

National Capacity Building for Economic Reform

(The case of Dominica in crisis)

by

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WE HAVE learnt to live with the idea, for whatever reason, that money is all that is needed to reverse a declining economy and stimulate growth. We believe that money answers our economic and social cries. And if we do not have it, we must beg for everything we want. This has almost become chronic in our behaviour and mindset. We run away from 'tightening our belts' through self-reliance. Volunteerism is almost dead. National sacrifice from leadership and management, in both public and private sector domain, is a bad thought.

The truth of the matter is that money does not guarantee sustained development to which we all aspire. We have spent substantial sums of money from donor and multilateral institutions on grant and/or soft terms, particularly in agriculture, with no lasting productive results. We have spent money on some badly designed eco-tourism sites. They will never give us the best that can be achieved. Given our current economic predicament, focus of effort should be on sound and realistic public and private sector economic management policies, growth measures and 'growth points' in economic sectors, with immediate to short-term impacts. But this must be equally matched with less talk and prompt decision making. Emphasis on the will to decide, urgency on commitment to do, and a strong 'hands on' and informed approach for efficient implementation must be foremost in public sector thinking. But to achieve expected results, those engaged in guiding the development process must give priority attention to national capacity building and efficient utilization.

To assure ourselves of success in any economic reform programme, we must have the enabling and executing human capabilities to move the country from its negative growth position to the road of sustained development. The question to both public and private sectors is whether that national capacity is there and available. There is evidence that the technical and professional capacity is there, but the management skills are still inadequate.

In addition, and sadly so, our many skills have been moving out of Dominica at a consistent rate to seek employment opportunities elsewhere. Good quality leaves early. But even in such situations, we persistently fail to utilize the knowledge and skills, and vast experiences, which reside within our people to assist by involvement in the process of economic recovery.

Governments seem afraid to use the brains of the country. This has been manifested in the past by choice and design of projects, quality of financing packages, and quality of implementation. There appears to be some fear, some reservation. Governments have also paid little attention to direction and management of expertise to ensure employment in an efficient manner to achieve expected results in an expeditious manner.

Dominica suffers from an unsound allocation of its scarce human resource to the detriment of present and future generations. Staff can be so often badly deployed. And there are numerous instances of 'square pegs in round holes'. On the other hand, the private sector is still largely conservative in approach, and in many cases, exhibit a traditional authoritative management style that is not conducive to the process of capacity building. This is counter productive and retards initiative and productivity growth.

To make the necessary headway to achieve required social and economic progress, useful 'hands and minds' which can contribute technically and professionally must be involved in working with Government. Excluding those who can contribute positive and experienced inputs to the development process will take us nowhere. It puts the nation on a path of mediocrity and uncertainty.

A typical example of this bad practice was the recent meeting of Dominica's High Commissioners/Ambassadors held in Dominica to review world situations, chart the way forward and develop work plans. Former High Commissioners/Ambassadors were resident in Dominica at that time. Not one was invited to participate in sharing of knowledge and experiences to build-up capacity. It did not matter to those left out. But this demonstrates the poor attitude towards capacity building by the public sector. Government bureaucracy is at the heart of this problem. If the Public Service at that level is positively committed to the development of Dominica as it is paid for, it can provide strong and objective influence when such situations arise, and make that great difference.

This is a highly scientific and technological world. It demands high standards, consensus-building and team effort in planning, negotiating and implementing to be successful. These are some of the critical aspects of capacity development that must be given prominence in undertaking economic reform. Economic reform for stabilization and growth does not mean concentrating solely on cutting expenditures through a restructuring process. But more importantly, it requires efforts at productivity improvements at all levels of enterprise. It demands the capacity to bear risks to increase marketable production, to make adjustments in labour and capital relationships and to initiate sacrifices.

The success of economic reform depends on the capacity to move new and/or improved productive activities and high economic impact public sector investments. Above all, there must be a strong thrust in the expansion of exports. Export-led growth is the critical option. And this means developing our capacity to produce for

export with aggressive marketing. Any integrated development plan must address these issues adequately and arrive at constructive conclusions and recommendations for urgent implementation. Exports mean bringing in new money which this economy desperately requires.

What then is capacity building that we can all understand and work towards. How critical is it in times of serious economic decline as we are now experiencing. Real output growth moved to 1.63%, 0.17% and -4.68% in 1999, 2000 and 2001 respectively.

Capacity building is the nurturing and harnessing of packages of productive skills and talents to make organisations and institutions efficient and capable to achieve targeted goals and expectations. In addition, it provides the 'tools' to deal with the many challenges of a highly competitive, technological and dynamic environment.

These involve creation, upgrading, merging and restructuring of business enterprise, institutions and organisations involved in development. In the case of individuals, capacity building means equipping those preparing for the labour market and those in positions of employment with the relevant knowledge, skills and pragmatic experiences, based on existing and projected needs of the market place.

National capacity building and utilisation becomes even more urgent when an economy is in imbalance and problematic. With an urgency to turn the economy around and to catch up with economic progress, Dominica cannot afford to waste its scarce human resource capacity because of distorted thinking, inefficient management in public and private sectors, insensitive bureaucracy and political divisions.

Knowledge and skills of man come from investments in the human capital, which is a national treasure. In addition, freedom and recognition of productive contributions allow expertise to flourish. A country that disregards that potential is simply wasting its limited financial resources in pursuing development initiatives. Public attitude of this nature only sinks Dominica into deeper economic trouble because we are unable to recover the quantum of returns expected from the investments in the acquisition of knowledge and skills. We spend millions of dollars on education. But does the nation secure a worthwhile return on that special and costly investment? Economic progress cannot be sustained without the full and effective application of that potential.

CAPACITY

But national capacity building goes beyond raw knowledge and skills. It includes a burning desire to get things done with objective analyses, decisiveness and urgency. It is human productive power which remains central to the tasks of reversing economic decline. It also calls for extending opportunities to local expertise to participate in the full development cycle. We are far too ready to seek/accept outside technical assistance for important projects/programmes and social and economic enquiry. Outside expertise is generally limited in practical experience relevant to the particular situation and the tasks involved. Local expertise is usually asked to provide

information and exchange views. This denies local professionals/technicians the opportunity to gain worthwhile experiences to enhance capacity. It is true that some expertise required may not always be locally available, but in such cases, efforts can be made to combine the knowledge and experiences of both groups into effective teamwork and alliances. From real experiences, it is pellucidly obvious that many important solutions to our critical economic problems emerge from home-grown sources.

When a country is in a situation of macro economic instability, virtual bankruptcy with imminent collapse, the weight of the burden and the pledge for concerted remedial action must come from all. This is not the time for divisive and uninformed debate. 'All hands on deck' must be both the mood and resolve. However, Government must take the leadership role in explaining the facts, issues and options to the nation in a decisive manner and act in obtaining national consensus by drawing on all stakeholders.

This should articulate what is realistic and feasible, and set out carefully and thoroughly a well-understood education programme to persuade the public in a dispassionate manner. But Government and its bureaucracy cannot do it alone. The capacity to establish a sustained and constructive partnership with the people and their organisations must exist.

RISKY BUSINESS

By our strict retirement policies, we also throw out human capacity at its prime. To rely exclusively on a youth pool of knowledge and skill for growth and development on a sustained basis is risky business. Mastering the art of assessing situations, seeing the bigger picture, being able to open doors for support, having an eye for details, selecting analytical approaches with an informed mind, applying the 'rule of thumb' approach where appropriate for prompt decisions, 'biting the bullet' in decision-making, and energizing effort in implementation are, unfortunately, not all within the embrace of youth.

National capacity building incorporates the process of erecting and strengthening mental bridges among people. This facilitates the flow and utilization of knowledge and skills, enriched with available wealth of in-country and external experiences and a pragmatic view of the world.

But national capacity building can easily be destroyed by demotivating forces. These are known to be quite alive and well within our institutions, organisations, and generally the work place. Unprofessional personnel management, weak performance appraisal standards, authoritative management style, favouritism in relation to travel and training, adhoc transfer practices, and biased political interference are some of these.

If we are serious about national capacity building to enable effective economic reform which is in demand, both public and private sectors, including civil society,

must acquire the desire to change things, and play their respective parts in promoting human resource development and efficient utilisation in a constructive, coordinated manner. There may be millions of dollars committed to Dominica and numerous stabilization measures to apply. But unless the national capacity is released to (i) agree on economic objectives (II) engage civil society in planning the way forward, (iii) enable interest groups to appreciate negotiations with multilateral financial institutions and donors on conditionalities and measure to apply for necessary high impact projects/programmes, and (iv) involve beneficiaries for successful implementation; timeframes will evade us, stabilization measures will prove futile, and the money will remain in the hands of the donors. And we will continue to talk on what to do as the economy worsens.

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