DVA3703
INSTITUTIONAL ENVIRONMENT OF POLICY FORMULATION

Video Conference
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BEFORE WE START…

- PowerPoint slides are usually in bullet point, but for your essay assessments (in assignments and the exams), write full sentences. We want to see an argument that flows logically.

- These slides contain additional background information to clarify concepts and ideas – they are not memoranda (draft answers)

- Keep the policy cycle in mind when you write about the sub-parts of policy (see next slide for an example of the policy cycle)

- For the examination, you do not include a reference list

POLICY CYCLE (EXAMPLE)
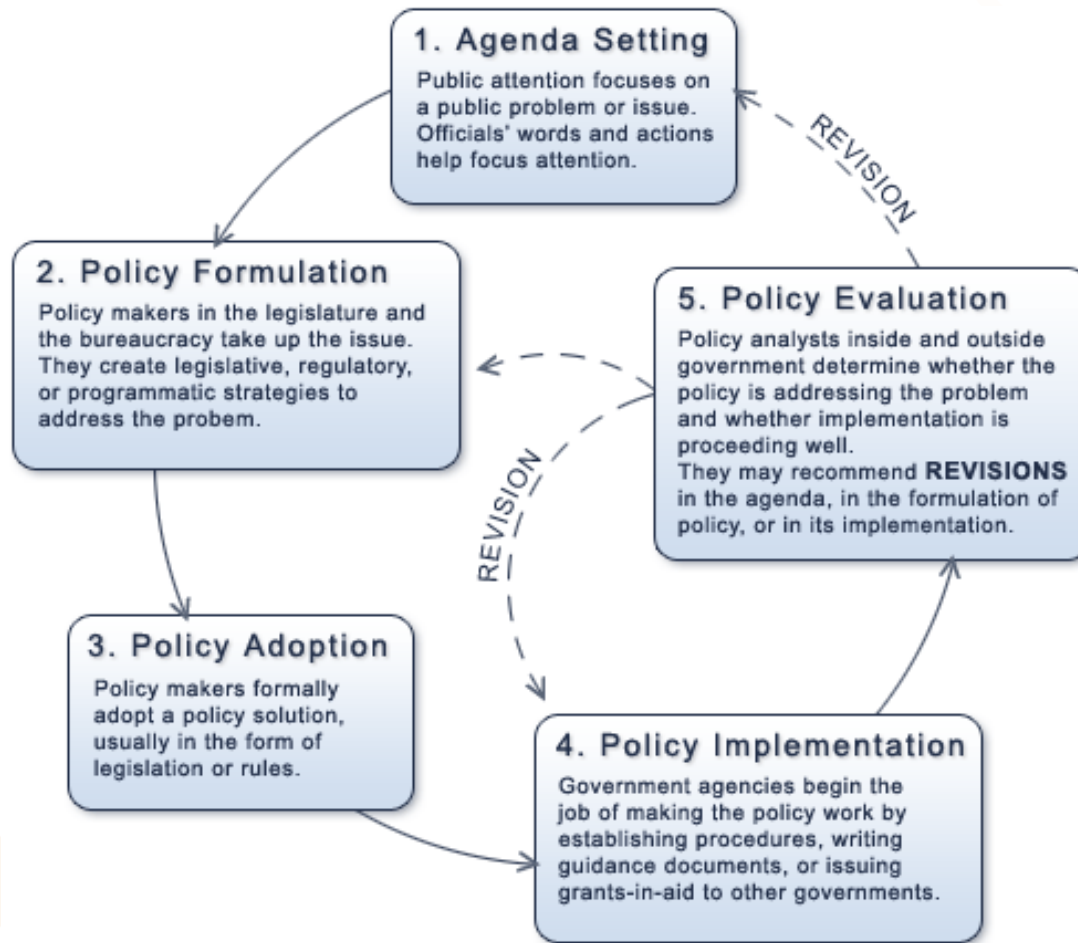
THE FRAMEWORK FOR INSTITUTIONAL POLICY MANAGEMENT

- **Institutionalising policy management** is linked to the idea that policy making, implementation and evaluation are rational (that means logical, reasoned) processes that start with a problem that needs a policy response.

- Defining what institutions are can be difficult, but in this discussion, it means formal entities with rules and staff and budgets that will influence the policy process (from the identification of the problem, right through to the policy's implementation and then back through the cycle of policy-making)

- It is assumed that well functioning institutions will increase policy **effectiveness, sustainability and efficiency** (see Koelble & Siddle 2014:120)

- This means that these authors say that the absence of sound institutional management of a policy, it is likely to fail - we will later see that Lauridsen argues that matters are more complex than this.

INSTITUTIONS IN POLICY MAKING AND IMPLEMENTATION

- Policy-making and implementation institutions usually have:
  - ✓ internal organisational structures,
  - ✓ goals,
  - ✓ structured and enduring activities,
  - ✓ defined roles,
  - ✓ responsibilities and accountabilities and
  - ✓ Meaningful organisational boundaries.
- Let's apply this to the Koelble and Siddle article. They analyse municipalities. As a formal institution, a municipality such as Tshwane has:
- An internal structure – see http://www.tshwane.gov.za/Pages/default.aspx
- Goals – see http://www.tshwane.gov.za/sites/Council/OfficeofSpeaker/Pages/Strategic-goals.aspx
- Structures and enduring activities – see http://www.tshwane.gov.za/sites/Council/OfficeofSpeaker/Pages/Key-performance-areas.aspx

You can deduce the other characteristics if you look at Tshwane municipality as an example. The important point to note is that DVA3703 suggest that there are different state and non-state institutions that shape public policy.

INSTITUTIONALISM IN PUBLIC POLICY

- Public policy is regarded as institutional output. It notes:
  - Who is responsible for policy implementation?
  - How is policy determined, implemented, and enforced by these institutions?
- Three factors that play a role:
  - **Legitimacy (the policy has authorised power**)
    - Perceptions of how legitimate a public policy is will be influenced by the procedural steps taken by decision makers during the policy cycle.
    - Consultation, participation and stakeholder engagement shape the legitimacy of public policies and the governments who promote them.
  - **Universality (the policy is uniformly applicable)**
    - Tries to address basic rights applicable to all (as opposed to selectivity and particularism).
    - Think here of the importance of universal utilities (roads, water pipes) and public services (physical protection of human beings, their health status and the environment).
    - Universality in public policy is a context-bound idea, determined for example by the arrangements of the state and its constitution.
  - **Coercion**
    - Government monopolises the power to coerce obedience to policy, or to sanction violators, for example via law enforcement and the courts.

CAPACITY FOR INSTITUTIONALIZATION OF PUBLIC POLICY

- Supra- and macro-institutional arrangements exist and exert a powerful influence on the managerial capacity of institutions, such as systems and spheres of government and their interrelationships (Dobson 2002: 246) .

- Sound institutions supporting public policies are able to
  - Administrate
  - Provide services
  - Respond to the needs and concerns of citizens
  - Legislate or implement laws, policies, rules, etc.
  - Hold public officials accountable

DEFINING A COUNTRY'S "INSTITUTIONAL ENVIRONMENT"

- **The "institutional environment":**
  - a set of political, economic, social and legal conventions that establish the foundational basis for development policy.
  - includes formal laws, regulations, and procedures, and informal conventions, customs, and norms, that broaden, mould, and restrain socio-economic activity and behaviour.

- **Why is institutional policy management needed?**
  - Here, think about the difference between a policy (for example poverty alleviation); versus strategizing for the policy, versus the implementation, monitoring and evaluation of such a policy.

- **The government currently lacks efficient alignment between the various national, provincial and local departments.**
  - The NDP sees partnerships as key for the state to function optimally.
  - However, the private sector may be hesitant to be involved in development due to high levels of perceived corruption, a lack of a national vision, high levels of crime, low levels of education, lack of health facilities and poor maintenance of and development of new infrastructure (including electricity).

IDENTIFYING THE FOUR DIMENSIONS OF THE INSTITUTIONAL ENVIRONMENT

- The four dimensions: pages 33-37 of the Study Guide clearly defines these dimensions

- The idea is to link an understanding of what the institutional environment is and what its four dimensions entail to the need for institutional policy management.

1. POLITICAL DIMENSION

➢ This is the legislative and executive drive (political will) behind making a problem (such as poverty) a focus for policy intervention (such as poverty alleviation strategies)

➢ In this dimension, there are institutions intended to prevent the abuse of executive power and corruption (for example the Chapter 9 Institutions in South Africa)

➢ The political dimension will be shaped by the state's organisational coherence and expertise. Yet non-state actors also shape this dimension (for example civil society organisations that agitate for changes to policy).

➢ This dimension mostly encompasses domestic political institutions, but these shape international relations

2. ECONOMIC DIMENSION

- This dimension enables **resources** for policy implementation

- First and foremost would be a country's macroeconomic environment. This means the economy as a whole – such as production and expenditure, fiscal policies, economic growth, inflation, aggregate unemployment, the balance of payments, exchange rates and interest rates

- As a developmental state with a mixed economy, South Africa's macro-economy needs to address problems such as unsustainable budget deficits, capital outflow from the country, ensuring sustainable welfare programmes and safety nets, grow its ability to attract foreign capital, stimulate entrepreneurship, maintain successful public enterprises, address unemployment and so on.

3. ADMINISTRATIVE DIMENSION

- In this dimension, we consider those institutions that would deal with policy implementation, M & E, accountability and transparency

- Most students here spoke about the need for effective state administration (or a functional civil service), to have trained, experienced officials, to build civil service capacity, to address the retention and moral of civil servants and to get rid of entrenched systems of corruption

- In this dimension, popular participation and local democracy may enhance accountability, transparency and equity

4. EXTERNAL DIMENSION

- This implies a global policy environment in which international actors (e.g. Consultants to governments or as members of international organisations) play a role.

- Most students here referred to financial resources provided by international organisations (IMF, World Bank) or the policy directives from the United Nations

- Some of you mentioned that dependency on donor funding and vulnerability to policy manipulation is problematic

THE KOELBLE AND SIDDLE ARTICLE IN YOUR READER

- Provides an example of a policy – that of decentralisation in local government in SA.

- Using our classification of the 4 dimensions here, we can see that these authors identified institutional weaknesses in each of them, for example:

Political
ANC has a centralist bias
Is there enough 'political will' to make this succeed?

Economic
ANC followed neoliberal policies since 1990 and "gave up on redistributive regional policies"

Administrative
Little capacity in local governments
Civil service already dysfunctional
Civil service a source of patronage for local level politicians

External
See discussion on "painstaking design" of policy not sufficient. Imposed policy-making (import of best practice from elsewhere) can miss important historical and contextual factors

KOELBLE AND SIDDLE LOCATE MOST OF THE WEAKNESSES IN THE ADMINISTRATIVE DIMENSION

1. No job descriptions
2. High vacancy rates
3. Managers in acting positions
4. Unauthorized appointments
5. Performance management not in place
6. Poor skills development

- But, can you trace some of these to the other dimensions, too?
- For example
  - lack of political will, legal requirements set in political domain, but not enforced
  - External dimension – outside consultants developed frameworks, etc.,
  - Economic dimension – routes to local government revenue collection insufficiently explored

YOU MAY WANT TO REFER TO 4 CAPACITIES IDENTIFIED BY DOBSON

1. The capacity of political leadership and direction

2. Administrative capacity

3. Analytical capacity

4. Coordination capacity

1. The Capacity of Political Leadership and Direction:

- This refers to the political will of government and state actors to support a policy, as well as Moore's (as quoted in Dobson 2002:250) idea of legitimacy and viability

2. Administrative Capacity:

- This refers to state institutions' capacity to implement, monitor and evaluate a policy
- See Koeble and Siddle article about performance management in municipalities

3. Analytical Capacity:

- This capacity denotes the government institutions' ability to analyse and predict trends in the environment that would warrant policy interventions and to correctly allocate resources for policy development, implementation and M & E.

- This also includes Heymans' (as quoted in Dobson 2002:250) idea of **substantive value of a policy** – what is its potential value for stakeholders, citizens, beneficiaries, etc.?

- Dobson (2002:250) argues that when a government institution's analytical capacity is well-developed, it would formulate policies of substantive value

4. Coordination Capacity:

- Refers to the capacity to create systems and mechanisms for the horizontal coordination of public policies across national ministries, departments and institutions.

- It is important for managing and maximizing the efficacy of limited resources.

- Coordination between international policies and national public policy areas is equally crucial, solving the problems that public policy is intended to address in a coherent manner require efficient coordination.

- The quality of public policy depends a large extent on:
  - the activities of consultation and coordination, developed on one hand inside the public institutions belonging to the executive power (*i.e. horizontal coordination*),
  - and on the other hand between public institutions and representatives bodies, group of interest, and the strategic planning (*i.e. vertical coordination*).

LAURIDSEN'S CRITIQUE OF INSTITUTIONAL THERAPY

- Lauridsen says that that policy management must be appropriate to the context. Institutions matter because they cannot be separated from policies directed at development aims. This means that institutional arrangements determine whether policies are implemented effectively.

- He critiques standard recipes of "institutional therapy" since they do not favour development for poor countries (middle and low-income countries).

- He suggests that institutional reform may not be enough to resolve slow development, because:

  - Institutions are slow to change

  - Such institutional therapy cannot be imported/transplanted from elsewhere – must be home-grown, compatible with historical legacy, political economy, local constraints and opportunities (the Koelble and Siddle article shows the importance of such contextual understanding very clearly)

LAURIDSEN (CONTINUED)

- Institutions should sustain long-term economic development as well as institutional arrangements able to take appropriate decisions and to ensure the implementation of strategic policies
- He advocates for local institutional transformation
- Instead of looking for institutions one can classify as "universally sound or good", it is important to solve specific problems and expect institutional variations depending on context, design and implementation
- What is needed are:

1. motivated, competent civil service insulated from particularistic capture
2. relational institutional arrangements (in other words those working on related policy issues should be linked up sufficiently to achieve their goals)
3. private sector consultation
4. mechanisms for transparency
5. a will to development that may come from outside state actors