



ECA POLICY BRIEF

Institutions and service delivery in a developmental State

1. The emergence of developmental States in Africa

Out of the failed experiences of the structural adjustment programme of the 1980s and 1990s emerged a group of African leaders determined to turn around the widely held view that Africa was socially and economically a hopeless continent. That small but effective group of new leaders took radical steps that often put them at odds with the domineering neoclassical concept of development. They were convinced that free market forces alone would not lead to economic transformation, as they were purported to do under the programme, but that the State must play a central role in resource allocation and the coordination of crucial economic activities. Their general view was that the existing neoliberal approach to development no longer offered a viable solution to the continued social and economic decline of the continent. Their search for a more viable and robust model that could lift the majority of the continent's population out of poverty in the shortest possible time led them to take a closer look at the East Asian experience.

The challenge for the new crop of leaders was how to take those experiences and adopt them to the realities of Africa and the unique experiences of its individual countries. Along with the assertion of the importance

of the role of the State in the development process, an emphasis was also placed on the significance of the democratic nature of the State. The new leaders seemed to realize that, in order to achieve sustained and inclusive social development, the role of the State had to be underpinned by democratic principles. Those principles include a democratic political system characterized by, among others, the respect for political rights and civil liberties “checks and balances”, the respect for the rule of law, regular free and competitive elections, accountability and transparency and robust civil society. The Economic Commission for Africa (ECA) defines such a State as one that has the capacity to deploy its authority, credibility and legitimacy in a binding manner to design and implement development policies and programmes for promoting transformation and growth and for expanding human capabilities.¹

While each of the several African countries pursued their own unique form of developmental State, they nonetheless shared the below common practices and characteristics.

First, the democratic developmental State would promote structural transformation to transform their mono-crop and primary commodities-driven base of African economies through, among other things, industrialization.

¹ See ECA, Economic Report on Africa 2011: Governing development in Africa – the role of the State in economic transformation (Addis Ababa, 2011). Available from www.uneca.org/sites/default/files/PublicationFiles/era2011_eng-fin.pdf

Second, a major characteristic of the democratic developmental State is a visionary, development-oriented leadership with a social base. Through policy formulation and practice, that leadership would be able to build a base of support at the grass-roots level among ordinary citizens. Importantly, leadership would rely upon that support base to implement the development agenda, especially in the face of opposition.

The third feature of an African developmental State is the construction of a development ideology. That is, African States must have a vision of the end products of the development process – the delivery of the “public goods” that would help improve the material well-being of the citizens. In addition, the vision should include the institutions, processes and rules that would provide the crucible in which “public goods” are produced and delivered to citizens.

Fourth, an engaged citizenry is a major attribute. The citizens of African States would need to develop an interest not only in the benefit to be derived from the “democratic developmental State”, but also in holding the Government accountable for the formulation and implementation of policies. Furthermore, concerned and sustained citizens’ action would be required to institutionalize the “democratic development State model” as a long-term framework for undertaking development in Africa.

Fifth, the State should have the requisite administrative, management and technical expertise and skills to implement its development vision, and the institutions for which they work should be autonomous and effective.

2. Service delivery institutions in the context of a developmental State

Following the malaise and economic disfranchisement of the 1990s, development analysts and certain leaders reached an understanding on the vital importance of sound institutions for sustainable development and structural poverty reduction. Good macroeconomic fundamentals were deemed necessary but not sufficient to promote growth and sustainable development. “Getting the institutions right” was a phrase that came to be popular in the 1990s among development specialists, who stressed that institutions are essential to economic and social

stability and to achieving key development goals. Traditional economic growth theory has focused on factors such as labour, physical and human capital accumulation and technological change. Because those theories do not fully explain why some societies manage to grow and pull themselves out of poverty more rapidly than others, research is increasingly turning to institutional explanations. The positive relationship between economic development and institutional success is widely documented, but not all institutions lead to growth, nor is there one set of institutions to guarantee growth.

Public service, as an institution in a democratic developmental State, not only focuses on the delivery of services, but is also crucial for economic and social development. It contributes to development by making available essential services and basic infrastructure required to help spur socioeconomic development. This is achieved primarily by regulating, administering, executing, mediating, investing and delivering the construction, operations, maintenance and services delivery.

In a developmental State, the public service not only focuses on outputs but has to be keenly aware of outcomes and, in doing so, has to deliver services in ways that are efficient, effective, and maintain the dignity of citizens and respect their rights. That way, it can elicit compliance from citizens.

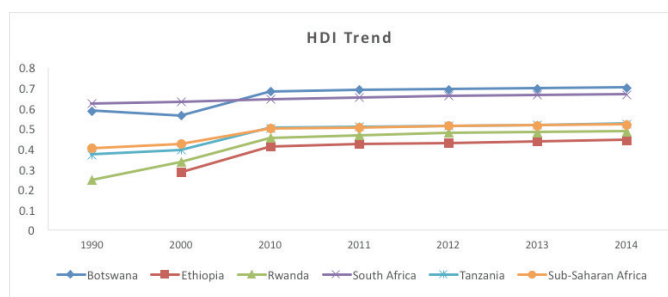
In that sense, the public service (in terms of its delivery mandate) exists at the intersection of contemporary society and its challenges and the legacy of the past; it thus has to orient its mandate and strategic thrust to account simultaneously for both the challenges of the present and the future.

There is a growing number of African States that have chosen the developmental State path to development, including Ethiopia, Rwanda, South Africa and the United Republic of Tanzania. Recent data provided by the United Nations Development Programme in its Human Development Report 2015² clearly showed those countries as having registered tremendous improvements in the areas of poverty reduction and human development (see figure 1 below).

² Human Development Report 2015 (United Nations publication, Sales No. E.15.III.B.1).

The human development index is among the best indicators of progress in service delivery over time. It is a summary measure of average achievements in key dimensions of human development, namely, a long and healthy life, being knowledgeable and have a decent standard of living. The index is the geometric mean of normalized indices for each of the three dimensions. The health dimension is assessed by life expectancy at birth and the education dimension is measured by mean years of schooling for adults aged 25 years and older and expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income per capita.³

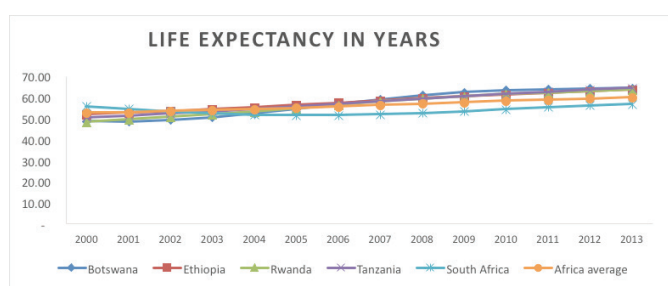
Figure 1: Human Development Report 2015



Source: Human Development Report 2015.

Overall, the human development index trend shows that significant progress has been made, particularly in health, education and income, in the above-mentioned five countries as compared with the African average. For example, as the chart indicates, in 2000, most of the five countries were at or below the African average in terms of life expectancy (see figure 2). However, since 2006, they have all surpassed the average (except South Africa).

Figure 2: Human Development Report 2015

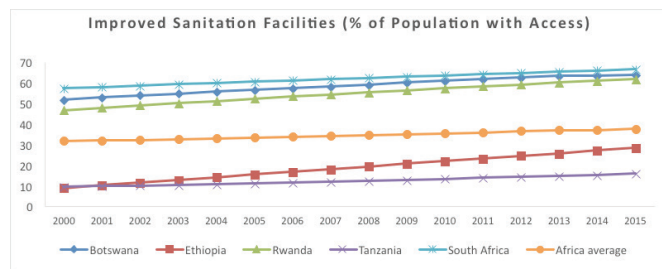


Source: Human Development Report 2015.

Another strong indicator of improvement in service delivery is access to sanitation facilities. As the chart below demonstrates, the above-mentioned five countries have all registered encouraging results in the past 10 or 15 years.

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Figure 3: Human Development Report 2015



Source: Human Development Report 2015.

Other areas of service industry, such as water, energy and transportation infrastructure, are all showing signs of significant improvements.

3. Building effective public institutions for better service delivery in Africa

The first step in building effective institutions is to identify institutional gaps. The next step is to design appropriate institutions, taking into account demand and supply and aligning the incentives of market actors to produce the desired outcomes. There are four key approaches to institution-building that hold across all countries and sectors:

Complement what exists. There may be a need for complementary institutions, for example, laws that promote transparency and law enforcement. Several other factors need to be considered, such as the costs of institutional arrangements, the quality of human capital and how technical standards should be applied.

Innovate to identify the institutions that work. In transferring institutions, innovations can make up for the differences between countries. Policymakers can adopt local innovations but need to be flexible enough to drop unsuccessful ones.

Connect communities through information flows and trade. Trade openness can create demand for strong institutions to support markets and is significantly correlated with institutional effectiveness. Improving information flows can improve the quality of institutions and increase demand for strong institutions.

Promote competition among jurisdictions, firms and individuals. Competition makes institutions more or

less effective by changing the incentives of agents. Sometimes, institutions that limit competition may be desirable, for example, to promote stability or aid the adoption of new technologies.

Finally, it is important to take into account political forces, social pressures and shocks. An institution exists partly because certain constituencies benefit from it and therefore support it. Economic analysis may argue for a certain design but political and social realities need to be considered. At the core of institution-building is the problem of determining how institutions affect the development process, and which institutional reform policies have a direct effect on improving governance. The overall impact and effectiveness of institutions that are involved in development governance should be determined by two major criteria. First, the quality of the institution's performance need to be measurable, by assessing it against the stated mission of the institution. Second, citizen engagement should also be a determining factor, as citizens and all other stakeholders need to actively participate in the process of decision-making for public institutions.

4. Challenges and opportunities of public service delivery in a developmental State

Perhaps the biggest challenge to constructing a developmental State on the continent is reorienting the character of the African post-colonial States. States in Africa are often characterized as being anti-people, anti-developmental and anti-democracy. In its extreme form, its role is described as creating an enabling environment for predatory accumulation by the ruling elite.

In addition, the basic socioeconomic conditions in Africa, although improving in some ways, constitute a weak foundation for the public sector and its capacity to provide quality services. A critical component of the developmental State is an effective human resources base. Such human resources capacity is needed for the performance of the administrative, managerial and technical functions of the democratic developmental State. The overall level of poverty creates enormous need for effective public sector performance and limits the human and financial resources available to the public sector. As a result, public sector in Africa continues to exhibit low bureaucratic quality, weak accountability mechanisms and, as often noted, high levels of corruption.

5. Conclusions

An audit of public institutions should be conducted to determine, among other things, their alignment with

the various functions and projects of a democratic developmental State. That is, based on the development vision and agenda that an African State formulates, the public institutions that are appropriate for the implementation of a developmental State should be established. For example, if education is one of the public goods that would be delivered, then the requisite public institutions should be set up that would manage that sector.

Capacity-building of the various public institutions that are involved in development governance is critical to the functioning of a developmental State. Capacity-building can be pursued through various means, including the recruitment of competent personnel and the establishment of training programmes that would enable employees to improve their skills on a regular basis.

Public institutions need to develop partnerships with the appropriate civil society organizations and businesses. For example, those institutions responsible for the economic aspects of development governance need to build partnerships with economic-based civil society organizations and businesses. Central to the building of partnerships is the need for such institutions, as representatives of the State, to develop new vistas of participation, accountability and mutual respect.

The establishment of a professional civil service is indispensable to both the effective functioning of public institutions and the broader democratic developmental State.

The development of a sound economic base for funding development should be a major priority. Specifically, in order to develop the economic base, consideration needs to be given to economic diversification. This would help to address the perennial problem of African economies relying on one or two major raw materials as their life blood.

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