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# INSTITUTIONS AND SUSTAINABLE INDUSTRIAL-LED DEVELOPMENT IN SUB-SAHARAN AFRICA

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# INSTITUTIONS AND SUSTAINABLE INDUSTRIAL-LED DEVELOPMENT IN SUB-SAHARAN AFRICA


## ABSTRACT

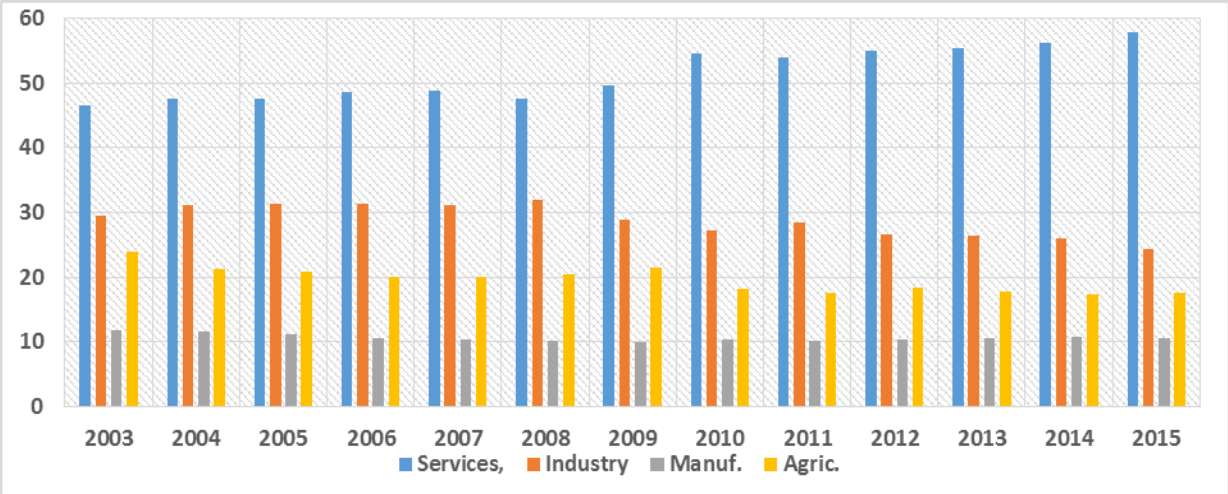
*Over the past decade up until 2013, economies in Sub-Saharan Africa (SSA) grew at an average of 5 per cent; with some countries dubbed to be growing at "East Asian rates". This growth has however not translated into inclusive and sustainable growth and development of the region. This paper rides on the premise that institutions matter to the type and pattern of growth and development across economies. If the trend of deindustrialization being experienced in much of SSA is to be reversed, the role of institutions need to be put in proper perspective and understood. This is particularly so within the context of a region so vastly characterized by informality. Some other emerging issues in the discourse border on the forms of institutional change processes needed for industrial development in SSA economies, how environmental sustainability can be mainstreamed into the industrialization agenda of SSA economies, among others.*

## 1.0. Introduction

In 2015, economic growth in Sub-Saharan Africa (SSA) slowed to 3.4 percent from 4.6 percent the previous year. The economic slowdown in the region was the result of an interplay of several external and domestic factors such as lower commodity prices, slowdown in the economies of major trading partners, tightening borrowing conditions, political instability and conflict, electricity shortages and other infrastructure deficiencies (World Bank, 2016). This sluggish growth trends is in contrast to the impressive growth recorded in the region, over the past decade. For example, between 2003 and 2013, SSA economies grew at an average of 5 per cent per annum, with some countries dubbed to be growing at 'East Asian rates'. The growth was fed by headwind gains from commodity markets, and by the exploitation and export of natural resources; which account for more than two-thirds of exports in the region between 2000 and 2011 (Altenburg & Melia, 2014).

The huge revenues from commodity exports stimulated domestic consumption, creating spillover effects into wholesale and retail activities as well as real estate markets, but little progress was made in terms of manufacturing and production-oriented services; with manufacturing decreasing as a percentage of GDP and of exports. Meanwhile, the value added of services as a percentage of GDP has been on the increase; driven basically by increases in wholesale and retail trade services among others. In essence, Sub-Saharan Africa countries, unlike East Asian countries, have not yet been able to turn their farmers into manufacturing workers, diversify their economies, and export a range of increasingly sophisticated goods (Rodrik, 2013; ILO, 2014). Manufacturing and industry contribution to GDP across the region have been on the decline over the past decades (see figure 1). To put it simply, SSA has been deindustrializing.

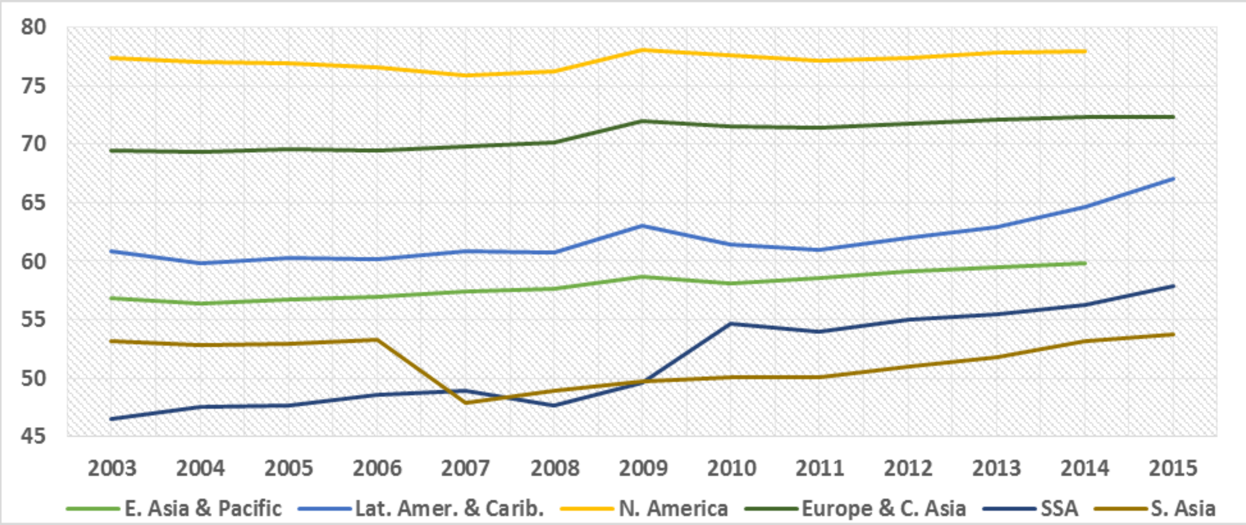
***Figure 1: Sector Value added (% of GDP) for sub-Saharan Africa***




*Source: Authors construction using Data from World Bank database*

The structural shift experienced in SSA has been remarkably different from those of developed countries. Economies have been observed to transition from agriculture to industry and then to services. In fact, since the industrial revolution, almost all countries that have undergone the transition from low to high income have had to go the way of industrialization, intensifying and upgrading their production sector, relinquishing dependence on agriculture and natural resources. On the other hand however, the transition in several SSA countries has been from agriculture to a large services sector and a comparatively low industry sector.

***Figure 2: Services, value added (% of GDP) in Sub-Sahara Africa and other regions***




**Source:** *Authors construction using Data from World Bank database*

As Mewati (2015) observes, a large services sector in a developing economy or a country with low GDP per capita shows the inability of the government and private sector industries to keep up with an accelerated rural-urban migration. In SSA, most of the non-agricultural labour force is employed in low-skilled or informal services which are more of waiting positions or fall back options for people lacking industrial jobs. Hence, although there is a global shift in favour of service sector dominated economies as shown in figure 2, countries that remain poor (including SSA countries) are often those that have failed to achieve this structural transformation. This is in the sense that they have been unable to diversify away from agriculture and the production of traditional goods into manufacturing and other modern activities (Lin, 2012).

Against this backdrop of huge structural deficiencies within SSA economies, the current paper rides on the premise that institutions matter to the type and pattern of growth and development observed across economies. Hence, institutions matter for sustainable industrial-led development in SSA. Particularly, it closely examines the institutional and governance issues that arise from the discourse on industrial development in SSA, and goes on to highlight the key role(s) that institutions play in galvanizing the necessary action for inclusive growth in the region. It identifies emerging lessons in institutional reform discourse, especially for a continent so vastly characterized by informality.

## 2.0. What Are Institutions?

Douglas North (1990, p. 3) defines institutions as “the rules of the game in a society” or, “more formally” as “the humanly devised constraints that shape human interaction”. Acemoglu & Robinson (2008) point to three important features of institutions in North’s definition. The first is that institutions are “humanly devised”; contrasting institutions with other potential fundamental causes, like geographic factors, which are essentially outside human control. Secondly, institutions are “the rules of the game” setting “constraints” on human behavior; and finally, their major effect will be through incentives. In other words, institutions act as motivator, while also setting the limits of acceptable behavior within particular socioeconomic contexts. Closely related to North’s definition is that of Hodgson (2006) who summarily defines institutions as “systems of established and prevalent social rules that structure social interactions”. They are the kinds of structures that matter most in the social realm, and hence they make up the stuff of social life.

The acknowledgement of the role of institutions in social life involves the recognition that much of human interaction and activity is structured in terms of overt or implicit rules. This is so that the durability and impact of institutions stems from the fact that they can usefully create stable expectations of the behavior of others; enabling ordered thought, expectation, and action by imposing form and consistency on human activities. Hence, institutions both constrain and enable behavior. However, such constraints can open up possibilities as they may enable choices and actions that otherwise would not exist (Hodgson, 2006).

## 2.1.Why do Institutions matter Industrial development?

As Acemoglu and Robinson's (2008) observe from Douglas's definition of institutions, the major effect of institutions is through incentives. The notion that incentives matter, is second nature to economists. Hence, if institutions are a key determinant of incentives, they should by implication have a major effect on economic outcomes, including economic development, growth, inequality, and poverty. This point is also noted by Davis (2010) who observes that most of the literature focuses on a single class of mechanisms through which institutions influence economic behaviour, namely, mechanisms that involve the shaping of incentives. Hence specific institutional characteristics are responsible for specific economic outcomes in specific situations.

Kaufmann et al. (2009) examined institutions and how they matter in the growth process of several countries. Their argument is that the impact of institutions, market structures and economic policies are of importance for a medium and long-term economic growth as they have to be done in such a way that economic efficiency and proper resource allocation are promoted. In a study on the role of institutions in growth and development, Acemoglu and Robinson (2008) note that 'many dysfunctional economic institutions (structures) are supported by a system of specific laws and regulations that relate to economic institutions'. Studying transitional economies, Ahrens and Meurers (2002) argued that what the reform process in these economies overlooked or consciously ignored was that a functioning market economy requires an adequate institutional infrastructure providing market-preserving and market-enhancing incentives to both policy makers and private businesses. In addition to economic challenges, political obstacles to effective transformation are persistent in several countries and need to be eliminated as condition to sustained policy reform. This refers to overcoming corruption, political instability and power struggles, and more generally, to modernizing state apparatuses as well as using the institutions as they should be used (Polishchuk, 2010).

Overall, the effects of institutional arrangements on economic growth and development are likely to be context specific (Rodrik, Subramanian, & Trebbi, 2002). Some countries with less inclusive political and economic institutions have experienced (in some cases, spectacular) economic growth and significant poverty reduction (for example, China). In some cases, non-inclusive regimes threaten well-being and social peace. But under particular circumstances, some neo-patrimonial, top-down, authoritarian political systems may be capable of delivering some positive development outcomes, such as reduced maternal mortality (for example in Rwanda – Chambers & Golooba-Mutebi, 2012). Acemoglu and Robinson (2008) however argue that exclusive economic and political institutions (which they term 'extractive') will not support sustainable growth in the long term. This is because they do not enable dynamic innovation and investment, thought to be the engine of growth. Moreover, exclusive political institutions generate political conflict between groups and individuals.

Productive transformation in sub-Saharan Africa calls for a very active leadership role for the State, both in identifying the general pathway and implementing specific policies. But overcoming market failures through government action is difficult. Governments may make wrong choices due to incomplete information (Pack & Saggi, 2006); even if they were to obtain the necessary information, it is not certain that industrial policies would be designed solely in the public interest and implemented diligently. This problem is especially pertinent in poor countries, where governments are much weaker; subservient to the whims and caprices of certain "strong men leaders" and institutions tend to be less effective than in rich countries.

## 3.0. Measuring institutional quality and Industrial development SSA

### 3.1.. The Global Competitiveness Index

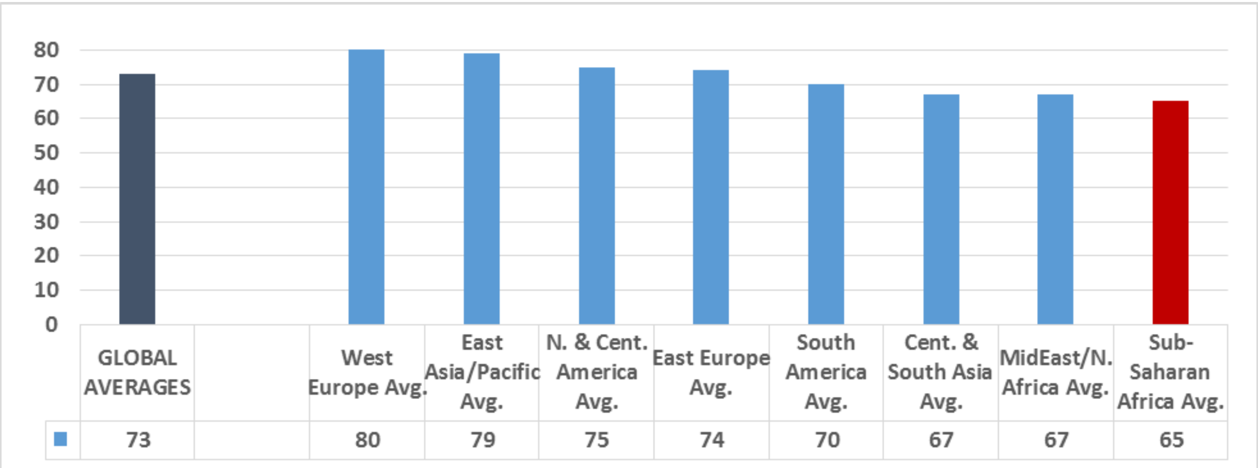
The Global Competitiveness Index (GCI) is calculated annually by the World Economic Forum. Competitiveness in this usage refers to the set of institutions, policies, and factors that determine the level of productivity of a country (WEF, 2014). The level of productivity, in turn, determines the level of prosperity and the rates of return obtained by investments in the economy; which in turn are the fundamental drivers of the growth rates in the economy. In other words, a more competitive economy is one that is likely to grow faster over time. There is significant variation in GCI ranks among SSA countries; ranging from Mauritius at 39 (ahead of South Africa which is the closest SSA country by 17 points) to the lowest ranked Guinea at 144th in 2014. Meanwhile, more than half of the 20 lowest ranked countries in the GCI in sub-Sahara Africa (World Economic Forum, 2014).

### 3.2.The International Country Risk Guide (ICRG) Composite Risk Rating

The ICRG composite risk rating is constructed by the PRS group (Political Risk Services) to provide a means of assessing the political stability of the countries covered by ICRG on a comparable basis. This is done by assigning risk points to a preset group of ‘political risk components’; with a minimum assignable zero points for each component and maximum depending on the fixed weight of that component in the overall political risk assessment. The Political Risk Rating includes 12 weighted variables covering both political and social attributes. In every case the lower the risk point total, the higher the risk, and the higher the risk point total the lower the risk. The following risk components, weights, and sequence are used to produce the political risk rating. The ICRG political risk index has a minimum value of zero and a maximum of 100 points weighted as shown in table 1. It closely mirrors issues of governance and quality of institutions. SSA countries fare poorly on this index as well. Of fifteen SSA countries reported in April 2015, only one; Botswana (82) had an index above the global average of 73. Even then, four of the ten politically riskiest countries were in SSA; including Zimbabwe, Sudan, Congo D.R and Guinea.

| Political Risk Component | Component Point (Max) | Political Risk Component | Component Point (Max) |
|---|---|---|---|
| Government Stability | 12 | Military in Politics | 6 |
| Socioeconomic Conditions | 12 | Religious Tensions | 6 |
| Investment Profile | 12 | Law and Order | 6 |
| Internal Conflict | 12 | Ethnic Tensions | 6 |
| External Conflict | 12 | Democratic Accountability | 6 |
| Corruption | 6 | Bureaucracy Quality | 4 |

***Figure 3: ICRG Regional Political Risk Index as at April 2015***




**Source:** *Author's analysis using Political Risk Index data from PRS group* https://www.prsgroup.com

### 3.3. Competitive Industrial Performance (CIP) Index

The Competitive Industrial Performance (CIP) index is constructed by the United Nations Industrial Development Organization (UNIDO) as a summary measure of industrial sector performance and industrial competitiveness. Industrial competitiveness is the capacity of countries to increase their presence in international and domestic markets while developing industrial sectors and activities with higher value added and higher technological level (UNIDO, 2015), and the CIP index assesses and benchmarks industrial competitiveness. It builds on a concept of competitiveness that emphasizes countries' manufacturing development and implies that industrial competitiveness is multidimensional. The competitiveness of manufacturing industry is one of the basic determinants of long-run sustainable growth, so it is important to understand the relative positions of countries on this metric.

The CIP index as a performance (or "outcome") indicator, consists of output sub-indicators only. It focuses on industrial competitiveness and structural economic variables, and provides country rankings that tend to remain relatively stable over short periods of time, because processes of technological learning are cumulative and take time. The effects of learning are reflected in industrial statistics and structural economic variables only in the medium to long term and can be captured through detailed longitudinal studies, in particular by tracking changes in key dimensions over time. On the whole, SSA countries (with the exception of South Africa which falls in the middle quintile) rank very low on the CIP index. They all fall in the lower middle quintile and the bottom quintile in a ranking of 144 countries (UNIDO, 2015).

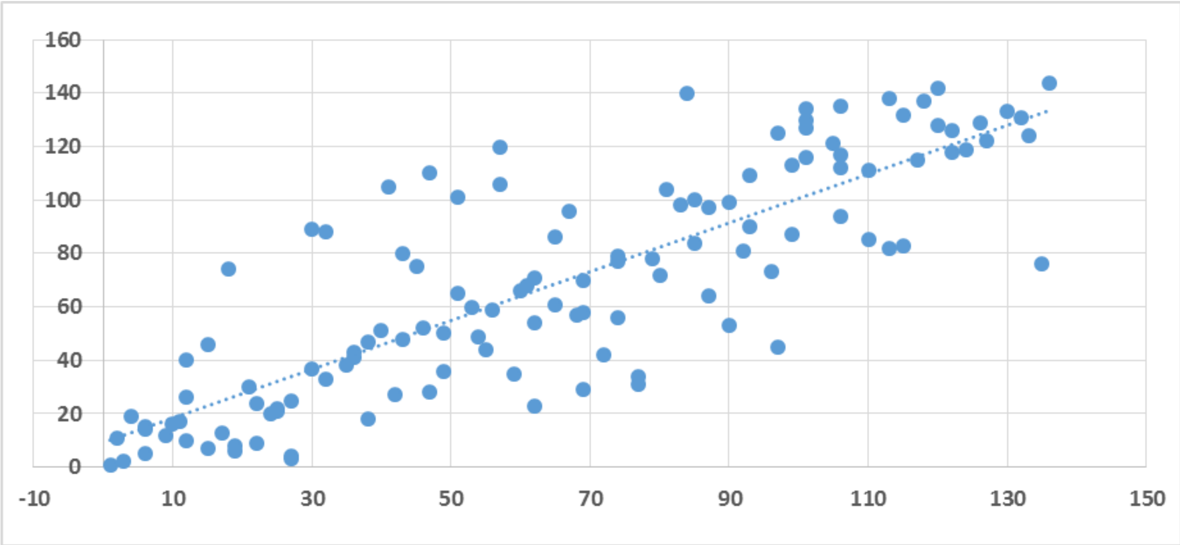
### 3.4. Correlation between Institutional quality and industrial competitiveness

To further portray how institutions matter to industrial development, figures 7 – 10, show scatter graph plots of the governance, institutional efficiency and industrial efficiency ranks of various countries. Indicators considered include the Global Competitiveness Index, the Competitive Industrial Performance Index, the ICRG Composite Risk Rating and the ICRG political risk rating. The sample included over 120 countries across the world.

The patterns of the scatter plots show a fine correlation between governance, institutional efficiency and industrial competitiveness; and is an indication of the role of institutions in industrial development. While further analysis is needed to ascertain causality, it is clear that countries which have built strong institutions and which have stable, established governance infrastructure also rank higher in terms of industrial growth, development and efficiency. For example, figure 7 shows scatter plots for individual country ranks for GCI 2014-2015 and IGRG composite risk ratings as at January 2015.

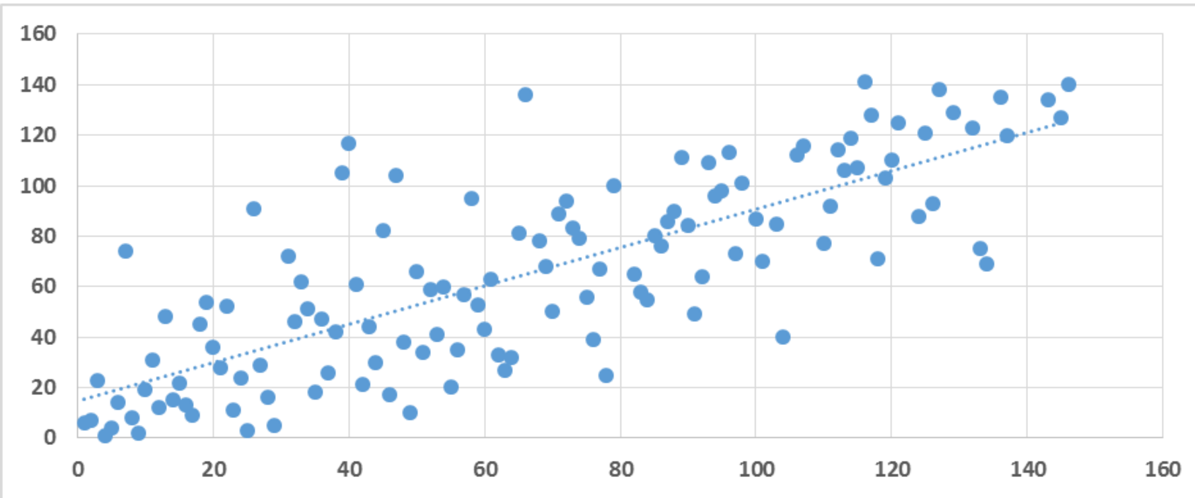
Countries at the bottom left corner of the scatter plot are countries which rank high on the GCI as well the ICRG composite risk ratings. These include highly industrialized countries as Switzerland, Norway, Singapore, Luxembourg, Canada, Germany, etc., all of which also have ‘good institutions’. On the other hand, at the upper right corner of the scatter plot are countries such as Mozambique, Myanmar, Burkina Faso, Haiti, Sierra Leone, Angola, Yemen, and Guinea, which feature ‘weaker institutions’.

***Figure 4: Global Competitiveness Index 2014-2015 versus ICRG Composite Risk Rating 2015***



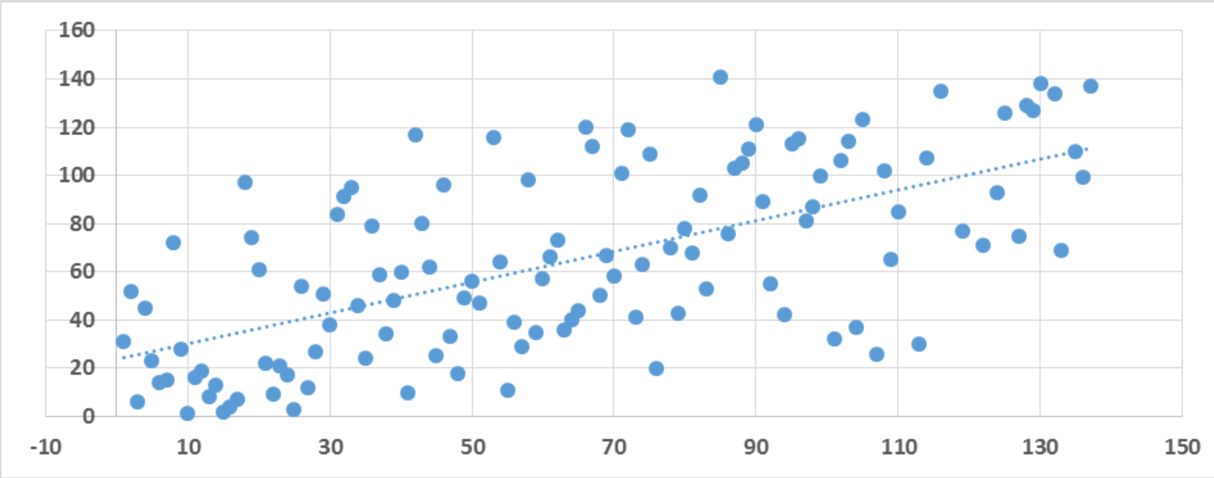

**Source:** *Author's analysis using data from World Economic Forum, (2014) and PRS group* <u>*https://www.prsgroup.com*</u>

***Figure 5: Competitive Industrial Performance (CIP) Index versus Global Competitive Report 2013***



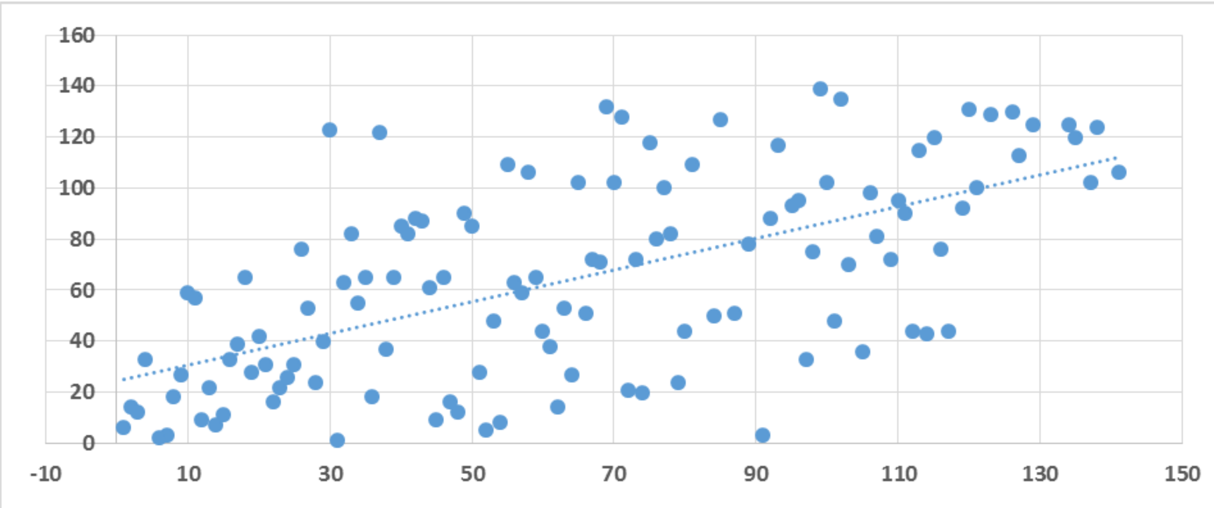

**Source:** *Author's analysis using data from UNIDO (2015) and PRS group* <u>*https://www.prsgroup.com*</u>

***Figure 6: ICRG Political Risk Ratings (2015) versus Competitive Industrial Performance (CIP) Index 2013***




**Source**: *Author's analysis using data from UNIDO (2015) and PRS group* https://www.prsgroup.com

***Figure 7: Competitive Industrial Performance (CIP) Index 2013 versus ICRG Country Risk Rating 2014***




**Source:** *Author's analysis using data from UNIDO (2015) and PRS group* https://www.prsgroup.com

## 4.0. Emerging Issues and Lessons

### *4.1. Why institutions fail in Sub-Saharan Africa*

Essentially, institutions fail on one of four accounts; context, content, administration and expectations. Firstly, on account of context, institutions fail when there is a misalignment between the realities of the systems for which they exist on the one hand and the institutional rule structures on the other hand. The western, euro-centric approach to institutional reforms in SSA countries often means little or no attention is paid to the context, and the unique socio-political dynamics of individual African societies. The imperative is that over-specified or oversimplified solutions are engaged to poorly define institutional problems, resulting in breakdown of institutional structures. Secondly, institutions fail when they lack content; that is as a result of poor institutional design. This could very well derive from issues of context as a clear understanding of the context within which institutions are to operate facilitates proper institutional design. This also speaks to a situation where institutions are not performing their assigned tasks because the rule structures have not been carefully thought through or are not clearly understood. Essentially, SSA countries lack the critical mass of resources and expert manpower as well as structural arrangements needed to formulate effective strategic policies. Hence, problems of scale in administration and limited resources often hinder their ability to sustain often ambitious institutional reforms.

Thirdly, institutions fail on account of administration or agency conflict. This happens when custodians of institutions, i.e. those responsible for administering the rule structures, by their actions or inactions sabotage the functioning of institutions, or when other institutional players/actors acquire capabilities to outmaneuver the rule structures. This could also feature in a capture of governance structures by interest groups. Governance structures in SSA countries are often personalized. Hence, institutional reforms can only produce meagre success outcomes especially where there is a perception that the political costs of a reform may outweigh immediate benefits. Finally, institutions fail when there are changes in expectations. Changes in socioeconomic and political power structures or other structural conditions can make hitherto well-functioning institutions less effective. SSA economies have over the years experienced significant shifts in citizen preferences. A situation where existing institutions become less effective in aggregating and acting upon these changing preferences, they cannot but be judged to have failed.

The task of reforming institutions is certainly not an easy one, particularly for a region like SSA that is confronted with a plentitude of problems. Certainly however, this does not imply that government should be indifferent towards reforming institutions to be in pace with the much needed industrial development of the region. Practitioners working on development interventions that aim to achieve inclusive development outcomes miss opportunities to support inclusive institutions when they fail to consider and analyze the role of institutions in enabling or constraining development. Understanding power relations and underlying incentives is important. Real change requires transforming the social, political and economic drivers of exclusive institutions.

Evidently, the main challenge has not been the absence of institutional reforms in SSA countries, but rather that there have been several limits to the level of institutional change brought about by reforms, gaps in current processes and in performance measured against goals. As identified earlier, institutional change falls through when it is not built to match context; and hence fails to address real problems. This is signaled by a preoccupation with adopting external solutions and best practices, and with little recourse to existing problems and socio-political dynamics. As Andrews & Bategeka (2013) point out, a focus on problems draws on a particular attention and introspection needed for institutional reform to work, and a preoccupation with context-specific solutions; where success is measured in terms of problems solved rather than solutions adopted. Furthermore, fitting the required content for a context specific solution – institutional design – can be done through a process of iterative experimentation with multiple options, and learning about what works and why, instead of adopting a one-fits-all process that identifies one answer up-front and then ends up limited. It involves asking serious questions about the context, how various institutional actors interact and how socio-political power structures play out. It enlists the involvement of relevant institutional players in continued brainstorming about potential interventions which could be adopted quickly and with existing resources. The advantage of such an approach is that it accommodates a wide spectrum of institutional actors; those who have to implement and live with the new rules of the game. They find such rules and fit them to their realities.

### *4.2.Informality, institutions and industrial development in Sub-Saharan Africa*

In a continent so vastly characterized by informality, while structural change from informal to more formal institutions is in principle desirable, it must be done through processes that ensure the development of inclusive economic and political institutions. Fundamental to the idea of informality is that the State cannot block participation; the question that therefore arises is how best to ensure that informal norms contribute as much as is possible to the growth process. As a fact of rational economic behaviour, the presence of the informal sector undermines the market power of formal producers to coerce consumers into paying monopoly prices. It is therefore apparent that even if there were no government failure, and property rights were fully secured, the informal sector would persist.

Informality is many times seen as being synonymous with breakdown of institutions and poverty. In this light, Perry, et al., (2007) asserts that informality is itself a blunt societal indictment of the state's service provision and its enforcement capability. However, Gibson (2014) makes a fine point in arguing that poverty and informality are not coterminous, as they both arise from the absence of economic growth. Also, while there are several social problems associated with the informal sector; such as tax evasion, drug trade, or other under the table transactions, these are not directly connected to the economic problem of informality; which is primarily due to a shortage of capital required to employ those willing to work at the prevailing wage. Hence, as Gibson (2014) observes, it behooves to think that in repressing the informal economy, States also effectively repress entrepreneurship. This could be counterproductive, more so seeing that evading the limitations imposed by formality may itself be an aspect of entrepreneurship. For example, faced with changing conditions in international markets, local demand or factors supply, the flexibility of small, dynamic producers which in practice function outside formal setups, could quickly adapt to the new economy.

In practice, formal state institutions may be weak or deemed illegitimate in fragile and conflict-affected contexts. On the other hand in such contexts, there are often informal institutions that persist and retain legitimacy. These institutions are diverse and may include community mechanisms or customary local governance institutions. State building initiatives often focus primarily on formal institutions and their capacities at the central level, sidelining these sub-state and informal institutions. This has prevented the evolution of an organic process of reform driven by local actors that could allow for greater resonance and legitimacy with citizens. A more pragmatic approach would be to pay attention and accept the existence of informal institutions, and a recognition that they represent local culture and practice and could therefore provide a bridge between state and society. In essence, informal local governance institutions can in practice work synergistically with formal institutions. This view does not however preclude situations where informal institutions compete with formal institutions in negative ways and undermine them. In such instances as when they promote patronage networks and discriminatory practices particularly towards women and youth. Here, continuous engagement aimed at securing inclusive rights is very important. Overall however, a robust approach to building inclusive institutional frameworks to promote development would require that competition between informal and formal state institutions is kept to the minimum. It is also important to understand the conditions in which they can be beneficially linked.

A critical juncture for building the necessary institutional framework to drive sustainable industrial-led development in SSA could therefore exist in the adaptation of informal norms to formal institutions in some form of "hybrid governance arrangements". Hybrid governance arrangement here defined as a blend of formal ('parchment') institutions and informal (de facto and locally rooted) norms. A classic example of this is "*imihigo*" – Performance contracts - in Rwanda; which has its roots in a pre-colonial Rwandan cultural practice. The modern imihigo process linked this traditional Rwandan practice with planning, monitoring and oversight. By 2010, government officials believed that the imihigo process had resulted in improved service delivery in the districts (see Scher, 2010). Another example is in Malawi where local (peri-) urban leaders, Town Chiefs, are a blend of informal and formal authority. As Cammack (2012) finds out they are successfully filling a vacuum in local governance by promoting social cohesion and stability among ethnically heterogeneous populations, and contributing to the production of a number of public goods, including justice, peace, and infrastructural development.

### *4.3.Institutional change, environmental sustainability and industrial development in SSA*

In promoting economic growth and industrial development through institutional change, the choice of sector of focus matters since the technological opportunities between them vary significantly. Diversification into manufacturing can help SSA countries to achieve rapid average growth rates, longer periods of growth and less volatility in growth—thus sustaining growth in the long run. The trend of deindustrialization observed in several SSA economies smothers economic development potential by limiting the application of technology to production and generating low productivity and informal services activities. Countries in the region can scale the industrialization frontiers by acquiring and adapting technologies created elsewhere, while also promoting social inclusiveness in manufacturing by matching the choice of technologies to domestic resource and skill endowment.

Furthermore, technological capabilities need to be strengthened by investing in human capital, institutions, improving innovation systems and upgrading in industrial clusters and global value chains. The goal of reaching advanced levels of inclusive and sustainable industrial development should be set to incorporate targets for increasing incomes, and also those of conscious efforts to sustain growth and promote social inclusiveness. SSA countries need to actively pursue increased integration into global value chains. Altenburg & Melia (2014) note that the export of light manufactures to the rest of the world, in most cases made by order for large Western corporations, has been the starting point for industrial development in many Asian and some North African (Tunisia, Morocco) countries. From there, several countries have managed to upgrade and diversify their production base gradually. In which case, low cost advantages were decisive in the beginning, but the successful exporters seized opportunities to increase productivity in such a way that salaries could be raised significantly without sacrificing competitiveness.

On a final note, in the global race for sustainability in industrial development, SSA countries have the advantage to shorten their industrialization learning curve by adopting technologies and practices that support the environment. In the development of national industrial policies, governments should assiduously work to mainstream these issues of climate change and carbon footprint impacts of its industrialization agenda. As individual economies pursue higher productivity through industrial development, they should look to exploit greener options to existing production processes. Strengthening transport and energy infrastructure to be more environment-friendly and climate resilient will also be critical. Furthermore, as SSA economies move to increase industrial activity, the demand for energy will also increase. While fossil fuels will be a part of the energy mix, the region has a rich portfolio of clean energy assets; huge solar, hydro and wind capacities, which are increasingly cost effective and have wider social and environmental benefits.

## 5.0. Conclusion

The current paper has been an attempt to present an analysis of the role of institutions in industrial development in SSA, while also briefly highlighting a number of other non-institutional constraints. It addressed a number of emerging issues which in the discourse on the role of institutions in driving industrial development; such as the reasons for institutional failure, the type of institutional change process needed for industrial development to be achieved in SSA economies, the implications of informality for industrial development in SSA as well as how global concerns over environmental sustainability be mainstreamed into the industrial development agenda of the region.

Despite the current challenges (institutional and non-institutional) to industrial development in SSA, economies of the region can scale the frontiers to achieve inclusive growth within the context of sustainable industrial development. Promising opportunities exist in such areas as agro-processing and production, clothing and textile, leather works, small scale light manufacturing, amongst a host of others. Also, countries in the region could move towards greater integration into the value chains of the primary commodities and natural resources which they currently export. Regional integration is also important for the success of a successful industrialization agenda in the region.

The desired level of industrial development can however only be achieved within a framework of institutions that protects property rights, ensures respect for the rule of law, guarantees returns on investment, encourages innovation and promotes the development of local content. In the absence of these, countries can at best experience summary episodes of economic growth with no lasting impacts on the livelihoods of citizens. SSA is however not bereft of success stories in this area, and Botswana is a case in point. With an economy, widely judged to be one of the most successful in the World, Botswana has some of the highest socioeconomic and human development indicators, as well as the highest levels of industry value added recorded among SSA economies (from 47.3 per cent in 1981 to 33.4 per cent in 2015; this shift being a reflection of the global shift towards more service oriented economies). Unsurprisingly also, Botswana has the finest government institutions in SSA. On the Transparency International corruption perceptions Index 2016, Botswana ranks 35 of 176 countries across the World, and has consistently ranked the highest in Africa. The government over the years established respect for property rights and the rule of law and has maintained a high degree of transparency; as a continuance of the Tswana tribal tradition of consultation.

Meanwhile, the Sustainable Development Goals (SDGs) which define the development trajectory which the World has set for itself in the coming years provides a unique opportunity for countries of SSA to reform her institutions to meet their context specific challenges. A clear distinction between the Millennium Development Goals (MDGs) and the successor SDGs is the homegrown approach of the latter. In a departure from donor-driven approach of the MDGs, the SDGs imperatively places the responsibility for development on individual economies within a framework of global partnerships and interactions. Hence, the onus for development in SSA rests on SSA countries who have the option of looking inwards to identify and understand the unique and context specific institutional challenges which they face. This is meant to provide impetus to drive context specific solutions to these challenges. In that sense, institutional design, content and administration should be a function of context while also accounting for changes in expectations. Certainly, in the face of continued globalization, SSA countries cannot moderate its institutional design in isolation. There are key learning points to be drawn from the experiences of countries and regions that have gone before. However, these should be accounted for what they are – learning points, rather than as best practices or one-size-fits-all cases. Continued engagement with development partners should therefore be pursed in this light.

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