

Institutional Change and MDGs



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Outline

- n Why institutional change?
- n Theoretical framework
- n Suggested approach
- n Areas to be covered
- n Key issues



Why Institutional Change?

- n One of the three key factors influencing the degree of achievement of MDGs
- n Institutions have received relatively less attention in relation to achieving MDG targets

Why Institutional Change?

Cont:

- n Understand the role that institutions can play in “trickle down” of economic growth as well as service delivery
- n Institutions are also needed to ensure optimal allocation of resources and to improve the quality and responsiveness of public services.

Why Institutional Change?

Cont:

- n Institutions provide an *enabling environment* to help deliver services, shape human behaviour, effectively govern, protect human rights, promote inclusion and dispense justice
- n Even the best of organizations can accomplish little when institutional bottlenecks hinder their progress

Why Institutional Change?

Cont:

- n Many policies at the local and grass root level become ineffective in the absence of efficient institutions
- n Lacuna in policy advocacy and development efforts in addressing institutional issues in achieving MDGs



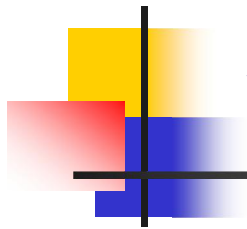
Theoretical framework

- n A complex issue: different definitions
- n institutions as constraints that human beings devise to shape human interaction
- n institutions covering formal rules, regulations and structures as well as informal arrangements



Hierarchy based classification

	Level	Example
1	Institutions related to the <i>social structure</i> of the society	Mainly informal institutions such as traditions, social norms, and customs
2	Institutions related to <i>rules</i> of the game	Mainly formal rules defining property rights and the judiciary system
3	Institutions related to the <i>play</i> of the game	Rules defining the governance structure of a country and contractual relationships such as business contracts
4	Institutions related to <i>allocation</i> mechanisms	Rules related to resource allocation such as capital flow controls, trade flow regimes and social security systems



Suggested approach

Options available

- n Macro/micro level institutions
- n Formal/informal institutional arrangements
- n Striking a balance between the different levels of institutions covering both macro and micro aspects



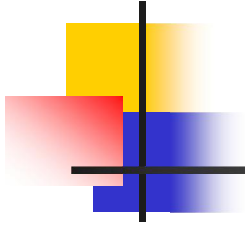
Areas to be covered

- n Legislative and regulatory frameworks
- n The independency of the judiciary
- n Transparency and accountability
- n The civil service



Special focus

- n Institutions for local governance, decentralization, provision of quality services for the attainment of MDGs
- n Institutions for democratic governance, participation, and rights based approach to MDGs
- n Institutions relating to poverty reduction (savings and credit delivery etc.)
- n Institutions relating to education, health and water service delivery



- n Trade as a key vehicles for promoting economic growth and through it poverty reduction
- n Gender as a critical cross cutting element across all these areas



Key issues

- n What should be the institutional framework that is going to be adopted in this report?
- n Can we ignore institutional issues on trade?



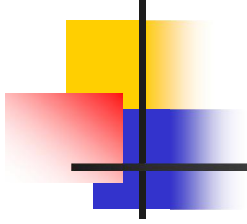
Key issues Cont:

- n What type of institutional change would be acceptable to people?
- n Why countries with same growth rates produce different results relating to MDGs?



Key issues Cont:

- n How institutional change could transform socio-economic, political and cultural systems over time to assume a newer architecture?
- n How to make institutions more flexible for them to be effective, efficient and dynamic?



Thank you