

# Transforming the economy from below: the role of the people in development

By Prof. Richard M Levin

The year 2017 has been declared to be the Year of Oliver Reginald Tambo, in honour of a visionary leader and patriot who would have turned 100 years old this year. In his address to the United Nations Economic Commission for Africa (ECA) in April 1979, Tambo shared the vision of a future in which “we shall no longer experience the haunting spectacle of a child rummaging through refuse heaps, searching for rotten morsels of food” and when “we shall no longer experience the terrible destitution of our peoples that is the heritage of colonial and imperialist domination and the continuing unequal relations between the powerful economic centres of the Western world and our continent”.

Despite visionary leaders like Oliver Tambo, Julius Nyerere, Kwame Nkrumah, Nelson Mandela, Kenneth Kaunda, Patrice Lumumba and Samora Machel, Africa has still not fully emerged from the structural contradictions of underdevelopment, inequality and poverty. To some extent this is attributable to an inability of subsequent leaders to fill the shoes of these African giants and pave the way for African growth and development. But the developed world and global institutions are equally culpable for reproducing Africa’s post-colonial challenges. Through the Washington Consensus, the IMF and World Bank have exerted pressure on Africa to deregulate the market, when it is and has been controlled by Multinational Corporations (MNCs) for over a century. In 2015 a report on illicit capital flows by the AU/ECA high-level panel chaired by former South African President Thabo Mbeki showed how between 2001 and 2010, an annual average of \$50 billion flowed out of the



Prof Richard M Levin

continent illicitly<sup>1</sup>. This would equate with \$1 trillion over the past 50 years, equal to all the development assistance received by Africa and enough to wipe out the region’s total external debt of \$250 billion and leave \$600 billion for poverty alleviation and economic growth<sup>2</sup>.

The illicit flows have grown over time; the trend between 2002 and 2011 is put at 20.2 per cent<sup>3</sup>. The role of MNCs is pivotal through trade mis-invoicing, abusive transfer pricing and base erosion and profit shifting to subsidiaries in low-tax or secrecy jurisdictions. The corruption of the MNCs has also sponsored corporate capture of the state and prevented African states from establishing people’s democracies to transform the historical plight of its oppressed and exploited people and communities. Africa needs the rest of the world to stop looting its wealth and resources and to cease being

a net creditor for development in Western Europe and North America.

There must be an appreciation that transforming African economies is paramount in addressing socio-economic inequalities, poverty reduction and ensuring wealth creation for the well-being of the African people. The continent is resource endowed – oil and natural gas – and remains home to vast cropland and reserves of minerals, which have in the main been exported without any value added industrial processing. Competitiveness also remains a major challenge to the African economy, with the 2017 Africa Competitiveness Report pointing to a list of constraints on doing business in Africa, critical among these being access to capital, corruption and inadequate infrastructure.

The Millennium Development Goals were far from achieved and the focus has now shifted towards 2030 (Sustainable Development Goals -SDGs) and 2063 (AU Agenda 2063).

One of the SDG goals is to promote **inclusive and sustainable economic growth**, employment and decent work for all. In order to achieve this goal, targets must be set, including the promotion of development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of SMMEs. The achievement of this SDG also requires higher levels of economic productivity through diversification, technological upgrading and innovation.

The Agenda 2063 Framework Document sets out the continent’s aspirations, one

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<sup>1</sup> *Illicit Financial Flow*, “Report of the High Level Panel on Illicit Financial Flows from Africa,” Commissioned by the AU/ECA Conference of Ministers of Finance, Planning and Economic Development, (2015).

<sup>2</sup> Sean Gossel, University of Cape Town, quoted in “The effect of illicit financial flows in Africa,” Corruption Watch (<http://www.corruptionwatch.org.za/effect-illicit-financial-flows-africa/>).

<sup>3</sup> “Report of the High Level Panel...” (2015: 64).

of which is a prosperous Africa based on inclusive growth and sustainable development. This can be achieved inter alia through the establishment of capable developmental states which promote **people-centred development**, gender equality and a focus on the innovative productive potential of the continent's youth. People-centred development places African people at the centre of all continental efforts to ensure broad-based participation in the transformation of the continental economy and building caring and inclusive societies and communities.

Africa now has to also contend with the rise of the Fourth Industrial Revolution (4IR), which puts the global economy on a trajectory that may be unprecedented in many ways, and creating a major impact on development. Klaus Schwab<sup>4</sup> (Founder and Executive Chairman of the World Economic Forum) points out "like the revolutions that preceded it, the Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world. To date, those who have gained the most from it have been consumers able to afford and access the digital world; technology has made possible new products and services that increase the efficiency and pleasure of our personal lives".

At the same time, Schwab also cautions that the 4IR could increase demand for highly skilled workers while the demand for workers with less education and lower skills will decrease, resulting in a "job market with a strong demand at the high and low ends, but a hollowing out of the middle". It is evident that African countries are not fully equipped to transition to a 4IR economy and it is therefore imperative that one of the focus areas is on human capital development – as a means of transforming the African economy. Africa also has a young population and a growing labour force, with its working age population reaching 1.1 billion – bigger than China or India's – in the next 20 years (2017 Economic Report on Africa). With penetration of Internet and mobile phones on the Continent, there are huge economic growth and human development

opportunities for Africa and the continent must leverage off this demographic opportunity to unleash economic potential.

In its report on *Public Sector Management Reforms in Africa*, the ECA notes that the "public service has always been the tool available to African governments for the implementation of developmental goals and objectives" but many African countries "have not come close to their goal of developing and transforming their societies to the same standards as developed countries".

The role of management development institutes (MDIs) or national schools of government in transforming African economy and society should be scrutinised. The ECA report notes that most African countries established MDIs at independence but standards of capacity building have been compromised due to exclusion from the centre of government administration to the periphery; no consultation about government policy decisions; a relegation to a lower status and inadequate funding (p48). The OECD<sup>5</sup> notes that "schools of government are uniquely placed to enhance the capacity of public servants to meet the leadership, policy and delivery challenges they face" and that they can play this role "both directly, through their learning and training programmes, and indirectly, by encouraging a learning culture that contributes to civil service effectiveness and efficiency".

In South Africa, the establishment of a government school (the National School of Government - NSG), replacing a management development institute (the Public Administration Leadership and Management Academy) was a necessity to broaden focus from leadership and management development to embrace all state actors and employees. This was in line with the vision of the founders of our democracy, to create an African state that is non-racial, non-sexist, able to overcome historical inherited inequalities and committed to opening the doors of learning and culture to all. The establishment of the NSG therefore gave

expression to the imperative of creating a centre of excellence for education, training and learning to develop a public service cadre that understands and believes in the vision so ably articulated by OR Tambo to the UN-ECA in 1979.

The National Development Plan (NDP) points to building a skilled and professional public service from both the top and bottom – focusing also on succession planning and developing skills and expertise at junior levels that are necessary for future public service cohorts. We are also duty bound to produce future public sector leaders, if we are to succeed in realising both Vision 2030 and Agenda 2063 in practice. In line with the NDP, the curriculum development process is guided by an integrated learning framework which provides the basis to systematically map courses, programmes and qualifications.

The NSG is emerging as a centre for innovation, thought leadership and elearning. This learning modality is being enhanced through the introduction of open online courses, which truly open the doors of learning and culture to all state employees and include offerings on Managing Performance and Professional Ethics. With regard to the latter, the School has entered into a memorandum of agreement with a state owned entity to offer ethics training to all of its staff. We are engaging with numerous organs of state to offer our programmes. An exciting pilot programme is an open online course on financial delegations for public service managers. The value of open online learning is that it is self-paced and provides participants with the opportunity to learn when convenient for them.

Beyond the capacitation and skills enhancement of public servants, and beyond supporting governmental institutional performance (in many instances, measured by its levels of regulatory and compliance audit, well-structured reporting, and efficient resource utilisation), there has be a role – direct or indirect - for MDIs or national schools of government to contribute to transforming the economy and society. These include:

<sup>4</sup> The Fourth Industrial Revolution: what it means, how to respond (14 January 2016)

<sup>5</sup> OECD Report on National Schools of Government – Building Civil Service Capacity, May 2017

**1. Policy implementation and support**

When government adopts a policy for implementation (e.g. New Growth Path, Industrial Policy Action Plan), it should not only entail ownership by the relevant policy department or sector cluster, but rather ownership by the entire state. MDIs or national schools of government should be at the forefront of analysing policy documents and identifying the design of relevant curriculum and learning outcomes, development of critical skills across the state, and the application of such policy within the context of workplace learning. Public servants must be part of the discourse and practice of economic transformation and people centred development. Beyond the public service being an enabler of development, it must be seen as an integral part of economic transformation and development.

The South African National School of Government is partnering with key sectors and institutions to support economic planning and development, as well as social policy.

**2. Building the capacity of the state**

MDIs or national schools of government should focus on building the capacity of state – not only the public sector – either directly or indirectly through partnership and network arrangements. The South African National School of Government is engaging with the three spheres of government and appropriate partnerships have been forged with some municipalities. Additionally, partnerships with state owned entities are also being concluded. The NSG also has a partnership with the legislatures and universities and has developed a Legislature Capacity Development Programme.

**3. Developing the capacity of society**

Whilst some would argue that building the capacity of society may not be within the mandate and scope of MDIs or national schools of government, it can be equally argued that these institutions can indeed play a role in building capacity of NGOs, civic organisations, and traditional authorities, amongst others. Certainly there must be opportunities for partnerships with the private sector and academia to support knowledge



generation and application of knowledge to make people-centred development a reality.

The NDP places emphasis on meeting people’s needs and the role of an active citizenry in achieving developmental objectives. State-people relations have a critical role to play in transforming economy and society, particularly in generating livelihoods, decent job creation, developing social enterprise, entrepreneurship and the establishment of SMMEs and co-operatives. MDIs or national schools of government can play a role in building capacity for these endeavours which can be strengthened through sound project planning and management as well as participatory community-based monitoring and evaluation.

**4. Continental Integration**

Capable developmental states, as the NDP points out, improve their effectiveness by building strong institutions, enhancing their own capacity and learning from experience. We have taken this notion of learning from experience to the international level, where we have strategic partnerships and networks to



build capacity within our country as well as on the continent.

The African Management Development Institutes’ Network (AMDIN) is a continental public sector capacity building network that has the potential to play an important role in supporting the economic transformation agenda on the continent. In December 2016, the Commission of the African Union (AUC) signed a memorandum of understanding with AMDIN in order to, inter alia, develop African leadership and management capacity for the needs of the African people and their governments; exchange knowledge towards common perspectives on public sector management in Africa; and advance the development of the continent by promoting research and training to improve public services in Africa. In this way, AMDIN provides member states in Africa with the opportunity to ensure that the continent will be better placed to cope with rapid socio-economic changes at a global level and the impact of the Fourth Industrial Revolution. The NSG currently serves as the Secretary-General of AMDIN.



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