Leadership and the institutions of governance

The new frontier in the politics of development[1]

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Introduction – paused at the frontier

Progress in understanding and promoting effective governance for development is stalled at a critical frontier. It is the frontier where a focus on the formal institutions of governance ends, and where engagement with domestic political processes that shape developmental institutions begins. At the heart of these naturally political processes is the role and interactions of leaders, elites and coalitions in promoting or frustrating positive developmental outcomes, at all levels and in all sectors and issue areas. The terrain beyond the frontier is surprisingly well understood (after all, there is a vast archive of history as evidence), yet there remains much uncertainty, dispute and reluctance about crossing into it[3]. Though maps are not easy to come by, advance parties have scouted the lie of the land. They have enthusiastically reported significant opportunities for understanding and have pointed the way (Green, 2008; Acemoglu and Robinson, 2010; Leftwich and Wheeler, 2011; Wild and Foresti, 2011). But policy-makers in the international community, including in the Commonwealth, remain in their comfort zones on this side of the frontier.

The Developmental Leadership Program (DLP)[4] is exploring where, how and why to cross the border and how to support the emergence and activities of developmental leaderships and coalitions that will produce legitimate and lasting institutional innovations that in turn will facilitate sustainable growth, political stability and security, and inclusive social development. To be effective, such institutions need to be appropriate to the local context, enjoy local legitimacy, and be designed and shaped by local developmental leaders and coalitions. It should not be thought that 'leadership' in this context refers only to national, state or even narrowly political leaderships. On the contrary, it includes leadership in businesses, trade unions, non-governmental organisations (NGOs), villages, and in sectoral, religious or professional organisations. The key challenge across the frontier is how to invest in processes and practices in a politically informed way that will encourage the formation and activities of developmental leaders and coalitions for reform, rather than collusive or predatory ones. This is what the DLP is engaged in doing and this paper outlines some of the key arguments and messages of this work. But before doing so, it will be helpful to explain what lies across the frontier and why it is so important.

This side of the frontier: formal institutions

There is now widespread agreement that institutions matter for all aspects of development (economic, social and political), where institutions are understood as the 'rules of the game' (North, 1992). Most human behaviour and interactions are shaped – but not determined – by institutions: that is by formal rules, laws and regulations, and by informal norms, conventions or standard ways of doing things. Without an appropriate mix of both formal and informal institutions, whose content and configuration can vary greatly, ordered and stable society is unthinkable, and sustained development is impossible.

In the sphere of economic governance, institutions define and protect property rights, determine the ease or difficulty and length of time it takes to start a business, specify tax rates and arrangements, facilitate exchange and promote and regulate organised co-ordination and competition. (In socialist economies, or subsistence economies, different institutions govern economic behaviour.) There are, of course, many other institutions that range from rules governing health and safety to those relating to the environment, or the rules of the road, sea and air.

In the *formal* political sphere, institutions shape the forms and functioning of political governance; that is, the distribution of power within the system of rule[5]. Institutions determine whether a polity is federal or unitary; the powers and length of the terms of office of presidents or parliaments; the electoral systems; how laws are enacted and budgets drafted; the rules and procedures regulating how people are appointed to the public service; the formal processes of accountability for how tax-payers' money is spent; the selection and role of the judiciary; the rights and duties of citizens vis-à-vis the state – and much more.

Though I have dealt above with political and economic governance separately, the fact remains that stable polities – and developmentally successful ones – are normally characterised by largely compatible and interacting networks of not only economic and political institutions, but social ones as well[6]. For *governance* is about much more than only the institutions and organisations of *government* – it is about the whole 'fabric', or scaffolding, of institutions of a society and the net effect of this on developmental outcomes.

So far, so good. Little can be thought to be controversial here. Institutions matter for all aspects of political and economic governance. So what is it, out there, across the frontier that worries the policy-makers, and with which we need to engage more effectively? Why is there such reluctance to cross the border? The answer to this question depends on answering a set of deceptively simple questions: If institutions are so important, where do they come from? How are they implemented and maintained? How do they change? The short answer is 'politics'. And that is the terrain we enter when we cross the frontier. And that is why it is so challenging.

The other side of the frontier: politics, power and leadership

What this means is that institutions should not be regarded as technical instruments or tools that can simply be designed on theoretical or conceptual drawing boards. Institutions are profoundly political constructs. They are forged, maintained, implemented and changed politically, by individuals and groups (and especially their representatives and leaders) who not only have different interests (of a material kind) but also different ideas (moral, religious, ideological) and who want the institutions to reflect or protect them (Knight, 1992; Thelen, 2004). Different groups, both public and private, with different forms and amounts of power and/or influence, will seek to shape institutions in their interests. In the United Kingdom, for example, recent debates about whether and how to regulate a free press or about public service pension provision illustrate this sharply. Any institution – or set of rules shaping behaviour – will benefit some interests more than others. That is what makes it necessarily and naturally political.

Yet, if institutions are to 'work' they need to be both legitimate (that is thought to be acceptable and proper) and enjoy at least the tacit support of those who will be bound by them and who apply and uphold them. Moreover, they need to be implemented properly so as to limit evasion, avoidance and decay. It is the central characteristic of conflict-ridden states that there is no consensus about the institutions of governance within which policies are made or changed. Moreover, as the fate of most independent constitutions in Africa show, the evidence is pretty overwhelming that externally devised or imposed institutions seldom work (Evans, 2004; World Bank, 2011)[7]. Crucially, effective institutions will be appropriate for local circumstances, not based woodenly on external templates; and will need to be fashioned in the process of political bargaining among local interests, though they may well borrow, adopt and adapt institutional experience from elsewhere.

The historical record everywhere shows that where effective developmental institutions and reforms have been established, this has been driven by the political interaction of different combinations of local leaders and elites seeking to solve collective action problems. In other words, the role

State-NGO coalitions can transform services and society

of human agency, or human actors, is critical in determining both the institutional patterns and the outcomes, whether positive or negative. Research by the DLP[8] (and many others) shows that positive developmental outcomes in Japan, South Africa, Botswana and Mauritius, and the negative outcomes in Yemen and Zimbabwe can all be clearly attributed to choices made and policies pursued by different coalitions of leaders in each country. Likewise, at the sub-national level, positive service delivery in Indonesia (health and education) and Kwa-Zulu (South Africa) also resulted from policies and choices by local leaders and the coalitions they built. In the social and environmental sectors, effective campaigns by HIV/Aids activists in South Africa and Uganda, women's coalitions working to initiate or reform legislation on domestic and sexual violence in Jordan, Egypt and South Africa, as well as policies to improve emissions reduction in China and India, have all depended on leaders both in civil society organisations and parts of the state apparatus utilising or building networks to create wider coalitions for action or reform. Important work on the role of 'development entrepreneurs' in negotiating economic reforms in the Philippines underlines the importance of human agency and political processes (Faustino and Fabella, 2011).

In societies where the institutional framework of rules and procedures is established, robust and legitimate[9], the political game is played in a (usually) peaceful manner; for even the rules for changing the rules are in place. But in societies that are still in the process of state formation or consolidation, where both the network of formal and informal institutions (that is the rules of the game) that govern economic, political and social interaction are weak, contested, incompatible and lack legitimacy, the potential for evasion and avoidance – and for violent conflict – is far greater. Here, the need for locally devised and appropriate institutions is urgent. Negotiating these institutions will depend on the incentives, skills and capacities of key players, and especially on local leaderships across all sectors and issue areas.

Centre for Empowerment and Social Analysis

Empowering vulnerable children, the elderly and disabled

Core activities
- Empowering disabled people of Lesotho through education and social activities.
- Dissemination of information about life to vulnerable children, the elderly and disabled.

Activities in Lesotho
- Participation in national activities, e.g. HIV/AIDS.
- Education through training and engaging our members in national activities and events to create knowledge and information.
- Forming links with other organisations for the empowerment of the Centre and its members.

Future plans
- Educating disabled people about HIV/AIDS.
- Dissemination of information on good governance.
- Enabling vulnerable children to know more about human rights.
- Generating income to achieve self-sufficiency.

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Crossing the frontier

Not all leaderships and coalitions are developmental – many can be predatory, collusive and profoundly anti-developmental. So, the DLP has set itself to ask the following three key questions in its research and policy work. What factors shape the emergence of developmental leaderships and coalitions? What factors explain their success or failure? And, crucially, from a policy and programming perspective, what can the international community do to support their emergence and success?

The emerging research evidence about a range of necessary but not sufficient conditions is instructive in answering these questions. It is important to note first that it is not the individual *leader* who *alone* matters in this respect, but *leadership*: that is, the political processes that mobilise people, organisations and resources through collective action. We find that 'critical junctures' – threats, dangers or sudden windows of opportunity – appear to be important 'triggers' for developmental leaderships and coalitions to emerge; that their capacity to seize the moment, appreciate its significance, and collectively frame institutions and policies that will address the threat or danger is crucial; that their ability to recognise that institutional and policy change needs to be technically correct and politically feasible in local conditions is central to this; that, often, their prior exposure to quality secondary and higher education enables leaders from 'middle-class' strata to devise policies that yield broad and developmentally conducive institutions and public goods, rather than narrowly targeted benefits or rents for followers and supporters; that the existence of prior networks among such leaders – from school, university, wider political or social experiences – has commonly facilitated the formation of de facto coalitions for reform; that determining the minimum size and scope of a 'winning coalition' will vary between contexts and issue areas; that detailed understanding of the political and institutional landscape and the contours of power that have to be navigated is an essential condition for effective strategising; that framing campaigns for reform in terms that will ensure maximum 'followership' and minimum opposition is a vital political skill; and that identifying key supporters within and beyond the state apparatus can help to promote the cause.

These and many other factors appear critical in explaining where, how and when developmental leaders and coalitions, or 'developmental entrepreneurs', within or outside the state, can act politically to advance developmental agendas. The challenge to the international community is to recognise that at the heart of effective governance are effective institutions, and at the heart of effective institutions are profoundly political processes. Encouraging the evolution of those processes will involve many intellectual, political and operational challenges for the international community, and change in its conventional practices. Among other things, it will need to:

- Acknowledge the centrality of leadership and political processes in development.

- Deepen its understandings of the political realities in a variety of many different contexts – national, sub-national and sectoral.

- Widen significantly the analytical skills of its workforce.

- Invest in long-term processes (such as supporting higher education) that encourage the emergence of a well-educated pool of people from whom leaders across all sectors can emerge.

- Learn how to work in a politically informed way to support the growth, professional, diplomatic and bargaining skills of the leaderships of organisations in civil society so they can better aggregate and articulate their interests and interact with the government to demand better service delivery of all kinds.

- Learn how to work sensitively to facilitate and broker wider networks and coalitions for reform between groups and enable them to learn, adapt and adopt from experiences elsewhere.

This means that the international community, including the Commonwealth, will have to work on development in a much more politically informed way. It is early days and entering this new territory will not be easy. But work is ongoing and it will require co-operation and collaboration between public aid agencies and non-public organisations, in both developed and developing countries, to overcome their own political and institutional constraints to do this work, so as to support and work with progressive leaders and coalitions in all sectors.

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Endnotes

1 I am grateful to Steve Hogg for helpful comments on an early draft of this paper, though I am of course responsible for its content.

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3 Donor reluctance can be put down to many factors: a lack of consensus about 'governance'; a refusal to understand governance as politics; and a patchy record of results from investment in (usually the formal, administrative and technical) aspects of 'governance'.

4 For more information on the Developmental Leadership Program, go to www.dlprog.org

5 Of course, interests and groups with power outside the formal system of rule – economic or otherwise, such as large corporations, trade unions, powerful lobbies or professional associations or the press – can and do decisively influence decisions.

6 In the social and cultural sphere, systems of marriage and burial, gender relations, food taboos and dress codes – and many more – are largely shaped by informal institutions, though increasing areas of social life are also affected by formal institutions.

7 In its recent World Development Report, the World Bank argues that: 'each country needs to design their own institutional forms if they are to have full ownership of political processes' (World Bank, 2011: 115).

8 DLP publications can be found at: http://www.dlprog.org/ftp/

9 And it has always taken a long time to reach this level of stability and has always been subject to constant, if slow, change.