings and held regular donor meetings, including monthly donor

consultations, which took place in the resident mission. There were also sub-groups of monthly meetings working on specific task areas. Moreover, the Bank coordinated planning in reconstruction activities through the preparation of country economic memoranda, country assistance strategies and other studies.[24]

5.27   In 1987/88, the NRM government launched a comprehensive economic recovery program with the support of the IMF, the World Bank and a score of bilateral donors. The broad policy objectives of the reform effort were focused on the following goals:

- The need to stabilize the economy, in part through the restoration of fiscal and monetary discipline
- The liberalization of the consumer and producer prices, with the objective of aligning prices in favor of export-oriented production and import substitution
- The progressive movement toward a realistic, market-determined exchange rate with a system of free exchange restrictions
- The strengthening of the balance of payments and the normalization of relations with external creditors
- Removal of trade restrictions
- Privatization and rationalization of state enterprises
- Downsizing of the civil service and the army
- Liberalization of interest rates within a structured and more efficient financial system capable of mobilizing savings and increasing investments with the view of raising the rate of economic growth.

5.28   The support of the IMF since 1987 was also critical. Under the structural adjustment facility (SAF), the enhanced structural adjustment facility (ESAF), and the compensatory financing facility (CFF), resources totaling SDR 318.8 million were disbursed between 1987 and early 1994. Over the same period, the World Bank group disbursed loans totaling approximately $1.4 billion. Technical assistance made up almost one-third of total grants during the 1987/96 periods.[25] The projects were interrelated and supported the objectives of the reconstruction program. The First Economic Recovery Credit (ERC 1) aimed to stabilize the economy and create a policy environment conducive to rapid growth with an efficient use of resources from previous credits. The Second Recovery Credit (ERC 11) supported the economic recovery program through (a) demand management, including interest rate reform and fiscal measures designed to contain the fiscal deficits; (b) liberalization of trade policies, the Investment Code's operational guidelines, the Custodian's Board's operations, revenue mobilization by the public sector, reform of the civil service and revitalization of the private sector; and (c) public sector management reform.

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[24] . Despite the Bank's respected performance in the coordination, less apparent was any overall strategy for construction, which prioritized and sequenced sector activities. Coordination with respect to particular sectors or programs was not always evident. Guiding principles in sectors such as health and agriculture were lacking. The NGO community felt that the rhetoric of partnership and participation was moving faster than the reality and that the Bank was still secretive in its operations (World Bank, 1998b).

[25]. Grants accounted for a little less than half of the total aid, and the rest is concessional loans. The share of the grant element has increased from 23 percent in 1986/87 to 46 percent in 1993/94

5.29   The Reconstruction Credits were disbursed over three years instead of the expected four months. There were several reasons for this unexpected delay: (i) the Bank was unrealistic in its expectations and the reconstruction process was lengthier and more complicated than expected; (ii) there were political uncertainties characteristic of post-conflict societies; (iii) procurement and disbursement procedures slowed down progress considerably; and (iv) although the projects were designed as emergency operations, they evolved into policy loans, and conditionality issues caused added delays.

5.30   There has been five freestanding technical assistance (TA) operations since 1980: Technical Assistance 1, 11 and 111, the Economic and Financial Management Project (EFMP), and the Institutional Capacity Building Project (ICBP). All five projects had as their central objective to help the core economic ministries and agencies design and implement a progression of economic reforms; and to strengthen systems and capacities within those agencies. TA 111 sought to encourage Ugandans outside the country to return in order to take up the task of rebuilding the nation. Efforts in the public sector included the Public Enterprise Project (PEP), which had as its main objectives to restore the country's productive capacity while difficult reforms were being implemented. The project overlapped with a follow-on project, the Enterprise Development Project (EDP).

5.31   Other donors were key stakeholders in assisting the government to strengthen effective and participatory governance and in mitigating the impact of conflict. Total external bilateral assistance to Uganda was equivalent to 12.2 percent and 7.1 percent of GNP in 1997 and 1998, respectively. Total external assistance translates into approximately 85 percent of Uganda's development budget or public investment plan (PIP). The PIP lists a total of 46 donors, of which 19 were multilateral, 21 bilateral and 6 were NGOs, with projected overall disbursements of US$995 million for the 1999-00-2001-02 (Hauge, 2001:30). They financed the capacity-building efforts of the Parliament, promoted dialogue on conflict resolution with the North, and financed capacity strengthening for central, local government and the civil society organizations.

5.32   Viewed retrospectively, structurally adjusting the economy was a state activity that required much more capacity that was implied by a simple retrenchment of the civil service. Most of the policy measures mentioned above actually needed a strong state to see through the major structural changes implied by the policies. Strength refers not only to repressive capacity over interest groups, but the more important political capacity to win adherence to programs among the large sections of the society, and to develop the analytical skills and technical capacity to implement those programs. There was a deliberate effort by the Bank and the Fund to create and strengthen capacity at the Finance Ministry and the Central Bank at the expense of the so-called "spending ministries and agencies" associated with development programs.[26] Initially, they provided the two institutions with direct inputs, such as financial, human and technological resources to manage policies directly. Gradually, they established mentoring relationships, provided opportunities for formal study in the country, the United States or the third countries; and set up internships or apprenticeship with other organizations. The TA built a competent team of economists and put in place data collection and analysis frameworks. Gradually the system produced a team of technocrats with enough information about short-term changes in the economy to

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[26] . In their view, the Bank and the Fund single-mindedly sought to raise the technocratic capacities in the economic policy field in order to be able to implement market reforms, send credible signals to investors and to enjoy debt relief from donors.

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manage policy reforms while maintaining macroeconomic stability. Both institutions were later described as "the most effective instruments of governance" (World Bank, 1998c).

5.33   After a decade of implementing uninterrupted adjustment and recovery programs, Uganda is a sustainable development success story, with GDP growing at an average annual rate of 6.4 percent during the past decade and 8.1 percent between 1994 and 1997. The impact of the impressive strengthening of economic reforms since 1992 is clear: the fiscal policy has been disciplined, IMF targets have consistently been met, and the effect on most performance indicators has been positive. By 2000, annual inflation was running at 5.9 percent instead of the 240 percent inherited in 1986. The average annual rate of industrial expansion was about 10 percent. The contribution of agriculture to GDP had fallen from 76 percent in 1986 to 41 percent by 2000, while the share of industry doubled from 9 percent to 19 percent. About 600 kilometers of new tarmac roads had been constructed while 1,700 kilometers have been reconstructed. In the telecommunication sector, more than 500,000 new telephone lines had been installed, compared to the 30,000 lines that were available in 1986. Electricity generation had expanded from 60 megawatts in 1986 to 326 megawatts by 2000. The success was largely a product of establishing comprehensive law and order, nurturing macroeconomic stability, opening the economy to external trade, rehabilitating major infrastructure, and liberalizing key export markets in coffee, cotton and tea.

5.34   Since the mid-1990s, Uganda has established a welfare monitoring system with regular household surveys. Government actions to increase the ability of the poor to raise their incomes, articulated in the Poverty Eradication Action Plan (PEAP) are focused on several intervention areas: increasing access to productive assets, increasing the returns to assets of the poor, improving access to markets, enhancing sustainable management and use of the natural resource base, and expanding farm and non-farm employment opportunities.[27] Research conducted by the government shows a dramatic and consistent downward trend in income poverty and suggest that the government is on track in achieving its longer-term objective of eradicating poverty. The proportion of Ugandans living in absolute poverty declined from 56 percent in 1992/93 to 35 percent in 1999/2000. This is in line with the Poverty Eradication Action Plan (PEAP) target of reducing the incidence of household poverty to 10 percent by 2017 and the UN Millennium Development target of reducing poverty to 28 percent by 2015.

5.35   However, the same study found that growth in household incomes was not broad-based. Incomes have grown relatively faster in urban areas than rural areas, and that regional distribution of wealth is equally unbalanced, with 66 percent of the population in northern Uganda remaining poor. In comparison, the poverty incidence was much lower in central Uganda with only 20 percent of population being poor, in the west it was 28 percent and the east 37 percent.

5.36   The principles set out in the PEAP have guided the formulation of sector plans as reflected in the Plan for Modernization of Agriculture (PMA). The core focus of the PMA is the transformation of the subsistence agriculture to commercial agriculture.

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[27] . Uganda's Poverty Eradication Action Plan which is the national planning framework guiding medium
    sector plans, district plans and the budget process has four major pillars:
(i)   Sustainable economic growth and structural transformation.
(ii)   Ensuring good governance and security.
(iii)   Increasing the ability of the poor to raise their incomes
(iv)   Improving the quality of the life of the poor.

Seven priority intervention areas are highlighted in the PMA: agricultural research, agricultural advisory services, agro-processing and marketing, rural finance, physical infrastructure, agricultural education, natural resource management, and clearly delineating the roles of the private and public sectors.

5.37   On the social front, the government was able to increase public expenditure from 8.6 percent of GDP in 1986/87 to 22.7 percent in 2000/01. Uganda has made substantial progress in poverty reduction, universal primary education, gender parity in education, reducing the spread of HIV/AIDS and increasing access to safe water. Data from Census and Household Survey indicates substantial progress in increased access to safe drinking water. The rural access increased from 24 percent in 1991/92 to 55 percent in 2001/02. The Urban safe water coverage increased from 60 percent to 68 percent during the same period.

5.38   As pointed out earlier, generous external assistance from development partners substantially contributed to these positive developments. Uganda has received generous support for its post-conflict reconstruction and capacity building. In 1993/94, for example, foreign aid totaled US$550 million, more than twice the value of merchandise exports. As a share of GDP, gross aid flows have undergone a fairly steep rise, from 2.7 percent in 1986/87 to 13.4 percent in 1993/94. At present, aid covers more than 80 percent of all public investment and a substantial share of other public sector outlays such as recurrent expenditure and debt service. Above all, the Paris Club has agreed on debt rescheduling for Uganda on several occasions since 1981. Uganda was the first country to benefit from the HIPC Initiative in 1998, as well as from the Enhanced HIPC in 2000. In each of these reforms, the government chose to incur substantial short-term political costs in the hope of long-term benefits. Some observers even accused the government of having become "an aid-driven economy with an administrative apparatus highly dependent on donor personnel" (Himbara and Sultan, 1995).

5.39   However, all these successes are fragile. Let us explain. In 2001, annual GDP growth dropped to 5.1 percent, private investment was low at 13 percent of GDP or less, annual government revenues were stagnant at fewer than 12 percent of GDP, and the quality of education and health services were dropping. Over half of the population was under the age of 15, vulnerable to a renewed wave of HIV/AIDS infection. Meanwhile, population growth was high at 3 percent per year. This phenomenon tends to erode social service gains and adds about 300,000 frequently frustrated job seekers to the economy every year. Above all, continued political instability in the north and the west, linked to regional conflicts, undermines both the economic growth and poverty alleviation.

5.40   Moreover, the Ugandan private sector remains fragile and undeveloped. First, many firms are still in their infancy: about one third of over 100,000 private companies and business names in Uganda were established in the last for years. Second, most firms are still extremely small: the micro and small enterprise sector provides 90 percent of total non-farm employment, with large enterprises accounting for only 6 percent. Third, the informal sector is still important, particularly in agriculture, which rural smallholders and subsistence farmers dominate. Fourth, diversification in exports has been limited. These factors are constraining the supply response needed to drive further growth over the medium to long term.

5.41   Restoring a 7 percent or higher annual growth rate, and sustaining it through for another decade will be difficult. At 13 percent of GDP, private investment is simply too low to sustain economic growth rates of 7 percent or more. Ugandan businesses are not well equipped to compete, either in terms of meeting the rules embodied in trade agreements, or with products that meet consumer demands in international markets. Business culture in Uganda lacks strong entrepreneurship and vision. There are several issues to be addressed in meeting new economic challenges. Sustained rapid economic growth is a necessary condition for poverty reduction. The rural economy supports 85 percent of Ugandans and must be developed if broad-based economic growth is to be achieved. Persistent insecurity in several parts of the country limits the degree to which rapid growth can reach poor Ugandans in those areas. This is true of the North where incidence of rural poverty actually increased over the past three years, in contrast to a significant reduction in poverty in each of other three regions.

CAPACITY-BUILDING LESSONS AND RECOMMENDATIONS

The study has examined the root causes of Uganda's conflict and has highlighted the impact of the war on the economy and society. It has also reviewed various interventions intended for post-conflict reconstruction and capacity-building. This final chapter synthesizes key study findings and presents them as capacity-building lessons and best practices from post-conflict Uganda.

6.1 *Conflict Prevention and Reconstruction Support Unit:* Events during the past decade challenged the thinking of the international community about whether development efforts have really achieved an enduring legacy of inclusion, economic growth and human well-being. It became evident that the ability to prevent conflict has less to do with any scarcity of donor resources than with a lack of understanding and appropriate tools to address discord. The reconstruction and rehabilitation of war-torn societies has become a sub-specialty with unique concepts within the broader development studies discipline. The special needs of societies emerging from conflict have hastened the development planning cycle in such a way that demands flexibility of programs and resources, as well as greater responsiveness to emergencies heretofore handled only through humanitarian assistance. The need to nurture such an understanding and develop new tools has led to the emergence of specific units within bilateral and multilateral donor agencies to address rigorously the unique issues of development in post-conflict societies. ACBF might consider establishing such a unit that would backstop its interventions with well-informed background country and/or regional studies. An adequately staffed support unit would be a precondition for successful intervention in post-conflict situations.

6.2 *Understanding the root causes of conflict:* Studies resulting from ACBF post-conflict support unit would provide informed diagnoses of the conflict and would propose optimum remedies for reconstruction interventions. The major responsibility of the conflict unit would be to undertake conflict mapping of respective conflict countries by gathering information about the histories of the conflict and their physical and organizational setting, parties to the conflict, their goals and interests, and distinguish causes from the consequences. Understanding the distinctive histories and the root causes of conflicts helps inform, among other things, the nature and character of reconstruction and capacity building initiatives. Such understanding will facilitate informed capacity building interventions that are likely to serve as future conflict mitigation measures and as successful societal healing.

6.3 *Early Warning and early response to conflict escalation:* Why did the countries like the United States, Belgium and France and the United Nations fail to take appropriate preventive action to avoid mass killings in Rwanda when they had full knowledge about the impending genocide? One of the main explanations why world leaders have often been reluctant to take comprehensive conflict prevention measures is that they are captive of the conventional wisdom, which postulates that the costs to be borne and the risks to be run are too high, and the interests at stake are too low. Predictably enough, once the civil war erupted in Uganda, increasingly there were warnings, from the human rights organizations that unless external force was mobilized to stop worrying factions, widespread violence would occur. There is need, therefore, to create robust early warning institutional capacities at all levels, coordinate national, regional and international responses to those signals and translate them into effective conflict management tools for mitigation of conflicts.

6.4   *Folly of conventional wisdom*: The devastation of human, social and physical capital often found at the beginning of post-conflict period, and particular provisions of a peace agreement, may require that some conventional wisdoms of development practice be set aside for some time. Recovery and capacity building require incremental planning, careful and realistic policy reforms, more staff time than "normal operations" and a consideration for post-conflict constraints. Cumbersome procurement and disbursement procedures leading to the untimely delivery of goods and funds should be avoided at all costs. ACBF and other donors might consider focusing not only directly upon objectives of policy reform and increased service delivery, but also on relaxing any long-term constraints which could otherwise delay the attainment of those objectives. The critical path to reform and service delivery is the enhancement of human capital, and organizational efficiency in the public sector. Unlike normal situations of resource gap-filling, capacity-building in post-conflict situations as that Uganda have to be built across-the-board within government, civil society and the private sector if reconstruction and development will have to be effectively implemented. The opportunity of international good will was squandered by massively recruiting expensive foreign assistance personnel and consultants instead of embarking on a long-term sector-wide approach to education, training and institutional development.

6.5   *National Capacity building Policies and Plans:* "Ultimately", argues Moses Abramovitz (1996:406) "the effectiveness of international interventions to development largely depends on internal conditions".[28] By the same token, the effectiveness of the national capacity building policies and programs in post-conflict societies is usually thwarted by a lack of national clarity about the goals, means and ends. The lack of a development vision, capacity needs or priorities is not conducive to long-term thinking about skills acquisition, resource deployment and retention. In this regard, ACBF might consider encouraging its current and future African partners to define their respective development objectives, map out institutional and human resource development needs, and identify their capacity building strategies before any support is requested and given. The key issue here is to design a long-term, multi-sector capacity building program, which is consistent with a particular post-conflict situation. In order to support such efforts, as in the case of Kosovo, the Bretton Woods institutions may consider adopting peace-friendly economic reform programs in Africa, including far-reaching debt relief measures, enhanced foreign, deliberate capacity building initiatives, aid and investment in support of long-term development efforts and post-conflict recovery. In the same vein, the World Trade Organization (WTO) may also consider adopting the "special and differential treatment" of African countries in the world trading system. Above all, OECD member countries should be encouraged to provide substantive investment guarantees to corporations based in their respective countries that may wish to invest in post-conflict countries in Africa.

6.6   *One of the basic prerequisites for post-conflict reconstruction and capacity building is to establish and maintain public order and security:* In post-conflict reconstruction, sustained peace is essential to sustained development. Broad-based development, important in its right, also contributes to sustainable peace. The centrality of the peace objective implies an important collorary: that ICBF and other donors must grasp and appreciate the political framework of capacity building interventions. The political framework has two related but distinguishable components: the domestic

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[28] . He argues that the history of technological acquisition and catching up, clearly suggests the importance of what he refers to as social capability, which includes educational levels, physical infrastructure, corporate governance, political stability, interpersonal trust and civil cooperation.

politics of the post-conflict country; and the explicit or tacit framework set by the international community. The secret behind Museveni's government success was to maintain peace and order for the last two decades. To be sure, the best needs assessments; resource availability, policy framework, and the implementation capacity are worth little if program implementation and economic activity are constrained by lack of physical security. That the restoration of peace and security by the NMR government allowed gradual return from anarchy to normalcy set the stage for putting in place the basic institutions for social and economic governance. As Holger Hansen and Michael Twaddle (1995:2) have noted "the NMR government was able to apply those policies of economic liberalization to Uganda with intelligence and panache". Prudent macroeconomic stability, development of institutional and organizational capacity, and generous donor support provided the necessary conditions for firms to resume production, investment and export activities. Economic liberalization reined in inflation and brought a measure of visible growth. By 1991, the country had reduced inflation of 300 percent per annum in 1987 to 45. The deceleration of inflation encouraged local savings and improved the external balance. In the same year, the World Bank reported economic growth of 5 percent in GDP and described Uganda as the third best among African countries striving to overcome structural weaknesses that constrain economic growth and development. The question is how sustainable the growth is?

6.7   ***Stable macroeconomic environment:*** A favorable macroeconomic environment is critical to public policy and to facilitate the development of effective capacity building. Today, sound macroeconomic policies and reforms characterize Uganda's economic management and there was a consistent strong commitment to deepen these reforms. Beyond the investments for the rehabilitation of the social and economic infrastructure, the government has undertaken a successful structural adjustment program to ensure economic stability. Among the highlights are the liberalization policies in trade and foreign exchange market, which have resulted in phenomenal incentives, and drastic increases in the efficient use of resources. Prudent fiscal and monetary policies, together with a cash budgeting and rationalized expenditure management systems have all contributed to a stabilized macro-economy, putting a lid on inflation and exchange rate movements and have sustained investor confidence in the economy. These reforms have won Uganda a lot of praise and facilitated huge international resource transfers to support capacity building efforts.

6.8 ***Strengthening the institutional regime of democratic governance***: This refers to institutional and organizational structures, processes, procedures, and practices that are conducive to sustainable development and democratic governance. The Ugandan experience has amply demonstrated that inappropriate and perverse incentives led to massive waste and demoralization; non-accountability produced misappropriation, repression, and destructive conflict. The on-going reform processes to re-establish principles of democratic governance through the promotion of peace and security, respect for human rights, civil liberties and the rule of law, eliminating or minimizing political interference and advocating for proper financial management, accountability and transparency in government are likely to go a long way toward restraining political excesses and promoting the retention of highly trained and experienced human resources. Sustainable peace, security and democracy provide solid foundations for a stable society and a well functioning economy. Uganda should be encouraged to liberalize politics in order to facilitate genuine participation in national affairs.

6.9 ***Building and strengthening capacities of national institutions:*** Severe conflict, especially the most virulent forms as was the case in Uganda, destroy much more than buildings and power plants. It short-circuits the rules that keep human interaction constructive and predictable, targets primarily the organizational structures and individuals who administer those rules, and wipes out most positive forms of social capital. Post-conflict reconstruction is first and foremost, an institutional challenge. Creating structures is but a first step. The structures have to be credible and actively used for policy management. It became evident in Uganda that there was usually a wide discrepancy between policy objectives, implementation strategies, systems and procedures, and conflict and rivalry within institutional agencies. This was compounded by confusions on the conflicting roles of the Ministries of Finance, Planning and Economic Development, Public Service, Capacity Building Secretariat and donor agencies. Not surprisingly, our research found that most capacity building projects and programs were poorly coordinated at several levels: within ministries, between ministries, and between the government of Uganda and donors. Most initiatives tended to be designed and implemented in isolation without being guided by a common national strategy. The situation was compounded by weak information flow and the management of information on capacity gaps, limited horizontal and vertical linkages among institutions, which are supposed to collaborate and coordinate similar tasks. There is need therefore to strengthen institutional capacities to effectively implement the already promulgated National Capacity Building Plan as well as the machinery the machinery for the National Manpower Council and Capacity Building Secretariat. Sustainable national capacity building will requires, as a prerequisite, that post-conflict countries steadily muster a critical minimum of institutional, economic, political and social coherence. The international community together with ACBF might consider helping post-conflict societies in deliberate state building, nation building and democratic governance in order to lay robust foundations on which to anchor capacity building initiatives. Simply put, it means ensuring that elected representatives reflect the will of the people, protect civil and political rights, accept the principle of alternation of power and presidential term limits, and create effective channels through which civil servants and government can be pressured to deliver good public service.

6.10 ***Community Participation:*** There is little doubt that community participation is critical in every capacity building initiative. Community participation is the process by which individuals, organizations and communities assume responsibility for their own welfare and that of the community, and develop capacity to contribute to their own and their community's development. Active involvement of the people raises their self-esteem, mobilizes their social energies and helps them to shape their own social and economic destiny. The community at large must base genuine community participation on truly voluntary involvement as well as a sense of responsibility. The Ugandan experience has also demonstrated that ownership and control of the reform progress requires not only "bottom-up" participation and control, but also "top-down" managerial capacity and technical skills of organizational discipline is to be sustained and optimum use made of scarce resources. Successful organizations have to balance individual autonomy and participation against the need for authority, the application of scientific knowledge, and discipline. Ugandans paid dearly for their failure to get this balance right in the past.

6.11   *Successful capacity building initiatives require strong beneficiary ownership*: Without a solid base and investment at a community level, development efforts are not likely to succeed or be sustainable. This means that the international community should not promote or even prescribe certain political institutional or policy choices. Instead, it should try to identify those relationships, processes, mechanisms and institutions that hold the greatest promise for on-going conflict resolution and post-conflict reconstruction, which may not look exactly the same as those in the West. This observation precludes the ownership of policies, which are pre-packaged by the donor community. In fostering such climate, capacity building, policy dialogue and guidance for good governance must be nurtured right from the start.

6.12   *Strategic Partnership among key Actors:* That strategic partnership and coordination of key national actors, donor agencies, development NGOs and humanitarian groups was indispensable. Under the leadership of the World Bank, donors were adequately coordinated in the post-conflict reconstruction of Uganda in order to achieve maximum effectiveness. It allowed integrated planning, synergy coordination and project implementation. The IMF focused on economic reforms, the UN concentrated on conflict resolution and reconstruction, the World Bank and bilateral donors –whose operations span both agendas – tended to integrate reform and conflict issues.[29] There was a clear understanding of the operational capacities of different donors, detailed information about resources each donor had available to address specific post-conflict needs, coordinated in defining priorities, sequencing of resource disbursements, combining scarce resources, accurate sense of timing required for a donor to disburse resources or provide operational support in the wake of a conflict. This, notwithstanding, the Uganda's post-conflict recovery experience compares unfavorably with that of Kosovo. The much-needed assistance was not always forthcoming, and when pledges were made, the disbursement process was often too slow and loaded with too many conditionalities to mitigate the effect of conflict victims and facilitate a smooth shift from emergency to reconstruction.

6.13   *The need for the ACBF to participate in multi-donor trust funds (MDTF) to undertake post-conflict institution development and capacity building*: CBF has a critical role to play in the early stages of post-conflict reconstruction. It can perform a valuable role in aid coordination in the area of capacity-building and institution development. In this vein, ACBF might consider participating in the peace negotiations in order to provide capacity building advice, post-conflict capacity building coordination, co-financing of operations in its interests, creation of a national endowment fund for capacity creation, joint undertaking of human resource and institutional capacity auditing in order to identify inadequacies and obstacles to capacity building (use, retention and continuous upgrading of capacities). At the same time it might define the capacity-building needs, priorities and sequencing in concert with the respective beneficiaries (government, academia, private sector and civil society) define capacity building needs, priorities and the sequencing. In order to maximize the impact of foreign assistance on a post-conflict society, donors under the leadership of ACBF might also consider building a consensus on the co-financing modalities for reconstruction and capacity building. The main advantage of establishing an umbrella fund is the urgency for a closer linkage with the recipient country's budget, and hence,

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[29] . However, reform and reconstruction cannot be kept separate if conflict is to be resolved and halted and poverty reduced. Biases in public spending, predatory taxation, and bad policy encourage conflict by reducing the incomes, both absolutely and relative to others, of social groups that suffer such discrimination, thereby inflaming ethnic and regional tensions, and helping conflict entrepreneurs recruit their followers (Nafziger et al. 2000).

more robust dialogue on fiscal and development policy. While all contributions are commingled into a common pool, donor preferences would be explicitly acknowledged, and expenditures in the broad categories would be regularly reported. A multi-donor trust fund (MDFT) in capacity building would require an agreed program activities; ownership by government and major potential donors; a workable interface with the local aid management agency; as well as the fullest possible transparency and openings for citizens' voice.

6.14   *Coordinated, holistic and integrated capacity building policy and program*: Experience has shown that there is need for improving coordination, harmonization and adopting a programmatic approach based on a common national development policy, plan and vision and which is sustained by a long-term partnership. Uganda has demonstrated that the immediate post-conflict initiatives made a negligible impact on institution development and national capacity building effort. The flood of resources largely plugged gaps. Some donor-funded projects created parallel organizational structures, at times run as bad examples of emulation: too much autocracy, non-transparent operations, patrimonialism, Byzantine rules and procedures, etc. Such capacity building interventions may easily be perceived as interference, technical advice become conditionality, and parallel and appendage organizations turn into substitutes for national institutions. The starting point should be to strengthen existing institutional and organizational capacities of the state, the private sector and civil society in order to collectively evolve long and medium-term policies, plans and strategies for sustainable development. Various nationally integrated capacity building programs should demonstrate explicit, concrete and realistic outcome objectives as well as clear and reasonable time horizon. They should establish in concrete terms, the scope of programs, performance evaluation criteria, approximate costs, and Uganda's resource contributions over time in order to ensure sustainability. The lessons to be drawn from this experience is that the design of capacity building programs and projects need to anchored in a comprehensive national capacity building long-term policies, plans, programs and strategies which seek to address institutional, human and societal capacities and which seek to alter significantly the pay and incentives structures that promote and nurture capacity retention. Capacity building initiatives should therefore be recipient-driven, that are initiated from within the country. Such initiatives have a much better chance of sustainability and success than donor-driven ones. Uganda's subsequent limited post-conflict success is largely explained by adoption of the Capacity Building Plan, Capacity Building Secretariat and a close coordination of the key actors by the World Bank in the design, implementation and evaluation of the reconstruction activities. In addition, the Bank coordinated the production of the annual Country Assistance Strategy (CAS) documents, which were in line with the National Capacity Building Plan priorities. Yet, sustainability is bedeviled by excessive dependence on foreign assistance, a weak policy and institutional framework, and poor capacity retention strategies.

6.15   *Prudent management of donor intervention*: External actors played a critical role by supporting the research, strategic planning and human, institutional, and societal resource development in Uganda. Unlike in the past where capacity development was deliberately supply-driven, the post-reconstruction process in Uganda ensured that it is largely demand-driven, integrated into national plans and budgets and insisted on ownership. The government and its agencies identified inadequacies and obstacles to capacity development by (i) examining factors affecting the use, retention, and continuous upgrading of capacities; (ii) capacity development was mainly considered in the public sector but embraced capacities in all sectors of society (academia, the private

sector and civil society); (iii) there was a clear vision of human resource development with particular regard to education systems and labor markets. ACBF may consider consolidating these gains.

6.16 *Weak capacities among NGOs:* In the Uganda's predominantly donor climate, there was relatively abundant funding for NGO projects. However, financial resources did not always translate directly into good programs. Abundant funding tempted NGOs to expand beyond their capacity to manage and program control quality. Sometimes they branched into new areas in which they had little experience and expertise, which also made demands on their limited capacity. The study recommends to ACBF to invest in institutional development in some critical NGOs that are involved in regional and national grassroots capacity building activities such as MWEGO, a Harare-based sub-regional NGO .

6.17 *Successful post-conflict reconstruction is a long-term endeavor:* A national capacity building undertaking is supposed to be defined and interpreted in relation to national development goals and objectives. The capacity building implications of these policies and programs are to serve as building blocs in the formulation of a multi-sector capacity building short and medium-term plans, programs, strategies and implementing institutions. As Collier at al. (2001) have pointed out, a post-conflict reconstruction process typically requires at least two decades of focused and sustained effort, with the risk of war a current threat. Uganda's experience demonstrates that successful adjustment with growth require a comprehensive policy mix that is all-encompassing, including adjustment at a macro-economic level as well as important institutional and microeconomic reforms, to ensure the efficient functioning of the markets and their integration. At the same time, donors and policy makers need to know what is happening at the grassroots. To be sure, development cannot be only bottom-up, as it cannot be only top-down: a mutual learning process is necessary. One dimension of learning systems concerns a two-way information channels. Moreover, sequencing of the policy reforms is equally critical. The early removal of domestic price distortions, strengthening of institutional capacities, and progressive liberalization of trade, payments, and exchange system provide powerful incentives to producers and exporters. An equally difficult challenge to peace building and reconstruction is how to establish and handle questions guilt and innocence, impunity and justice, and the notion of forgiveness and reconciliation. These issues underwrite many people's understanding of the basis for lasting peace. In the Ugandan context, with the taking over power by the NRM government in 1986, the center of power shifted from the North to the southwestern of Uganda. In addition, the NRM government dismantled the military domination of the North to establish a national army. These changes led to the rise of discontents in the North. The notions of vengeance and responsibility, restorative justice and African humanism "Ubuntu" were not constructively translated into reconciliation and forgiveness. In post-conflict situations, the desire for justice is usually greater than the willingness to work for negative peace. The acknowledgement of crimes committed during the conflict can be sufficient, but often this acknowledgement is not provided satisfactorily at the end of the conflict. There is need for the formalization of such acknowledgement, reduce suspicions of each other in order to deploy fully the entire national human resources for development.

6.18 *Incomplete and disjointed implementation of Reform Programs:* The incomplete and disjointed overhaul of the public service in order to provide for efficient structures, optimum numbers, appropriate systems of management and operations, new salary structures, enhanced pay, better conditions of service, appropriate techniques and

skill development has had a negative impact on a sustainable capacity development exercise. Although public servants were trained in big numbers, they were often inappropriately allocated, regularly transferred, paid inadequate salaries and benefits and, as a result, a good number of them left the public service and joined the better remunerated private sector, NGOs, or international organizations. It is recommended that the remuneration and pay policies of public service institutions and other government agencies be urgently implemented, development of appropriate career structures, combined with both mobility and opportunities for career development can be powerful factors in motivating and retain high caliber staff, as well as fostering the commitment and loyalty of the public servants to the government's development goals.

6.19   *A genuine conflict resolution approach was missed*: What was urgently needed, and indeed missing in the post-conflict reconstruction in Uganda was the development of reconciliatory and effective administrative procedures that serve to create and nurture a culture of non-violent political discourse about the therapy of the past, what went wrong at what point, what could have been collectively done; and the therapy of the future. The international community that bankrolls Uganda's development may consider tying future support not only to peace negotiations with the rebels but also to collectively discussing the causes of and possible solutions to their violent past.

6.20   *A need for national collective healing and conflict resolution*: Had a joint healing Approach been undertaken by parties to the conflict immediately after the new regime took power, then questions of what kinds of political institutions, processes, relationships, and mechanisms for political governance and economic management would have be discussed and collectively agreed upon. And in the process of doing so, human and cultural healing, as well as structural healing and closing the violence cycle would have taken place. The end to the civil wars in the North and East would have been resolved. The psychological cost might have been considerable, but the social gains would have been enormous. ACBF together with other donors may consider bringing this important issue to the attention of the government.

6.21   *A profound challenge of social reconstruction is the opportunity to develop policies that reduce serious social inequalities that fuel conflict:* Some of these inequalities, whether ethnic, racial, regional, and religious or class based, shared in fuelling the civil conflict in the first place. The social reconstruction in Uganda has not stood up to these inequalities and the Movement risks building a new order upon historical grievances. In general, it is possible to speak of a "north-south" divide that separates the country along economic, political, and ethnic lines. Lack of equitable development across the country has led to continued frustration, despair and war. The Movement has not openly accepted diversity and pluralism as central in designing policies and institutions oriented to the rehabilitation, reconstruction and empowerment of society. Consideration should be given to alternative methods of conflict resolution and peace building by a strategy of capacity-enhancing measures, for among others, labor negotiations, civil society reconciliation, fair courts, and an electoral process that could enable a society to resolve its conflict before violence breaks out. This would have avoided the NRM's militarist solution of winners and losers. ACBF together with other donors may consider bringing this important concern to the attention of the government.

6.22   *The donor community seems to have bought wholeheartedly the Ugandan government arguments about the country not being ready for the multi-party democracy:* We think this is unfortunate.[30] Having discharged its duty of preparing the country for more than fifteen years, the Movement should willingly give room for the political organization and return to competitive politics and to negotiate for peaceful resolution of conflicts in the North. Future disbursement of aid support should be closely tied to discernible move toward opening up the political space for multi-party democratic system and for negotiating peaceful settlement with the rebels. The international community together with ACBF may consider tying a democracy and peace conditionality to any future support disbursement.

6.23   *The OAU/AU Peace Fund is quiet on post-conflict reconstruction and capacity building activities*: In fact, the Organization's efforts are mainly focused on providing protection and humanitarian assistance to refugees and internally displaced persons. There has been virtual inattention to post-conflict reconciliation and reconstruction in Uganda. Even if the Peace Fund was involved in post-conflict reconstructions, such efforts could not have made a dent without significantly mobilizing international and multilateral financial and technical assistance. As the recent experience of Kosovo demonstrated, the Security Council mandated the World Bank and the European Community to coordinate the international effort to support the country's reconstruction and recovery (World Bank, 1999).

6.24   *Sustainability of donor-supported capacity building interventions:* If reconstruction is largely predicated on external actor support, it is unlikely to be sustainable. It leaves the recipient government with limited choices and weakens its capacity to anchor its authority in society and establish reciprocal institutions of legitimation. To be effective and sustainable over a long haul, external assistance should aim specifically at enabling war-torn societies to emerge from disabilities and poverty, rather than trapping them in relations of food aid, dependence on technical assistance, and indebtedness. Uganda was a real casualty of this dependency syndrome. Its external debt grew from $1.3 billion in June 1987 to $2.9 billion at the end of 1994. A large part of the increase was attributable to credits obtained from multilateral institutions to support the balance of payments and finance development projects. The economy's debt debt-service ratio became onerous over the adjustment period, mainly reflecting lower exports. It rose from 54 percent in 1986/87 to a peak of 128 percent in 1991/92 before beginning a falling trend to 56.5 percent in 1993/94. This heavy debt burden put a tremendous strain on the balance of payments and Uganda's quest for external viability. In 1997, Uganda was the first country to qualify for the Highly Indebted Poor Countries program (HIPC), which is expected to reduce its debt service by US$30 million annually over the next twenty-five years.

6.25   *The ultimate objective of civil service reform in Uganda was to rescue the services from inefficiency and to turn it into institutionalized culture of excellence in delivering service:* Although, the civil service succeeded in retrenching over 40,000 positions, the slow rationalization of ministries and salary enhancements and indecisive capacity building have contributed to poor results of the public sector reform. Moreover, by demobilizing about 33,000 soldiers, the government has failed to reduce markedly

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[30] . Uganda's strategic importance to US's interest makes a huge difference in the way it is pressurized to open to democratic governance. According to one US Report, Uganda was considered a critical player in conflicts and tensions in the Great Lakes and the Horn of Africa regions and in the US government efforts to address them. Its development and stability were considered key to greater regional stability, economic *development*, and East Africa's integration into the global market place. *See USAID (2001:6).*

the military expenditures as a percentage of GDP because of the on-going civil strife in the North and East provinces.[31]Above all, at the heart of the problem of capacity building, retention and utilization are issues related to incentives – both material and moral. The more obvious forms of incentive are material ones, including job security, which allow public servants to carry out their duties without succumbing to extraneous pressures. The delay in instituting pay and incentive reforms in Uganda has definitely not helped capacity building.

6.26 *Deliberate international interventions to arrest poverty and promote peace:* The benefits of economic growth have not been spread evenly across the country and classes. The downsizing of the civil service, army demobilization, and the rate of population growth in Uganda have limited employment gains in the post-conflict period with the North as well as the poor and vulnerable lagging far behind. Such inequalities and deprivations are a recipe to violent conflict. By financing specific projects or sector outlays of particular relevance to the poor, like targeted agricultural research and extension (particularly for crops grown predominantly by the poor) or labor intensive public works, foreign interventions can indirectly raise agricultural productivity, output, expend employment opportunities, and income levels of the poor. Moreover, by investing in social infrastructure, foreign intervention can channel benefits to the poor through affordable education, health, water, nutrition and family planning facilities.

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31. The demobilized soldiers have invested their repatriation benefits in economic activities, mostly in agriculture. Each demobilized soldier received a basic in-cash settlement package comprising food, agricultural implements, seed, medical coverage, and transportation per diem. They have brought new lands into production, produced foodstuffs for local markets, and introduced new crops into their respective villages.

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APPENDIX 1:

List of Interviewees in Kampala, Uganda (23-27, July 2003)

i.   John Byaruhanga, Economist, Ministry of Finance

ii.   Joseph Enyimu, Economist, Ministry of Finance

iii.   Hentry Mbaguta, Economist, Ministry of Finance

iv.   M.P Srivastava, Commonwealth Advisor, Human Resource Planning

v.   Emiliana Babwebeiya, UN Volunteer, Gender Issues

vi.   Keith Muhakamizi, Director Economic Affairs

vii.   Cyril Pesha, Legal Counsel, East African Development Bank

viii. Betty Wabunoha, UNDP Consultant (Economic and Finance Management Project, Ministry of Finance

APPENDIX 11

List of Interviewees in Washington, DC (June 20-25)

i.   Yongumer Zhou, Sierra Leone desk

ii.   Chukwima Obidegwu, Rwanda desk

iii.   Robert Floyd, Capacity Building desk

iv.   Henry Garnette, Mozambique desk

v.   Dennis Morin, Rwanda desk

vi.   Patric Mamboleo, Uganda desk

vii.   Samuel Wangwe, Senior Fellow

viii   John Rutayuga, Private Sector Development

ix   Ian Bannon, Conflict Prevention Unit