

## Changing Paradigms of Capacity Building:

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The dominant paradigm of capacity building in most developing countries was State-Centric and was based on the premise that a highly educated and talented generalist well trained in public administration and on-the-job can perform a variety of managerial jobs in the Government Ministries without much difficulty. He could rise on the hierarchical ladder according to a pre-determined time path and occupy highest positions in the government. As the government and later public sector corporations or state owned enterprises covered, by and large, the entire spectrum of policy, production, business, regulatory, welfare and operational activities encompassing all areas of economic, technical and social development this paradigm served well. The legacy of strong civil service tradition inherited by the former British Colonies and the elite ENA type recruits in the former French Colonies influenced the continuation of this thinking for at least several decades after independence of the majority of developing countries.

The economic tranquility and stability maintained by the thrust of the colonial mode of governance reinforced the belief in the superiority of this paradigm. In Pakistan, several commissions and committees were established to reform the civil service but nothing of substance changed until Mr. Z. A. Bhutto decided to alter by an administrative fiat, the whole structure of civil services in Pakistan and abolished the elite civil service of Pakistan.

The decade of 1980's was characterized by economic and financial crises in many developing countries and the ascendancy of the international financial institutions in public policy making and strategic thinking. A new economic paradigm

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that of market friendly policies, liberalization of trade, deregulation, privatization of state owned enterprises and flow of foreign investment was espoused by these institutions. Countries who wanted to follow this route were granted structural adjustment loans as outright balance of payments support to the countries facing foreign exchange crises.

It was realized after several years into implementation that Structural Adjustment programs were not producing the kind of results which were promised at the time of their formulation. It was argued that the capacity of institutions including that of the private sector was inadequate to meet the demands posed by the new set of adjustment policies. The generalists among the civil servants were unable to cope with the kind of skills and attitudes required for implementation of these policies. Neither they had the analytical depth nor the basic training in accountancy, corporate finance, industrial organization, business management, strategic management etc. which were pre-requisites for a switch over to the new policies. We witnessed an upsurge in the number of training courses, seminars, workshops etc. offered by international financial institutions and universities such as Harvard, Boston, UCLA etc. Expatriate advisers and technical assistance by the Western Countries supplemented this formal training of nationals. But still there was not much of a break through and the living standards of the majority particularly in Africa began to deteriorate despite such huge infusion of financial aid, policy advice, expert training and technical assistance. The attitudinal problem of poor governance still persisted despite formal training and exposure to the tools and techniques of professional management. At that time, after much introspection good governance was found to be the missing link between the promise and performance of Structural Adjustment policies.

This paradigm while partially valid has given rise to a new set of issues i.e. ownership Vs conditionality. I, therefore, think that from a practical viewpoint this

paradigm has little chance of success if it remains externally driven. To the extent that the countries can adopt this paradigm in light of their own peculiar conditions it will have a fair chance of success.

The 1990s brought with it the new wave of globalization, integration with the World markets and further liberalization of trade and financial flows under the WTO. The new paradigm of capacity building in developing countries should therefore be built around the imperatives of this new world economic order. As multinational corporations bring in their investment to developing countries and trading relations between the developing countries and advanced countries intensify private entrepreneurs and private sector businesses have to play a much larger role. The transfer and assimilation of technology, managerial practices, human resource development techniques, organizational arrangements and business processes of these MNCs and Western trading partner companies can be successfully absorbed by the domestic private sector actors as they are more flexible, nimble and not bogged down by bureaucratic procedures. This is the most effective and practical way of capacity building for developing countries to position themselves for maximizing gains from international trade and financial flows. But the flip side of the coin is that there is another major player in this equation i.e. the government. As the role of the government in this new division of responsibilities will be policy making and enforcement, regulation to protect public interest, provision of physical infrastructure and social services, and maintenance of law and order and security, tax administration etc. the capacity building of public servants will have to be geared towards these areas of endeavor. At the same time the government has to create incentives, opportunities and institutions of higher learning, scientific research and development, business and professional management to enable the private sector players to equip themselves.

Thus in my view there are two parallel tracks for capacity building in developing countries -- one that of a facilitator and catalyst for the private sector to seize the opportunities presented by increased participation in the global economy and second that of the direct responsibility of the government for equipping its own public servants in the specialized fields of macroeconomic and policy management, regulations and oversight, social sector and infrastructure provisioning, law and order and security.

The developing countries have to get out of accepting on face value the changing fads and paradigms popularized by the international financial institutions and G-8 governments as quid pro quo for their assistance but look into their own specific needs and requirements for meeting the challenges of globalized economy. The two-track approach advocated above can be the generalized framework in which these needs can be assessed.

To conclude, building human capital in its broadest sense and capacity of the private sector as well as the government is key not only to maintain economic competitiveness but also to build an equitable and inclusive society.