



**Report to the Seventh Meeting
of the Committee of Experts on Public Administration
of the United Nations Economic and Social Council**

**CAPACITY BUILDING:
Lessons from Countries in
Transition**

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ABOUT THE PRESENTATION

The findings of this report are based on a number of international surveys by the UN, the World Bank, OECD, and the EU, as well as publications by individual scholars.

They also reflect author's own experience as a policymaker and international consultant.

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- 1. Capacity before Transition**
- 2. Initial Challenges of Transition:
the First Phase**
- 3. Three Strategies of Capacity
Building: the Second Phase**
- 4. Outcomes of Transition**
- 5. Lessons to Learn**



CAPACITY BEFORE TRANSITION

The communist countries, by and large, maintained relatively well developed public administrations:

- **State administration employed a well educated and disciplined workforce**
- **Remuneration was competitive**
- **Public administration enjoyed high social status and attracted more than a fair share of national talent**
- **Capacity of state institutions was strong in such areas as:**
 - **human development**
 - **leadership**
 - **ethics regulation**
 - **infrastructure management**
 - **planning**
 - **control of corruption**
 - **R&D management**



TRANSITION – THE FIRST PHASE: Capacity Gap

With the onset of transition a dramatic capacity mismatch emerged:

- **A skill mix before transition reflected the dominant role of the state in the command economy**
- **Many skills became irrelevant in the market system**
- **Skill shortages emerged in:**
 - **macroeconomic policy**
 - **budgeting**
 - **tax collection**
 - **customs management**
 - **business regulation**
 - **social policy**
 - **public relations**



OUTCOMES OF THE FIRST PHASE

basic capacity in:

- macroeconomic policy
- economic regulation
- budget management

acquired capacity

capacity by the end of
the first phase

capacity gap

- enforcement of the rule of law
- economic policy development
- policy evaluation, implementation and monitoring
- project management and change management
- inter-agency coordination and information exchange
- decentralized budget management
- business process engineering
- international trade and financial markets
- modern ethical framework
- performance management and strategic planning
- public procurement
- public services delivery

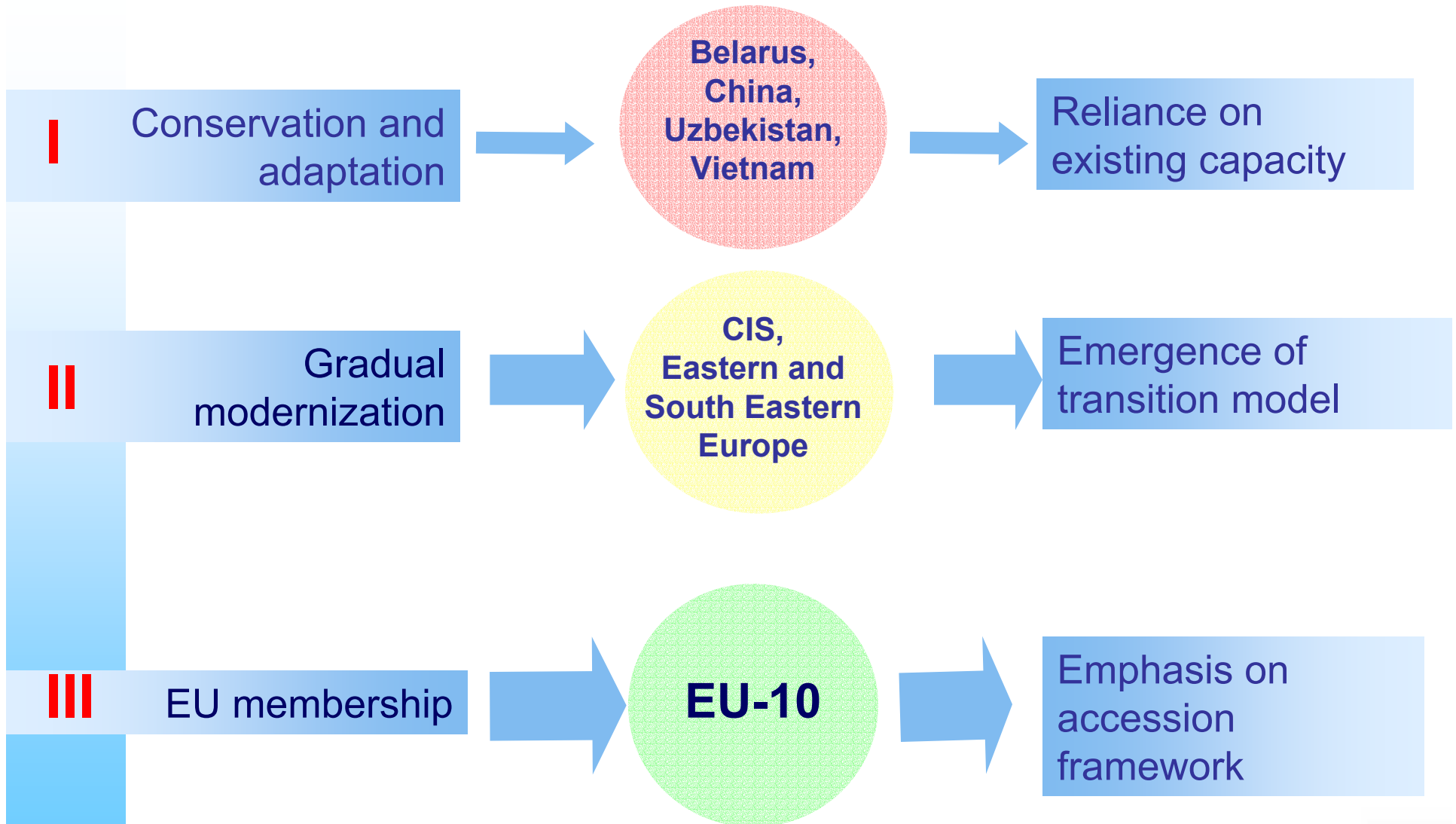


THE FIRST PHASE: Special Cases

- **Some of the Central and Eastern European countries (e.g. Estonia, Latvia and Lithuania) opted for comprehensive change during the first phase**
- **The reforms were focused on:**
 - **human resource management (selection, hiring, promoting and firing civil servants)**
 - **public management (new institutional design)**
 - **public policies (policy making through a competitive political system)**
- **These reforms were sometimes incoherent and could not produce immediate results**
- **They often sent conflicting signals to career civil servants**



THE SECOND PHASE: Three Strategies





OUTCOMES OF THE SECOND PHASE: Group I

- Ethical control
 - Control of corruption
 - Personnel management
 - Project management
 - Strategic planning

Conservation/
adaptation

Capacity in Group I

Capacity gap

- Performance management in market environment
- Human resource management
- Rule of law
- Transparency/ accountability
- Depoliticization
- Financial decentralization
- Policy analysis
- Public services' delivery
- E-government





OUTCOMES OF THE SECOND PHASE: Group II

- Basic regulatory framework
 - Fiscal and monetary policy
- Social services management
- Public relations

Capacity gains

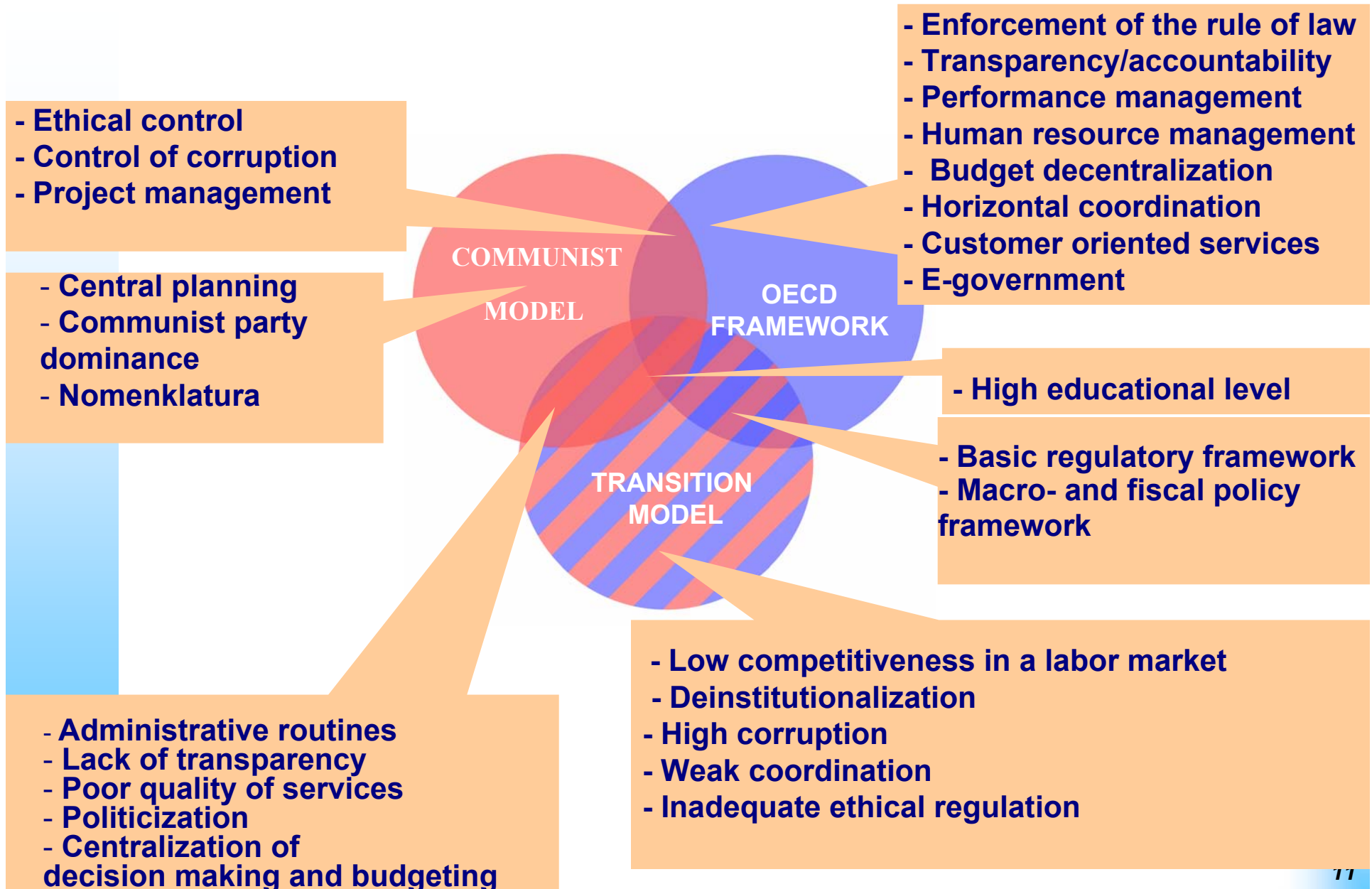
Capacity in Group II

Capacity gap

- Enforcement of the rule of law
- Transparency/ accountability
- Control of corruption
- Performance management
- Ethical and meritocratic framework
- Human resource management
- Depoliticization
- Financial decentralization
- Policy analysis
- Public services' delivery
- Strategic planning
- Coordination
- Leadership
- E-government



EMERGENCE OF TRANSITION MODEL





OUTCOMES OF THE SECOND PHASE: Group III

- Basic regulatory framework
- Fiscal and monetary policy
- Social services management
- Public relations
- Enforcement of the rule of law
- Transparency/ accountability
 - Control of corruption
- EU accession framework:
- technical regulation
 - environment
 - agriculture
- customs regime
- etc

Capacity gains

Capacity in Group III

Capacity gap

- Performance management
- Ethical and meritocratic framework
- Human resource management
- Depoliticization
- Financial decentralization
- Policy analysis
- Public services' delivery
- Strategic planning
- Coordination
- Leadership
- E-government



SUMMARY OF THE OUTCOMES

- Progress in capacity building was uneven and limited.
- **Group I** avoided severe capacity decline by preserving elements of the old system. But it seems to represent only temporary solution.
- **Group II** suffered most from capacity destruction, which was not fully offset by capacity creation.
- For the **Group III (EU 10)** the balance between capacity creation and destruction seems to be more favorable but still is far from ideal.
- The outcomes in the EU 10 vary from high performance of the EU accession departments to near absence of modern ethical framework and HRM.



POST-TRANSITION: Policy Convergence

**In almost all
former transition countries
the long-term strategies
gradually converge towards
the OECD framework**



LESSONS FROM TRANSITION

- 1. Capacity building was seldom a top priority**
- 2. When capacity building was prioritized, outcomes were often spectacular:**
 - **During the early phase of transition with the focus on basic market institutions and skills**
 - **During the EU accession process with an emphasis on a narrow range of skills and institutions of direct relevance to the *acquis* framework.**



LESSONS FROM TRANSITION

3. Challenges to capacity building include:

- **Low competitiveness of the civil service in the labor market**
- **Path dependency and cultural barriers**
- **Politicization**
- **Limited and inflexible local training capacity**
- **Premature emphasis on performance management during early transition**



LESSONS FROM TRANSITION

- 4. Capacity building was facilitated by:**
- **Strong leadership**
 - **International assistance**
 - **Training abroad**
 - **Outsourcing to NGO's, universities and consultancy firms**



**THANK YOU
FOR YOUR ATTENTION**