

DOES INSTITUTIONAL QUALITY AFFECTS HUMAN DEVELOPMENT IN SUB-SAHARA AFRICAN COUNTRIES?

BY

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Abstract

Despite the abundant research on institutional quality and development, little has been done to examine the impact of institutional quality on human development especially in Sub-Saharan African Countries (SSA). The problem facing SSA can be ascertained in the area of weak institutions which metamorphose to poor level of human development, in terms of poor standard of living, low level of educational attainment and low level of life expectancy which sum up to high level of poverty in the region. The objective of this study was to evaluate the relationship between institutional quality and human development in SSA countries from 2005 to 2013. The research used secondary data sourced from World Bank governance indicators, Transparency International and Heritage Foundation. The method of analysis employed was panel data using the panel corrected standard error (PCSE) and generalized method of moments (GMM). The analysis produced diverse results. The findings are compatible with theory. Both the panel data analysis and the generalized method of moments of institutional quality and human development model indicated that most of the countries investigated exhibits mixed performance in terms of the institutional quality such as rule of law, corruption, bureaucratic quality and property rights. The study recommends policies to reduce corruption in all levels of economic activities. In addition, rule of law need to be strengthened and the educational sector should be fine-tuned to train manpower in all aspect of human in the region.

Keywords: Institutional Quality, Human Development, Corruption, Rule of law, Property rights, Panel data, GMM, SSA countries.

JEL Classification: O15, O43, O55

Introduction

The interest on institutions in economic community has been particularly influenced by the work of Douglass North, a Nobel Laureate in economics. According to North (1990), institutions are manmade rules that are imposed to guide and evaluate the attitude and behavior of people and

also to determine the level of their interaction to ascertain the degree of commitment to the growth and development of the society. They are made up of formal constraints such as laws, regulation and constitutions and informal constraints such as taboos, values, customs, and traditions. Acemoglu and Johnson (2005) in their views describe good economic institutions as those that provide secure property rights for broad cross-section of the society with some degree of equality of opportunity so that those with good investment opportunities can take advantage of them.

In other words, institutions are structured within which human interactions take place either positively or otherwise. It is important to note that macroeconomic performance is influenced by institutional quality variables such as rule of law, property rights, corruption, and bureaucratic quality (Barro & Lee, 2013). Institutional failure occurs when the structure of state apparatus itself causes rather than reduce uncertainty (Acemoglu, Gallego & Robinson, 2014). In the African context, institutional quality is not well entrenched, in terms of implementation of superior rule of law, control of inflation and bureaucratic quality. All these affect the standard of human development in the region to the extent that, there is poor allocation of fund to human capital development.

Apart from institutional qualities explained above, human development hereafter (*HD*) is a concept that came to the limelight in the 1990s from UNDP. Human development, according to Fukuda-Parr (2011), is a process of expanding human capabilities that transform human beings to an atmosphere of conduciveness. The essence of the publication of the *HD* is to look beyond gross domestic product (*GDP*) to have a broader definition of human capabilities. The *HD* is a composite measure of three dimensions of human development. The first is living a long and healthy life (measured by life expectancy), second is being educated (measured by adult literacy and gross enrolment in education) and thirdly, having a decent standard of living (measured by gross national income purchasing power parity, PPP, income) (UNDP, 2014). The *HD*'s success story is due to the fact that, it is a multi-dimensional composite index that bridges the gap between academia and practical policy-making (McNeil, 2007).

Sustained growth depends on levels of human capital whose stocks increase as a result of better education, higher level of healthcare, and new learning and training procedure. The effect of human capital variables implies that the investment rate tends to increase as levels of education and health rise. This can only be obtainable when institutional quality is effective (Lopez, Rivera, & Currais, 2005). Tyler and Gopal (2010) vividly stated that SSA was once thought of as an area with huge potential for human and material resources. Unfortunately, SSA is now at a crossroad, representing the poorest and least developed population in the world and becoming the primary focus of international aid agencies.

The body of Millennium Development Goal Strategy (MDGs) lamented the poor state of African states development approach and attributed it to the level of governance and quality of institutions as reported by (Anger, 2010). Many African Economies have enormous potential for growth and human development with their vast natural resources of oil and gas resources, vast agricultural land, solid minerals, and abundant human resources. These potentialities can only be tapped if the entirety of human development is properly harnessed through formidable and effective institutional quality in place which is lacking in SSA countries (Acemoglu & Robinson,

2012). As far as this article is concerned, it uses a particular analysis different from other conventional approaches that have been used to study similar topic. The remainder of the paper is organized as follows. Section 2 reviews theoretical and empirical studies of human development, Section 3, model specification and method of analysis, Section 4, results discussion and policy implications and Section 5, conclusions and recommendations.

Theoretical and empirical studies of human development

Human Capital Development Theory (HCDDT) implies the attainment of knowledge and scholarly stock in the course of the means of education exposition, increase of productivity, efficiency, performance and output. HCDDT is relevant at every stage of human surroundings and human society: family level, community level, individual level, and national level, international level and institutional settings. Smith (1937) laid the foundation for what is now referred to as HCDDT. However, this theory was popularized in the likes of Schultz (1961), Becker (1964) and Mincer (1974). In the light of this, human capital theory is seen from the economic point of view and largely used to explain economics as an application of investment in education and health (Harbison, 1971).

Among the various factors that contribute to production; monetary operations, physical factor, machinery and human capital, is institutional qualities which serve as an umpire for the full development of the human activities in the society. Moreover, human capital has been acknowledged as the most important and appropriate ingredient for development (Noorbakhsh, Paloni, & Youssef, 2001). In line with German-Soto and Flores (2015), HCDDT is favorable and imperative in the explanations on the workings of improved economic payback, outputs, performance and amplified capability as a result of growth of intellectual stocks. Also, Brown and Guzman, (2014) opined that Governmental groupings of mankind such as community groupings, national groupings business organization groupings, have always existed for economic benefits. This is the bases of the theory, for human transformation.

The importance of institutional quality, in regards to human development has its root right from the time of Smith (1776). However, Acemoglu, Gallego and Robinson (2014) opined that why is it that in terms of innovation, some countries are more innovative than others even though they invest huge amount of fund into the educational system, and still people save for the sake of accumulation of physical capital. Also, the theoretical bases on the insight on why institutions differ across inter regional and intra-regional countries and they evolve (Acemoglu & Dell, 2010). Furthermore, Germana and Vania (2011) opined that the more educated and trained of a citizen in the society, the more he or she will earn a higher wage if the institutional context has a number of formal or informal institutions (collective bargaining, welfare state but absent of corruption and rent seeking). In other words, the kind of knowledge each society is endowed with varies according to its institutional framework and this induces individuals to develop certain capabilities that will boost the status of the individual. This can only be attainable through sound and adequate education system.

Proponents of institutions such as Dell (2010), Gallego (2010), Savoia, Easaw, and McKay (2010) and Yasar, Morrison and Ward (2011) argued that legal and political reforms are at the

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origin of success in human development performances. This issue has been observed by Acemoglu, Johnson, and Robinson (2001, 2002) and Iyer (2010) and posits that former colonies that were chosen for European settlement do better today due to the higher quality of the institutions and formidable human development in the form of educational attainment and healthcare facilities they received in the colonial era.

Kaufmann, Kraay and Zoido (1999) used a two-stage least squares method to find the direct effects of institutions on three indicators of development outcomes, namely standard of living, infant mortality, and adult literacy. For a sample of more than 150 countries over the period 1997-1998 and using six dimensions of governance (political stability and absence of violence, government effectiveness, rule of law, control of corruption, regulatory quality and voice and accountability), they found a strong positive correlation between governance and human development for all six aggregate indicators.

Furthermore, Acemoglu, Gallego and Robinson (2014) based on their investigation on a new cross-country of the effects of institutions and human capital on GDP per capita today, reflecting on previous works using same sources of variation in institutions. Acemoglu, Johnson and Robinson (2012), and following Woodbury (2011) used variation in missionary activity as a determinant of long-run in human capital in the former colonies. For the fact that the protestant missionary played an important role in setting up educational institutes was encouraged by their desire to promote the reading of the scripture which may have had long impact on schooling as also reported by (Becker & Woessman, 2009).

Also as reported by Germana and Vania (2011), they conducted an empirical analysis on a dataset of 11 European countries observed over the period 1996 – 2006. The quality of institutions in their research proxies by governance indicators of Kaufmann, Kraay and Mastruzzi (2013) the results confirm that institutional quality has an impact on the quality of the workforce as countries with better quality institutions are also the ones with the quality workforce. This is as a result of enabling environment for rapid human development capabilities, in terms of quality education and healthcare in place. It is important to note that countries with good institutions grow faster than countries with weak institutions. Also that institutions set the pace for human capital accumulation. Human capital then fosters technology and output growth which increases the returns to human capital accumulation and induces non-educated workers to invest on education and become educated.

Model specification and method of Analysis

According to structural equation model, the dimensions of a latent construct and the dependence structure is vital (Dreher, Kotsogiannis & McCorriston, 2007). A structural equation model is characterized by two basic components; the measurement model, which allows using several variables (or indicators) for a single latent independent to dependent variable and the structural model, which relates independent to dependent variables.

To estimate the model consistently and efficiently, this study used both static and dynamic panel model. For dynamic panel data models (generalized method of moments (GMM)). (Arellano and Bover, 1995) encompasses a regression equation in both differences and levels, each one with its specific set of instrumental variables. The use of instrumental variables is required to handle two

issues. First, we can resolve the problem of simultaneity and reverse causation that is due to the likely endogeneity of the regressors used in this type of equation and to reduce the estimation bias because of the under reporting of institutional qualities incapability within the SSA countries. Nevertheless, the researcher used the GMM estimator developed by Anderson and Hsiao (1981), Griliches and Hausman (1986), Arellano and Bond (1991), Arellano and Bover (1995) and Blundell and Bond (1988) for dynamic models of panel data. The model is formally stated in conjunction with the objective of the research as shown in Equation below. This is consistent with Hsiao, 2006 and Poveda, 2012).

$$HDI_{it} = \theta_1 + \theta_2 RLI_{it} + \theta_3 CI_{it} + \theta_4 BQI_{it} + \theta_5 PRI_{it} + \theta_6 GE_{it} + \theta_7 INFR_{it} + \theta_8 LAB_{it} + \varepsilon_{it}$$

where,

HDI = Human Development (Percentage) RLI = Rule of Law (Percentage)
 CI = Corruption (Percentage) BQ = Bureaucratic Quality (Percentage)
 PRI = Property Right (percentage) GE = Government Expenditure
 LAB = Labour Productivity $INFR$ = Infrastructural Facilities (Percentage of GDP)

RESULTS, DISCUSSION AND POLICY IMPLICATIONS

The results of panel data analysis are presented and reported. Pool OLS, FEM, REM, Robust and PCSE in Table 1 while the GMM are estimated as shown in Table 2. In estimating the institutional quality and human development model, the study employed different indicators of institutional quality. Table 1 shows the results of the estimated model for HDI . Based on the estimated result, the R^2 for Pooled OLS is 0.33, Random effects stand at 0.33, Fixed effects is 0.17, Robust is 0.33 while PCSE is 0.77. The implication of this is that, 33 percent, 33percent, 17percent, 33percent and 77percent of the dependent variable is accounted for by the included independent variables.

Rule of law refers to principle of governance in which all persons, institutions and entities, public and private, including the state are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated and which are supposed to be consistent with international human rights. Rule of law is measured through a proxy of rule of law index and the source is from the World development indicators of the World Bank. From Table 1, it shows that RLI in relation to HDI , is insignificant and with negative magnitude. With this inverse relationship, it means that the rule of law has a negative impact on human development in SSA countries. In other words, lack of enforcement of rule of law in the region affects the level of human development. This finding is in line with previous studies Osman, Alexiou and Tsaliki (2012). When there is no proper rule of law, it creates acrimony, promote insecurity and lack of peace and transparency in the society.

Corruption is seen as the abuse of entrusted power for private gains. Corruption is classified into grand, petty and political, depending on the amounts of money lost and the sector where it occurs. Corruption openly weakens the foundations of national institutions that are supposed to foster the development process of any given society. Corruption is measured through corruption perception index published by the World Bank and Transparency international. Table 1 shows the relationship between corruption and human development. It assumes a positive relationship but it is insignificant. That is to say, the higher the level of corruption in any society the lower the level of human development. This finding lends support to the ones reported by previous

studies De Muro and Tridico (2008); Saulawa, (2014), and Acemoglu, Gallego & Robinson (2014) they opined that there is a huge regional imbalance within the SSA countries due to high level of corruption

Table 1

Institutional Quality and Human Development: Pooled, RE, FE, Robust and PCSE

VARIABLES	(Pooled OLS) HDI	(Random Effect) HDI	(Fixed Effect) HDI	(Robust) HDI	(PCSE) HDI
RLI	0.078 (0.131)	-0.022 (0.071)	-0.032 (0.065)	0.078 (0.084)	-0.071 (0.089)
CI	-0.180 (0.809)	1.336* (0.753)	0.755 (0.744)	-0.180 (1.361)	0.618 (0.624)
BQI	1.353 (0.929)	-0.451 (0.920)	-1.757* (0.921)	1.353 (2.010)	0.654 (1.150)
PRI	0.360*** (0.042)	-0.076 (0.048)	-0.214*** (0.048)	0.360*** (0.126)	0.148*** (0.047)
GE	0.051 (0.049)	0.108*** (0.039)	0.107*** (0.037)	0.051 (0.135)	0.047 (0.037)
INFR	2.071*** (0.768)	0.361 (0.637)	0.171 (0.612)	2.071* (1.121)	1.190*** (0.413)
LAB	1.442*** (0.288)	0.322 (0.311)	-0.138 (0.310)	1.442** (0.572)	0.607* (0.332)
Constant	27.71*** (3.562)	39.96*** (4.151)	41.23*** (4.039)	27.71*** (5.615)	37.46*** (3.016)
Observations	403	403	403	403	403
R-squared	0.332		0.166	0.332	0.765
Number of id		46	46		46
B-P LM Test	χ^2 (01)	544.90			
P-value	0.000				
Hausman	χ^2 (8)	25.37			
Multicollinearity(vif)	1.20				
Heteroskedasticity(x²-stat)	72022.07				
Serial Correlation	5.980 F(45,349)	=31.01			
(F –stat)					
Autocorrelation	5.980				
Prob>F	0.0184				

Note: Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The next is the issue of bureaucratic quality and human development. The issue of bureaucratic quality is a measure that is related to rule of law and it entails regulations that guide the operational mechanisms for recruitment and training, autonomy from political pressure, and strength of expertise to govern without far-reaching changes in policy or interruptions in government's administration of the country or the economy. Bureaucratic quality and human

development from Table 1, shows that it is insignificant but with a positive signs. However, it depends on the existing situation of a given region or society.

Nevertheless, in this circumstance it means that there is an inverse relationship that is to say, in the SSA context; proper implementation of bureaucratic norms in the society is lacking, hence it does not lead to enhancement of human development in the region. For the fact that bureaucratic qualities are poorly implemented, the level of human development in the region is also very low. This finding lends support to the ones reported by previous studies Mulligan (2012); Ekpo(2013) and Prochniak (2013). That lack of institutional quality such as bureaucratic quality is one of the main factors responsible for poor human development in SSA countries.

Property rights entails laws created by governments in regards to how individuals, bodies can own, control and benefit from and transfer property from one entity to another. Economic theory contends that government enforcement of strong property rights is a determinant regarding the level of economic success in any given economy. Property rights are measured through a proxy of, risk of repudiation of contracts by government and risk of expropriation of private investment. From Table 1, the relationship between property right and human development in SSA countries, exhibits a positive sign and it is also significant at one percent level of significant. This shows that property right contributes positively to human development in the region. This result corroborates with the a priori expectations. In other words, one percent increases in property rights in the economy, on average lead to 0.05 percent increases in human development in SSA countries. In other words, the higher the level of property rights protection in the society, the higher the entrepreneurs is encouraged to intensify investment in all aspect of the economy. This assertion is in line with the outcome of previous studies like Ahn and York (2011) and Osman, Alexiou & Tsaliki (2012) security of property rights has the potential to advance human development.

Hospital expenditure has to do with the provision of social infrastructures and they are expected to increase the social comfort and to act on the economic productivity that enhances the attainment of human development in a given economy. The principal method of measuring hospital expenditures is proxy by regulatory inspection, public satisfaction surveys, third-party assessment and statistical indicators. The relationship between hospital expenditures and human development is insignificant although positive effect within themselves. The effect of the expenditure on hospital facilities in SSA countries is not in cognizance with a prior

In other words, with high level on hospital expenditures in the society increases performance of human development and economic activities thereby creating employment and vis-à-vis increase life expectancy of the citizens. This finding is in line with the outcome of previous studies. Knowles and Owen (2008); Fosu and Mwabu (2010) and Eyyup (2013). Nevertheless, in most African countries, particularly the lower income country, poor healthcare and the fear of dreaded diseases prevalence in the region constraints doing business and they are found to depress an economy generally.

School expenditures have to do with expenditures on school facilities such as equipment which are also known as nucleus infrastructures. It refers to structures characterized by an elevated degree of immobility, indivisibility and multi-purpose features. The measurement of school facilities or expenditures include, per child funding, new school construction, modernization,

qualified staff strength, support facilities and replacement of portable classroom all these are proxied for school expenditure.

In another scenario, Table 1 indicates that school expenditures in relation to human development is insignificant at any level, although with positive magnitude. With this relationship, it means that school expenditures have not contributed to the yearnings and aspiration of the people in terms of human development in SSA countries. In other words, the dimension in which money is spent either rightly or wrongly determines the level of human development. This finding is in line with previous studies Fosu & Mwabu (2010); Almendarez (2011) and Wietzke (2015).

The issue of government expenditure has to do with government spending to provide goods and services and redistribute income for the citizens. Like government revenues, government expenditures reflect historical and current political decisions but are also highly sensitive to both human and economic development. Generally, government spending as a share of GDP and per person provides an indication of the size of the government across countries. It is important to note that the size of expenditures does not reflect government efficiency or productivity. Government expenditure is measured through gross government final consumption expenditure as percentage of GDP. In Table 1, the relationship between government expenditures and human development is significant at 10 percent has the expected sign. In other words, from the computation of the variables, it shows that one percent increase in government expenditures in the economy, on average leads to 41 percent increase in the level of human development in SSA countries. In other words, this result is in consonance to a prior expectation. In other words, with high level of government expenditures in terms of providing both recurrent and capital expenditures, in any given economy is expected to boost or increase human development in the society. This statement is in line with the outcome of previous studies McNeil (2007); Afonso, Schuknecht & Tanzi (2010) and Asghar, Hussain & Rahman (2012).

Considering the concept of infrastructural facilities, is the totality of all earning assets, equipment and circulating capital in an economy that serve energy provision, transport services, institutions and telecommunications. In other words, it entails buildings and installations of public administration, education, research, healthcare and social welfare facilities. Infrastructural facilities are measured through common inventory method, perpetual inventory method, movement of goods and people, clean water supplies, waste disposal. It also includes public health, a safe and pleasant environment.

Table 1; represent the relationship between public infrastructural facilities and human development. It assumes a positive relationship and it is also significant. That is to say, the higher the provision of infrastructural facilities in any society the higher the level of human development. This condition agrees with the a priori expectation. Ideally, the provision of infrastructural facilities in a given economy determines the level of human development. This assertion lends credence to the ones reported by previous studies Klomp and Haan (2013); De Muro and Tridico (2008); Saulawa (2014) and Acemoglu, Gallego and Robinson (2014) they opined that there is a huge regional imbalance within the countries due to poor provision of infrastructural facilities in the SSA countries.

Nevertheless, in deciding the appropriate estimator, for both random and fixed effect, Breusch and Pagan LM test for random effect and Hausman Specification Test for fixed effect are

conducted, in line with Asterious and Hall (2007). This test determines which estimator i.e. FEM or REM is more appropriate. In addition, diagnostic check was conducted such as; multicollinearity test, heteroscedasticity and autocorrelation test all are shown in Table 1. The tests show that the issue does not exist.

Furthermore, to validate the static panel result, the study employed GMM as a more advanced method of analysis. In other words, to corroborate with the results of panel data analysis, the system GMM estimation is run and the results are presented. Table 2, illustrates that the coefficient of *RLI* is negative and statistically significant at one percent level of significant. It means that one percent increase in *RLI*, on average leads to 0.002 percent decrease in *HDI*. Therefore the implementation of rule of law policy caused institutional quality to influence *HDI* negatively.

However, corruption index exhibits a negative relationship between human development index, although it is statistically significant at one percent level of significance. In other words, at one percent increase on corruption index (transparency) on average leads to 0.12 percent decrease in human development in the entire SSA countries. In another scenario, bureaucratic quality index is significant at one percent and also positive. That is, one percent increase in *BQI* on average leads to increase to the tone of 12 percent increase in *HDI*. In other words, effective bureaucratic quality will promote the level of human development in SSA countries. This result is in agreement with theory. Also in line with previous studies (Acemoglu, Gallego and Robinson, 2014; Prochniak, 2013 and Mulligan, 2012).

Table 2
GMM result on Institutional Quality and HDI

	(1)	(2)
Variables	HDI	HDI
.HDI	0.942*** (0.026)	0.940*** (0.004)
RLI	-0.164*** (0.034)	-0.165*** (0.002)
CI	-0.430 (0.632)	-0.397*** (0.123)
BQ	1.902*** (0.520)	1.839*** (0.123)
PRI	-0.017 (0.032)	-0.018* (0.009)
LHE	1.088 (0.847)	1.082*** (0.102)
SE	0.076** (0.035)	0.073*** (0.007)
GE	-0.006 (0.430)	-0.021 (0.058)
INFR	1.002*** (0.195)	0.993*** (0.033)
Constant	-4.652 (2.949)	-4.378*** (0.795)
Observations	360	360
Number of id	46	46
Diagnostic Statistics:		
Wald	$\chi^2_8 = 1.06e+06$	
Prob (χ^2)	0.000	
Sargan test	$\chi^2(34) = 42.612$	
Prob> $\chi^2 =$	0.148	
Arellano-Bond	Order Z	P>Z
	1. -1.876	0.061
	2. 1.067	0.286

Note: * indicates significance at 5 percent level of significance

** indicates significance at 10 percent level of significance

Considering the issue of property rights in this circumstance, the variable PRI, shows that it is significant at 10 percent but negative. In other words, one percent increase in property right issues on average leads to a reduction of 0.01 percent of human development within the research area. That is to say that the level of the freedom of property rights is still in a poor status that cannot promote human development among the countries of this study. Taking health expenditure as a variable in this study, from the computation, it is statistically significant at one percent and also has a positive sign. That is to say, one percent increase on health expenditure in the society in terms of the provision of the basic essential in the health sector on average leads to a significant increase to 0.10 percent increase in human development of the SSA countries. For that of School Enrolment, it is significant at one percent and also has positive signs. In other words, the more money allocated to finance education leads to 0.01 percent increase in the status of *HDI* in SSA countries. From the other variables like government expenditure, it is not statistically significant and also has a negative sign. This means that with the volume of government spending, it is not focused on the activities that boost the enhancement of human development in the region. Lastly, are the expenditures generally on infrastructural facilities. It has a statistical significant level of one percent and has positive signs. In other words, a one percent increase in the provision of infrastructural facilities in the region, on average leads to increase of about 0.03 percent of human development in the region.

In addition, in the computation of the GMM, the model passed the Sargan test of over identifying restrictions. The χ^2 value of the Sargan test is 42.613, and the probability χ^2 is 0.148. This means that the p-value of the test is greater than 0.05, this shows that the instruments are valid. Also, the Arellano-Bond serial autocorrelation test was also significant. Here, first order and second order are -1.875 corresponds to 0.061 and 1.067 and 0.286 respectively. This shows that there is no autocorrelation in the model.

Conclusions and Recommendations

This paper provides empirical evidence between institutional quality and human development characterizing the SSA countries. Using static and dynamic panel data analysis, the researcher found that institutional variables like rule of law, corruption index, bureaucratic quality index and property rights index exhibits significant relationship to human development in SSA region. Authors have acknowledged that better institutions tend to be associated with higher rates of investment in human capital. It is important to know that institutions play a key role in setting up the path of human capital accumulation. This fosters technology and output growth. Productivity then contributes to increase in returns on human capital accumulation and induces non-educated workers to invest in education and become educated. This generates a self-perpetuating accumulation mechanism. This self-perpetuating mechanism can be enhanced by improving institutions. In addition, the acceleration in the growth rate of human capital also generates further improvements in structural institutions like rule of law, corruption index, bureaucratic quality and property rights as far as this study reveals.

From the foregoing discussion, it is recommended that as far as human development is concerned, it encompasses good level of literacy, innumeracy; health and income which correlate with human development levels in other advanced countries of the world. Therefore, human capital development should be pursued at every level of human society; individual level, community level, organizational level, national level, regional level and global level for the fulfillment of

human development ethics in SSA countries in particular and the world in general. This can be achieved through efficient and transparent institutional quality ethics. For future research concerning the topic of the institutional quality and human development, it is necessary to focus on country specific among others. Also to disaggregate the region into lower middle-income and low-income for comprehensive investigation to assess the extent of poverty in the region..

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