GOVERNANCE, INSTITUTIONS AND CAPACITIES IN THE SUSTAINABLE DEVELOPMENT AGENDA

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OUTLINE

- Multiple meanings of "capacity"
- Why institutions, governance are important
- Lessons from MDGs and other experiences
- Implications for framing of proposed SDGs
- Conclusion
- Recommendations

MEANINGS OF "CAPACITY"

- Two dimensions of "capacity strengthening"
  1. **Institutional capacity**: organizational structure, rules and procedures, financial resources, authority and political legitimacy, and incentives needed to enable the people in the organization accomplish the tasks as hand
  2. **Human resources**: having sufficient number of people with the types of skills needed to do the job

- Human resource competencies can be enhanced relatively easily, through educational and training programs, on-the-job training, etc.

- Ensuring institutions can make good use of skilled people far more difficult: often requires radical reforms in policies and institutions that are resisted by vested interests

BOTH DIMENSIONS CRITICALLY IMPORTANT

CONCEPTS: "INSTITUTIONS", "GOVERNANCE"

- *Institutions* = social arrangements (rules, norms) shaping behavior, persist over time, & provide basis for predicting, judging, behavior ["rules of the game"]
  - *Constraints* and *incentives*
  - D*ynamic*→ interpreted & acted on differently by different people—emerge, evolve, disappear over time—contested
  - Embody *values* → highly emotive contests over change
  - Institutions shape people's conscious & unconscious perceptions, values, concepts
- *Governance* = way authority is organized and executed in society
  - Often: normative notion of the necessity of "good governance"
 - Broad term including institutions, organizations, and policies

IMPORTANCE OF INSTITUTIONS, GOVERNANCE

- Institutional arrangements enable action – or not!
  - If institutions ineffective, even highly-skilled people are not productive

- LIP SERVICE – everyone says we need stronger and more effective institutions but focus then always turns to technology: **"We talk the talk but not walk the talk"**

- Changing policies & institutions – i.e. changing the incentive structures to encourage certain behaviour patterns & discourage others – is a difficult challenge

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INSTITUTIONAL CHANGE

- Radical reforms of institutions & governance = necessary to achieve proposed SDGs
  - Reduce ministerial & department barriers to integrated approach to water management
  - Strengthen local capacities to plan & manage water services

- Human resource development is a necessary but not sufficient component of institutional reform

- Reforming institutions is an inherently political process with no blue prints or cook books — a creative but very messy process.

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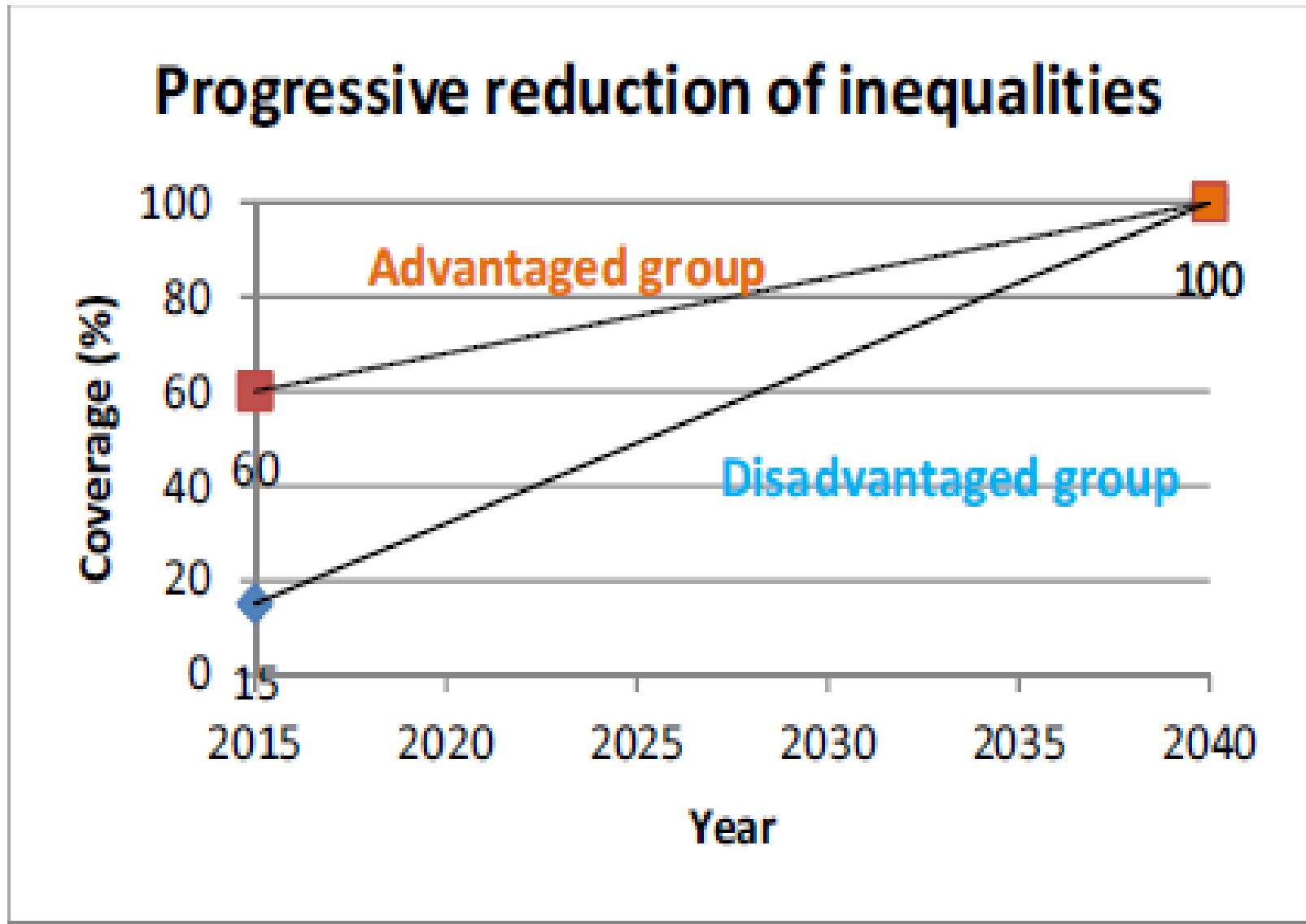
LESSONS FROM MDGS AND OTHER EXPERIENCES

o Great progress:

- Many more skilled people available at all levels

- Institutions, governance stronger, more effective in many countries

- Much higher awareness of governance, institutional issues

- Capacities for implementation, M&E, adapting strategies & policies based on lessons are stronger

<u>BUT</u>

Substantial gap between capacities available and the requirements for achieving the SDGs

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IMPLICATIONS FOR FRAMING OF PROPOSED SDGS: LESSONS FROM MDGS

- Important progress in reducing poverty & hunger

BUT

- Seriously damaged planetary systems, natural resources such as water, & ecosystems
- Very high & growing socio-economic inequity, among & within countries

Progress in improving human lives may be reversed without major changes in resource management

WAY FORWARD

- Sustainable development agenda is being defined in terms requiring major changes in behaviour:
  - Using resources more productively
  - Reducing resource degradation
  - Reducing impacts on global planetary systems
  - Empowering poor people and progressively achieving greater equality
  - Moving toward a "Green Economy" & achieving more sustainable production-consumption patterns

BUT

- These goals cannot be achieved under the current set of institutions. Achieving them will require major transformations in governance, policies, values, behaviour

NEW TECHNOLOGIES TO THE RESCUE?

○ Recent annual message from Gates Foundation optimistic about likely progress next 15 years – based on technological innovations

○ Technological innovations <u>are</u> critical

○ However, institutional innovation is equally and perhaps more important

○ <u>Potential synergies</u>: more equitable and just institutions could enhance the uptake and impacts of new technologies, while new technologies offer opportunities to promote institutional change

WHO WILL BENEFIT FROM THIS TECHNOLOGY?

Technical innovation alone may exacerbate inequity, negative impacts

Institutional innovation alone may reduce inequities but fail to achieve Goals

Both required – which also means much greater investment in capacity strengthening needed

CONCLUSION

- Achieving more equality in access to basic services & opportunities for improved wellbeing will require
  - Empowerment
  - Accountability
- Implementing SDGs through current institutions will limit success

Institutional transformation & capacity strengthening are necessary to end poverty & hunger, ensure healthy lives & wellbeing, & achieve more equality
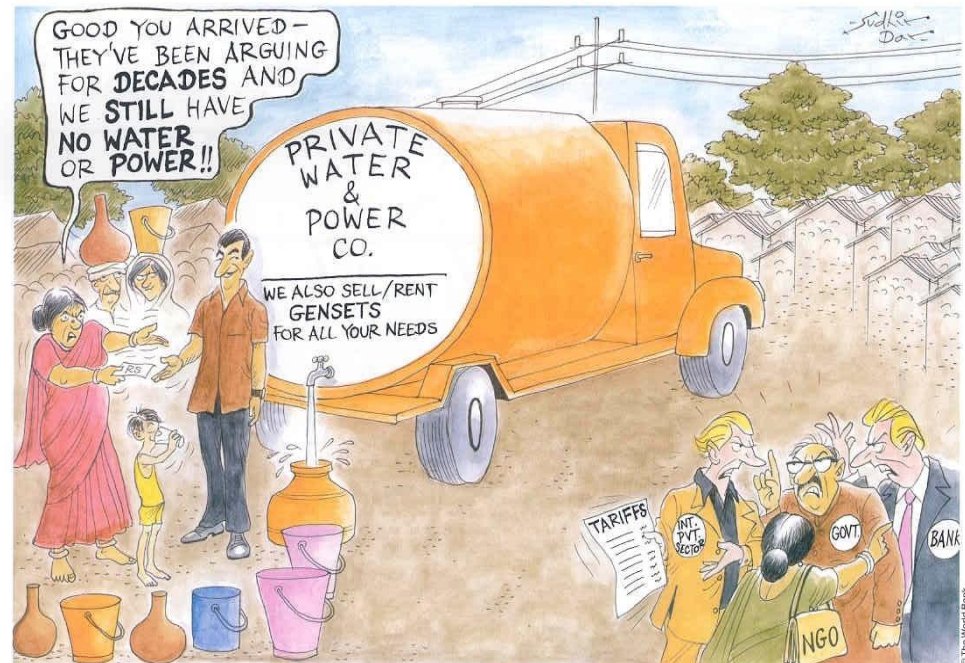
Recommendations

1. Governments, financial partners, & private sector must ramp up investments in strengthening capacities, especially in the early stages, even if this requires transferring resources from implementation
   1. Up-front investment in capacity strengthening
   2. Investments must be in **both institutions & human resources** including attention to the requirements for long-term sustainability

2. Design, implement sustainable development agenda based on reforming, transforming, strengthening governance structures, institutional arrangements, & policies

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THANK YOU

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