I. Introduction: From Theory to Practice

The Sustainable Development Goals were adopted during the United Nations Summit in September this year, replacing the Millennium Development Goals (MDGs). Although substantial progress has been made, most African countries have not reached most of the MDGs (2000-2015), partly due to the failure to secure the US $64 billion needed per year. Why did Africa and its international partners fail to secure enough financial resources to meet the Millennium Development Goals targets, and what can be learned to fix it and successfully mobilize resources for effective delivery of the Sustainable Development Goals on the continent?

In the previous policy brief, we presented a systematic analytical and predictive implementation framework providing a better understanding of the success or failure of public policies, especially domestic resource mobilization strategies. We enhanced Matland’s model, better contextualizing the conditions affecting final outputs. As illustrated in figure 1, reproduced below, four scenarios were explored: administrative implementation (with low ambiguity and conflict), symbolic implementation (with high ambiguity and conflict), political implementation (with low ambiguity and high conflict), and experimental implementation (with low conflict and high ambiguity).

In this policy brief, we provide policy leaders with illustrations of actionable DRM solutions tailored to the specific context of the four scenarios. We also discuss the expected outcomes and challenges.
## II. Solutions for Low-Ambiguity/Low-Conflict Situations

### 1. Secure technical knowledge

In many countries, there is a lack of technical expertise to implement initiatives relating to domestic resource mobilization, but a general set of agreed-upon practices. While goals are clear, perhaps few individuals have formal understanding of financial markets and selling bonds or how to collect taxes most efficiently. Take tax collection in rural areas as an example. Note that in this scenario, the difficulty is with the mechanism to ensure reliable collection, not any significant degree of political opposition. Few rural residents would have the ability, unlike corporations or more wealthy urban-dwellers, to resist the power of the state if it had the resources to track them down and insist they pay taxes. Collaborating with international institutions, such as “Tax Inspectors Without Borders,” can be helpful in facilitating knowledge transfer.\(^2\) Utilizing external experts can be invaluable:


![Figure 1: Enhanced Implementation Matrix for DRM Strategies](image)

<table>
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<tr>
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<th>Low conflict</th>
<th>High conflict</th>
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<tr>
<td><strong>Low ambiguity</strong></td>
<td><strong>Administrative implementation</strong></td>
<td><strong>Political implementation</strong></td>
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<td>(Factors needed for success:</td>
<td>(Factors needed for success:</td>
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<td></td>
<td>Resources, motivation, learning,</td>
<td>Power, autonomy, governance,</td>
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<td>staff competency, processes)</td>
<td>leadership)</td>
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<td>Clear goals and strategy, with</td>
<td>Clear goals and strategy, but</td>
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<td></td>
<td>labor, capital, or technological</td>
<td>clash of ideology stymies</td>
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<td></td>
<td>resources needed</td>
<td>implementation</td>
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<td></td>
<td>• Increasing rural tax collection</td>
<td>• Switching to electronic tax</td>
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<td></td>
<td>• Obtaining knowledge from</td>
<td>collection systems</td>
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<td></td>
<td>experts</td>
<td>• Elimination of fuel subsidies</td>
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<td>• Incorporation of the informal</td>
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<td></td>
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<td></td>
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<td>• Reforming tax structures</td>
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<td><strong>High ambiguity</strong></td>
<td><strong>Experimental implementation</strong></td>
<td><strong>Symbolic implementation</strong></td>
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<td>(Factors needed for success:</td>
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<td>Contextual conditions,</td>
<td>Coalition strength, incentives</td>
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<td>institutional factors,</td>
<td>and constraints, network</td>
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<td></td>
<td>organisational structure, culture)</td>
<td>management, communication)</td>
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<td></td>
<td>General strategies or theories</td>
<td>Unclear goals or strategy, but</td>
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<td></td>
<td>that lack specific clarity or have</td>
<td>deeply conflicting on an ideological basis</td>
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<td></td>
<td>undefined roles</td>
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<td></td>
<td>• Diaspora bonds</td>
<td>• Redistributive taxation to</td>
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<td></td>
<td>• Foreign currency bank accounts</td>
<td>transfer wealth from elites to the impoverished</td>
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<td></td>
<td>• Funneling other flows into</td>
<td>• Increasing domestic savings rates</td>
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<td></td>
<td>promoting DRM</td>
<td>• Privatizing government service</td>
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<td>delivery</td>
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(Sources: Adjusted from Matland by Signe)
relying on automation can reduce the potential for graft and improve the depth of collection.4

2. Invest available financing

With access to financing, clear goals with a known benefit, e.g., collecting revenue from rural residents, that have passed the hurdle of political opposition merely require capital to be available, so that the appropriate actors can proceed. Implementing these types of projects or policies is crucial, as they lead to long-term growth and development. Botswana provides a good case study for how countries can implement DRM policies: it was initially dependent on aid to fund technical assistance, health, and education, but over time it became less reliant on aid and more on mobilizing domestic resources, such as maximizing extraction of natural resources and investing revenue into public goods.5 As countries gain more experience in an area, they are more efficiently able to implement policies and to attract additional funding necessary for implementation.

III. Solutions for Low-Ambiguity/High-Conflict Situations

1. Improving compliance mechanisms

In some cases, normative compliance mechanisms are not enough to ensure successful implementation. For example, the authority granted to a tax collector, as an agent of the state, may not compel a citizen to pay. In these circumstances, Matland (1995) suggests leveraging the power of the state to implement more coercive compliance strategies, such as the threat of sanctions, or more remunerative policies, such as additional incentives in order to reduce the degree of conflict. In Burundi, enticing businesses to participate in the formal sector (so they can be taxed) took the form of offering legal title deeds at a one-stop-shop that provides assistance with access to credit.6 The provision of benefits by the government reduced the degree of conflict between actors’ interests.

2. Revising tax exemption strategies

Another common strategy for increasing government revenues calls upon governments to eliminate subsidies, particularly in the energy sector, so that resources flow to the most beneficial development projects. Countries are urged to revoke concessions granted to companies, which are hard to renegotiate and prone to benefit special interests at the expense of new investment projects. These issues are problematic across SSA, especially for poorer countries. As the majority of FDI flows are destined for relatively developed countries, the remaining tranche induces a race to the bottom, where poorer countries have to provide incentives to define themselves in a globally competitive market.7 This is problematic because, in areas with poor investment climates, tax breaks do not improve or change the perception of the investment climate, thus failing to attract investors at the expense of reducing revenue from existing flows.8 For example, in 2005, 55% of total revenue was lost in Burundi due to tax exemptions implemented to attract FDI.9

For a contemporary example of low-ambiguity and high-conflict implementation, look to bilateral and multilateral attempts to curb illicit financial flows. Despite numerous mechanisms such as the Tax Information Exchange Agreements becoming commonplace among developed countries in Africa, only Mauritius has moved forward to adopt such a framework.10 New mechanisms to overcome a legacy collective action problem are also required. Look also to projects such as E-Ghana, a modernization program that attempts to streamline business, vehicle, and property licensing and registration by incorporating them with tax collection. While the project is considered a model in Africa, it has suffered from years of delays due to competing interests. When circumstances prevent implementation due to high conflict, work-abouts are often possible. For example, efforts could be made to tax highly-visible assets. In 1986, Bolivia replaced its income tax with progressive taxes on various types of property, such as cars and enterprise worth.11

High-conflict and low-ambiguity implementation is common when it comes to the adoption of multilateral treaties or frameworks. The plurality of actors involved creates high-conflict situations that can be resolved only by building the strongest coalition. For example, look to the difficulty in implementing policies that attempt to stop the race-to-the-bottom tax policy competition between countries in SSA. Countries promote tax holidays or subsidies for certain types of entities in order to become more competitive, despite this hindering prospects for sustainable development across the continent. This presents a collective action problem, where organization of a strong coalition to instigate a “big bang” policy is necessary, but extremely difficult.

Matland’s 1995 paper addresses circumstances where agents (i.e., foreign corporations) have their own bases of power, enabling them to ignore those bases held by governments. Corporations will argue that raising taxes will cause them to relocate, costing the country valuable business. Reducing the number of alternative tax jurisdictions can avert relocation. For example, regional integration aligns goals (increased revenue) with increased power in the same way that organized labour unions or cartels unify to gain control of a market. By building political power among like-minded parties, a bloc can mobilize the political capital necessary to overwhelm strong actors. One way to address the tax exemption problem is as an internationally coordinated bloc in order to produce a neutral tax environment.

IV. Solutions for High-Ambiguity/Low-Conflict Situations

1. Focus on evaluation

Recognising that actors have a variety of interests and will naturally utilize the skills they have to attempt to succeed, the role of government in these circumstances is to gather information and to make comparisons across different scenarios to identify what works, so that it can invest in the best solution. Governments should define what constitutes success in order to reduce policy ambiguity, but not demand conformity. Matland’s model emphasizes that this type of process is bottom-up, recommending that governments do not steer policy in the vein of one particular image, but refer constantly to the process as a learning experience.

2. Enable knowledge development and transfer

Access to knowledge and data is crucial for reducing policy ambiguity. While development frameworks that focus on achieving certain elements of the MDGs encourage public-private partnerships (PPPs) because of their unique ability to serve neglected populations, without data there is little hope of long-term success. For example, factors identified by the Council on Health Research for Development (COHRED) include “high turnover of policymakers,” a “lack of inter-sectoral mechanisms to enable communication” across multiple levels, and “low absorptive capacity” as key issues. Available information was characterized as “inaccessible to non-specialists”—the very individuals crucial to successful policy implementation. Greater investment in research in South Africa—0.9% of GDP compared to the SSA average of 0.3%—is why the country produces more than two-thirds of the region’s pharmaceuticals, a $1 billion industry across SSA.

3. Build up, not down

Civil society organizations (CSOs) can play a helpful role in high-ambiguity implementation scenarios. When goals are not defined, bottom-up approaches tend to work better, as local actors are more adequately positioned to define needs and develop plans of action. For example, in Thailand, CSOs helped reduce the incidence of HIV/AIDS by forming a national coalition and coordinating their efforts. With the promise of a coordinated CSO framework, the Thai government was willing to contribute funding in 1992 that caused rates to decline from 7% to 1.5% in 2012. Lessons learned in Madagascar reinforce the necessity of citizen participation and the use of the bottom-up approach in

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high-ambiguity scenarios. Despite relatively low inputs in terms of average yearly per-capita aid, Madagascar’s greatest successes in achieving the MDG sanitation and water targets came in rural areas where NGOs and the private sector were extremely active participants. While rural access to improved water sources increased about 15% from 1990 to 2008, urban areas suffered a decrease of about 8% in the same period.  

4. Align goals with institutions

Appropriate centralization is also a key factor in successful implementation. A review of water and sanitation access in Africa found that countries that attempted to define goals clearly and to place them with the appropriate managing entities were more successful at implementing change. For example, among thirty-six water and sanitation professionals in SSA surveyed, 39% indicated the single most important factor for achieving reform was “government and political will,” with 24% identifying “capacity building and reform.”

Goal targets themselves are not policies. Attempts should be made to harmonize as many goals as possible through careful policy design. For example, both contracting tax collection to firms outside the country and adopting a single Value Added Tax (VAT) or Goods and Service Tax (GST), such as in Sierra Leone, can generate additional revenue. By adopting the latter policy, the country was able to achieve multiple goals, simplify tax collection, and create a predictable market environment.

V. Solutions for High-Ambiguity/High-Conflict Situations

1. Vertical Coalition-building

Adoption of controversial resource mobilization strategies requires strong coalitions. The key to successful implementation in high-ambiguity and high-conflict circumstances is political power, as built through vertical coalitions. Gaining political power to implement ambiguous DRM strategies requires multi-level coordination, not just collaboration laterally. For example, the recent AU-NEPAD framework provides a good case study of what can go wrong with the former. By promoting regional economic communities (RECs), the framework hoped to promote common ground and development. Ultimately, however, the multiplicity of interests represented by RECs harmed the unity of the pan-African movement, exacerbating the inability to achieve the original goals as a result of overlapping memberships that in turn resulted in practically non-existent coordination with RECs themselves and between RECs and pan-African organizations. Countries looking to build coalitions of power should look upwards and downwards. By working with political powers, e.g., NGOs, developed countries, etc., one can combine the value of the localized bottom-up approach to address high-ambiguity situations without compromising the attention given to the hyper-political environment.

Coalition strength is a powerful determinant of the ability to achieve goals in high-conflict and high-ambiguity situations. For example, in Egypt, regression on attempts to progress towards the third MDG (which is focused on empowering women) was entirely dependent on political power. Despite conflict over the role of women from some religious conservatives, Mubarak’s administration had created a 64-seat quota for female politicians in parliament. In 2012, when the Muslim Brotherhood was one of the few well-publicized and popular political parties, they marshalled their strength to win the elections and subsequently abolished the quota system. Conservative Islamic coalitions have acted similarly across the Middle East, such as in Tunisia, where some look to prevent women who do not believe in Sharia values from running for office.

19. Scores are from the Watsan Index of Development Effectiveness (WIDE).
22. Eloavainio and Evans, “Raising and Spending Domestic Money for Health.”
Conclusions: Expected impact and challenges

By providing a framework by which to analyse policy implementation, we look beyond the merits of specific domestic mobilization strategies to understand why they succeed or fail. A comprehensive review of instituted policies can help explain why certain policies prime facie appear backwards, e.g. the success of the structure utilized by governments to ensure value-added growth in the agricultural sector compared to why those successes came without any significant degree of nutrition objectives; or why, in the attempt at betterment, underlying problems related to development within the sector, such as land ownership and tenure rules, were not addressed. The systematic method of analysis allows one to categorize the various components of policies and target particular areas: for example, one might embrace the ambiguity that enables creative solutions depending on context.

The major challenge in implementing the solutions is political will, especially in countries with a lower level of vertical and horizontal accountability. In order to address the issue of political will, different strategies can be used. The first would be to provide incentives by communicating, training, and sensitizing leaders on the importance of such a framework, which can be used both for DRM strategies and the implementation of the Sustainable Development Goals themselves. Although accountable governments are more likely to adopt such a framework, citizens in less accountable countries will also benefit from outstanding economic performance and effective delivery of public services and development strategies. If the incentive strategy or domestic accountability does not work, a second strategy may be able to integrate regional or international accountability mechanisms. For example, market-friendly development strategies were encouraged through mechanisms associating the disbursement process of the IMF or the World Bank with policy reforms jointly conceived by national and international actors through the Highly Indebted Poor Countries (HIPC) initiatives and Poverty Strategy Reduction Papers.


Bibliography:

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Prof. Landry Signé is a Senior Fellow at OCP Policy Center. He is a distinguished fellow at Stanford University’s Center for African Studies, founding chairman of the award-winning Global Network for Africa’s Prosperity, faculty in emerging African markets at the Business Department of Stanford Continuing Studies, Andrew Carnegie Fellow at the Andrew Carnegie Corporation of New York; Professor of Political Science at UAA; and Partner and Chief Strategic Advisor at a small African-focused emerging markets strategic management, investment, and government affairs firm. Recognized as a World Economic Forum’s Young Global Leader, JCI Ten Outstanding Young Persons in the World, Private Investors for Africa Fellow, and Tutu Fellow that “drives the transformation of Africa,” he is an award-winning transformational leader and special adviser to world leaders on international and African affairs. Previously, Landry was founding president of a business strategy and development firm based in Montreal and a visiting scholar at the University of Oxford. He has also served on the board of organizations such as AMPION Catalyst for Entrepreneurship and Innovation in Africa, Citizens Governance Initiative, and the United Nations Association of Canada–Montreal, and has been appointed by a United Nations Under-Secretary-General to serve on the Global Network on Digital Technologies for Sustainable Urbanization. He has authored numerous publications, given presentations at prestigious platforms, and has also won over 55 prestigious awards and recognitions from four continents. His work has appeared in The New York Times, The Washington Post, and the Harvard International Review.

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