

High-Level Panel

Institutions, Decentralization and Structural Transformation in Eastern Africa

CONCEPT NOTE

20th Inter-governmental Committee of Experts (ICE)
Nairobi, Kenya
8-11 February 2016

I. RATIONALE AND BACKGROUND

1. Recent evidence from theoretical and empirical literature suggests that institutions and decentralization play a critical role in promoting or hindering structural transformation. In the Eastern Africa region various forms of decentralization have been implemented to enhance social transformation and achieve balanced growth. Decentralisation is defined as the process of transferring functions, powers and resources from a central authority to lower sub-units¹.
2. The creation of institutions and adoption of various forms of decentralization is not a mechanical process. Rather it represents a deliberate matter of legal and political as well as economic rational decision making. Given the importance of institutions in everyday life, these structures are to a large extent not just happenstance. The same is true of decentralization as there are countries that have a centralized system of governance and those that have gone the decentralization way. This suggests some heterogeneity in the forms and shapes of structural transformation that may occur as a result of pursuing different strategies engendered by centralization and decentralization. The heterogeneity engendered has important policy implications on how developing societies transform into modern service-oriented high functioning and efficient systems. Suffice to say that the existence of institutions suggests the notion of governance. In the normative sense, the foregoing framework leads to the question of what are the clear distinctions between good governance and bad governance and good institutions and bad institutions. This is an academic as well as a practical approach to the issues in question.
3. The High-level Panel is expected, in addition to the above considerations, analyse and discuss the different types of institutions and modes of decentralization in the region. This will include an in-depth review of institutions and key lessons or experiences with decentralization in the region. Particular attention will be devoted to the shift towards 'participatory development' and "equitable sharing of resources' and its policy and strategic implications for member States. In addition, the growing interest in strong and credible institutions as a basis for "competiveness" and sustainable development calls for a strategic positioning of each country's policies and the region as a whole. The discussion will therefore highlight the policy and strategic space for countries in the Region to develop responsive institutions and implement decentralization properly to achieve transformation and achieve sustainable development in the long term.

II. OBJECTIVE AND EXPECTED OUTCOMES OF THE HIGH LEVEL PANEL

4. The main objective of the High Level Panel is to provide a forum for exchange of views on the perspectives and different dimensions of decentralization and its potential

contribution towards socio-economic transformation at National and regional levels in the Eastern Africa Region.

III. FORMAT AND DURATION

5. The proceedings of the high-level panel will follow the "Davos" style. The high-level panel will further be moderated by Wallace Kantai, a well known Kenyan journalist with an in-depth knowledge on the theme of the 20th ICE. The moderator will facilitate the exchange of views between the panellists as well as the ensuing discussions with the rest of the ICE participants. The conversation will last a maximum of three hours and will be broken into two parts (each lasting 1.5 hours). The first part will focus on the role of institutions in achieving structural transformation with an emphasis on the need for innovative institutions, while the second part will focus on the case for decentralisation and inclusive growth. These discussions will be conducted both in English and French, with simultaneous interpretation. The moderator will summarize the key messages and follow-up actions, if any.

IV. EXPECTED OUTPUT

6. The high level panel is expected to contribute to (a) a better understanding among the participants of the concept/paradigm and components of Decentralization and (b) increased awareness about experiences, issues and challenges in implementing decentralization and (c) the potential role of decentralization in delivering socio-economic growth and transformation and (d) the role of institutions.

IV. PROPOSED MEMBERS OF THE HIGH-LEVEL PANEL AND TALKING POINTS

7. The High-Level Panel will comprise of the following members:

(i). A representative of the Government of the Republic of Kenya (a Cabinet Secretary or Principle Secretary) who will be presenting Kenya's perspective and experience with Decentralization (Devolution). The government representative will be expected to underscore key policies and strategies in line with the constitution of Kenya (2010) and relevant policies/strategies as potential drivers for the country's sustainable growth and transformation in the long term. She/he will also describe the main constraints being faced in the efforts to implement and mainstream devolution at macro and sectoral levels and will recommend strategic future interventions at national and regional level. The role of institutions in the context of decentralization and structural transformation will also be discussed.

(ii). Hon. Caroline Amali Okao (Minister of State for Finance, Planning and Economic Development, Uganda) who will give Uganda's perspective on issue relating to institutions, decentralisation and structural transformation. In particular, she will focus on efforts being undertaken in Uganda to empower both government officials and citizens in decentralised units with a view to ensuring effective utilisation of resources and to enhancing accountability.

(iii) Prof. Anastase Shyaka (CEO, Rwanda Governance Board, Rwanda) who will share the Rwandan decentralisation experience including the challenges faced and the impacts it has had in socio-economic development. In particular, he will focus on the *imihigo*, performance contracts for leaders all geared to ensuring effective allocation of resources and that development targets are met.

V. CONTACTS

8. For further information, you may contact:

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