

# Service delivery for an inclusive social development as a governance priority in the Arab countries

## Concept note

### I. Introduction: New development framework

One of the Rio+20 follow up actions established an open working group which was mandated to propose a set of Sustainable Development Goals (SDGs). SDGs are expected to be coherent and integrated with the Post 2015 Development Agenda. In July 2014, the Open Working Group finalized the proposal of 17 SDGs<sup>1</sup>, to be further discussed and agreed upon by member countries in the coming months. Taking into account the increasing recognition on the importance of governance and public institutions, SDG 16 aims specifically to address deficits in this area and propose accompanying targets.

This recognition and focus on governance and competent institution is consistent with the global debate on the Post 2015 Development Agenda. One of the MDG reviews pointed out that without effective, efficient, transparent and accountable government, coupled with national ownership of development goals, the achievement of Post 2015 development goals would not be attainable.

This report constitutes an ESCWA contribution to the global efforts in advancing development discourse on the SDGs and Post 2015 Development Agenda, in particular addressing and analyzing key constraints and enablers to achieve efficient and effective policy making and implementation.

### II. MDG review: Delivery of Public Goods and Services over Forms of Governance

**Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

16.1 significantly reduce all forms of violence and related death rates everywhere

16.2 end abuse, exploitation, trafficking and all forms of violence and torture against children

16.3 promote the rule of law at the national and international levels, and ensure equal access to justice for all

16.4 by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime

16.5 substantially reduce corruption and bribery in all its forms

16.6 develop effective, accountable and transparent institutions at all levels

16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels

16.8 broaden and strengthen the participation of developing countries in the institutions of global governance

16.9 by 2030 provide legal identity for all including birth registration

16.10 ensure public access to information and

<sup>1</sup> <http://sustainabledevelopment.un.org/focussdgs.html>

The recent series of reviews on MDG illustrated significant development achievements as well as remaining challenging across the globe. An Overseas Development Institute (ODI) report<sup>2</sup> illustrated global dissatisfaction over governments' failure to delivery much anticipated development outcomes within the MDG framework. The report cited several surveys conducted globally and regionally to analyze people's perceptions over governments' performance to delivery MDG outcomes.

protect fundamental freedoms, in accordance with national legislation and international agreements

16.a strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in

developing countries, for preventing violence and combating terrorism and crime

16.b promote and enforce non-discriminatory laws and policies for sustainable development

The report cited one of the recent global surveys conducted online by the UN, MY World, which provided a snapshot of people's views towards development priorities based on the votes of 5 million people from 194 countries. According to the survey, "an honest and responsive government" was ranked 4<sup>th</sup> after "a good education", "better healthcare" and "better job opportunities", ahead of "protection against crime and violence" (6th), "Freedom from discrimination and persecution" (9th) and "Political freedom" (14th). Even among the 26 countries where "political freedoms are seen to be very important", an "honest and responsive government" is ranked higher as more important priorities in their lives. This finding corresponds to the findings from regional surveys, such as Arab Barometers<sup>3</sup>.

The ODI report and various MDG reviews concluded that people have been more concerned about the governments' capabilities to delivery public goods and services for the betterment of people's lives, over the forms of governance. Some authors, such as Rocha Menocal, pointed out that countries have been reducing poverty without completing governance reforms, which is also supported by Mustaq Khan who argues that historically countries established good governance systems after achieving a certain level of economic development<sup>4</sup>.

This report is not intended to discredit the importance of efforts towards good governance, democracy and people's participation and engagement. However, in the context of achieving development goals, as the ODI report indicated, people have not been satisfied over the quality of democracy and the fact that democracy has not yet delivered concrete development outcomes. Rocha Menocal argues that there is nothing inherent in democracy which automatically produces better development outcomes. In addition, these surveys showed how people are concerned about the equity of the delivery and how corruption affects the distribution of resources within the society as well as evidenced dissatisfaction towards political systems and the quality of democratic governance. Rocha Menocal even continues to argue that it is

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<sup>2</sup> Gina Bergh, Alina Rocha Menocal and Laura Rodriguez Takeuchi (2014) What's behind the demand for governance?: An assessment of people's views

<sup>3</sup> <http://www.arabbarometer.org/>

<sup>4</sup> Mushtaq Khan "Beyond Good Governance: An Agenda for Development Governance"

easier to oust a dictator than to institute a government which delivers development outcomes and meets people's expectations. The ODI report, thus, concluded that people are less concerned about form or representation gaps than function of government and delivery of public goods and services, and only then people's confidence in government would be restored.

This needed shift to function from form of governance as a development paradigm is also supported by the fact that out of 40 governance-related targets and indicators discussed within the framework of the Post 2015 Development Agenda, 28 focus on functions and only 8 on form of governance<sup>5</sup>.

### **III. Formal/Informal Institutions for Better Development Outcomes**

Thus, the way forward in terms of advancing SDGs and Post 2015 Development Agenda should center on how to improve government functions which deliver the public goods and services, which has not fully met people's expectations in the course of implementing MDGs.

Douglass North argued that in order to bring about and improve development outcomes, there are three factors we need to take into account: formal institution, informal norms and enforcement capabilities. According to him, an institution is defined as "the rules of the game in a society" and "humanly devised constraints that structure human interactions". While institutions are the rules of the games, organizations are the players<sup>6</sup>.

In the same paper, formal institutions are defined as codified, formal rules, while informal ones as "change in a process of spontaneous interaction" and "a process of innovation and imitation that takes place in a social group", learning collectively. In contrast to formal institutions, informal institutions are endogenous in nature, and are produced internally. This means that any change in formal institutions, such as a policy change, could be introduced within a short time span, while the outcome would be a product of change in formal and informal institutions. The importance of informal institutions as part of state building was also highlighted by Francis Fukuyama in his book "State-Building: governance and World Order in the 21<sup>st</sup> Century"<sup>7</sup>.

Thus, changes in formal institutions alone wouldn't bring about positive development outcomes, without appropriate changes in informal institutions which can't be imposed from outside. This is a critical factor to consider in the framework of another Douglass North's another theory: Limited Access Orders<sup>8</sup>. The framework categorizes countries in two groups: limited access orders and open access orders, depending on the existence of access and competition in political and economic sphere. Countries with limited access orders aim to limit access and competition so as to maximize the distribution of rents among elite groups. Placed in this context, meaningful changes in development outcomes can't be generated without addressing informal institutions

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<sup>5</sup> Foresti (2014) "Governance targets and indicators for post 2015"

<sup>6</sup> C. Mantzavinos, Douglass C. North, Syed Shariq (2003) "Learning, Institutions and Economic Performance"

<sup>7</sup> Francis Fukuyama (2004) "State-Building: Governance and World Order in the 21<sup>st</sup> Century"

<sup>8</sup> Douglass C. North, John Joseph Wallis, Steen B. Webb and Barry R. Weingast (2007) "Limited Access Orders in the Developing World: A New Approach to the Problems of Development"

and norms, as no matter what types of formal institutions are set up, informal norms are in place to limit access and competition which may be prompted by citizens' engagement and participation.

Other UN agencies and financial institutions, such as World Bank, have worked for years on participation and citizens' engagement, while providing technical and financial assistance on developing and strengthening formal institutions in the form of constitutions, policies, institutional capacity development, among others, based on the assumption that the countries operate in an open access order. However, if the logic and mechanics in implementing them are different, or to the contrary, to limit access and competition, and as Douglass North pointed out informal norms are not transferrable, such changes in formal institutions alone would not be effective in bringing about better development outcomes.

#### **IV. Conclusions and policy recommendations**

This report aims to identify catalytic factors which will enable better development outcomes in the context of planning, implementing and managing Post 2015 Development activities as well as SDGs in the coming years, based on the reviews of MDGs implementation in the past. While good governance, strengthened institutions, citizen's participation/engagement and national ownership have been identified as missing from MDG implementation, the reviews fell short of identifying why decades long support and technical assistance in these areas did not produce anticipated development outcomes and what we can do differently in the coming decades with new development goals and targets.

This report aims to apply the theories of formal and informal institution, limited/open access order and state capabilities, while pointing to the importance of cultivating endogenous efforts within governments to foster positive informal institutions and reduce impacts of negative ones. In this regard, support to civil service reforms, gender mainstreaming, long-term, context specific capacity development and strengthening organizations which support positive informal norms, such as anti-corruption commissions and human rights commissions, is expected to be most effective.