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# Building Institutional Capacity for Development

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# Building Institutional Capacity for Development

## **Abstract**

{Excerpt} Every day, we are reminded of the changes needed for economic and social progress, but not that institutions are the channels through which such changes can happen. We would do well to consider what is meant by (and can be accomplished through) participation, how participation grows out of democratic processes, how these processes depend on the structure of institutions, and how institutions originate from (and are supported by) human resources. Only then will we understand better the processes of progress and picture more accurately the necessarily diverse levels of the organizational setups on which progress depends.

The rights and responsibilities of people are central to progress. And participation is essential since privileged minorities seldom approve of reforms and concentration of political, economic, or social power in their hands has retarded development. Therefore, five questions must be asked. Who initiates? Who participates? Who decides? Who controls? And who benefits? If it is the people, then development activities will most likely succeed (bearing in mind that the chance to take part hinges in turn on access to information, freedom of association to hold discussions, and arrangement of regular meetings at which officials and representatives can listen and respond to communities and be held accountable for delivering particular outputs.)

## **Keywords**

Asian Development Bank, ADB, poverty, economic growth, sustainability, development

## **Comments**

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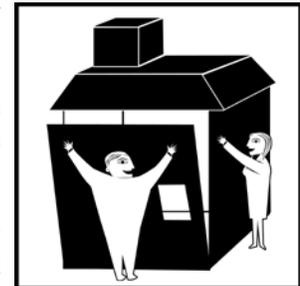
# Building Institutional Capacity for Development

By Olivier Serrat

The conditions of economic and social progress include participation, democratic processes, and the location of necessarily diverse organizational setups at the community, national, regional, and increasingly global levels. Access to and judicious use of information underpin all these.

## Rationale

Every day, we are reminded of the changes needed for economic and social progress, but not that institutions are the channels through which such changes can happen. We would do well to consider what is meant by (and can be accomplished through) participation, how participation grows out of democratic processes, how these processes depend on the structure of institutions, and how institutions originate from (and are supported by) human resources. Only then will we understand better the processes of progress and picture more accurately the necessarily diverse levels of the organizational setups on which progress depends.



## Participation

The rights and responsibilities of people are central to progress. And participation is essential since privileged minorities seldom approve of reforms and concentration of political, economic, or social power in their hands has retarded development. Therefore, five questions must be asked. Who initiates? Who participates? Who decides? Who controls? And who benefits? If it is the people, then development activities will most likely succeed (bearing in mind that the chance to take part hinges in turn on access to information, freedom of association to hold discussions, and arrangement of regular meetings at which officials and representatives can listen and respond to communities and be held accountable for delivering particular outputs.)

## Democratic Processes

But democracy is more than multi-partyism or the granting of concessions by authorities. Civil society needs to be fortified at all levels in agreement with the customary checks and balances of cultures. So one should also ask what manner of democratic processes and what kinds of institutions are necessary to release the productive energies of people, and

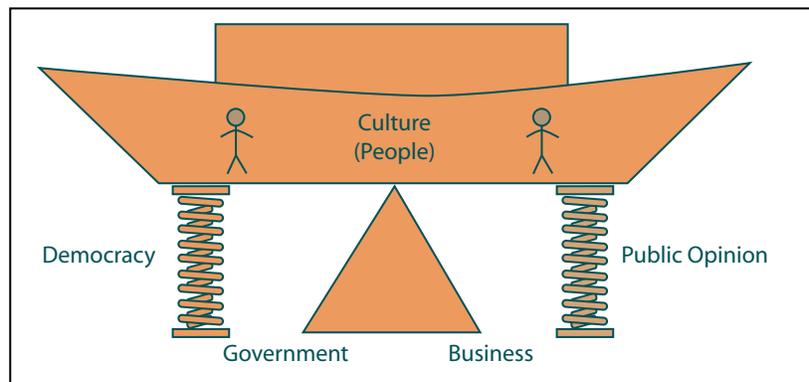
what conditions are required to make these processes and institutions work. The answer is that democratic processes must start from where people are and that—for democratic processes to unfold—accountability, transparency, predictability, and participation are essential.

### Institutions

It follows that institutions should be located at three levels:

- **Community.** At the community level, a viable institution reflects the ideas, interests, and needs of communities. It has their confidence and the strength to communicate their views to higher authorities. Naturally, this assumes a degree of decentralizing decision making. It presupposes too a capacity to act on rights and responsibilities. Above all, perhaps, the right to organize must exist.
- **Nation.** At the national level, a viable institution has competence in policy making, in socioeconomic analysis, and in technical research. It has negotiating parity with international bilateral and multilateral agencies. It provides inputs to national policy making without relying on external advice. And it helps identify linkages between the national, regional, and community levels.

#### Case Study: The Steel Fulcrum



Public debate over governance grows out of concern over the principles by which an economy ought to be governed. British artist Max Couper created a massive installation on the subject of balance that he displayed in Dusseldorf in 1997 and at the European Parliament in Brussels in 1998. The installation involved a 30 ton London barge on a steel fulcrum, sprung at each end and pivoted by the body weight of the public. The artwork can be seen as a simple metaphor of society as a room in which we are all together, a society whose equilibrium and future direction is determined by the way in which we decide to walk together.

Source: Summarized from Peter Schwartz and Blair Gibb. 1999. *When Good Companies Do Bad Things*. John Wiley & Sons, Inc.

- **Region.** At the regional level, a viable institution possesses a mix of technical, managerial, and information-handling skills. It has also the ability to interpret communities to the nation (and vice versa). Most of all, it has a reasonable measure of autonomy (including independent revenues).

A tall order? Yes. On which economic and social progress depends.

## Further Reading

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## Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Knowledge Solutions are handy, quick reference guides to tools, methods, and approaches that propel development forward and enhance its effects. They are offered as resources to ADB staff. They may also appeal to the development community and people having interest in knowledge and learning.

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