

## CONCEPT NOTE

### VARIETIES OF GOVERNANCE AND INCLUSIVE DEVELOPMENT IN AFRICA

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## About PASGR

The Partnership for African Social and Governance Research (PASGR) is a pan-African organization established in 2011 in Nairobi, Kenya<sup>1</sup> with a vision to promote a vibrant African social science community that addresses governance and public policy issues in Africa. PASGR pursues its vision through three core programmes: Higher Education, Professional Development and Training, and Research. In the higher education programme, PASGR works with African universities to strengthen the provision of graduate-level teaching and practice of social science research. For public policy, PASGR currently works with 12 universities to deliver a collaborative *Master of Research and Public Policy* in 7 countries<sup>2</sup>. Through the professional development and training programme, PASGR provides a range of short-term training for different audiences in the African research, academic and policy communities. In research, PASGR works with African social scientists to produce high quality research that contributes to public policy. PASGR supports research through financing, technical and policy outreach and communications.

PASGR's Board of Directors through an independent advisory research committee periodically selects research themes that have broad relevance to African development. The themes are then examined through a governance lens, in order to generate ideas that improve governance institutions and ultimately, transform the living conditions of people in the countries where the studies are conducted. One such theme for the period 2015-2018 is 'varieties of governance and inclusive development'. This concept note defines the research theme and identifies specific projects where PASGR is interested in pursuing policy relevant empirical studies.

## Context

The narratives about Africa's economic development have changed over the past decade and a half. High economic growth has resulted in steady rise in GDP per capita, compelling many sceptics to change their perception about the continent. For example, *The Economist* in its 2013 headline "Africa Rising" contrasts sharply with the one it produced in 2000 'Hopeless Africa'<sup>3</sup>. Currently, Africa has the highest returns on investment in the developing world while 19 out of the 30 fastest growing economies in 2014 were in Africa<sup>4</sup>. There is a link between economic growth and citizens' wellbeing as no country has ever achieved sustained reduction in poverty without growth. Paradoxically, Africa's high economic growth is not reducing poverty fast enough because sectors that are driving growth are not employing many people, while those that are employing millions (for example agriculture and service sectors) are not structurally transforming. In addition, there is evidence that income, geographical and gender inequalities are rising with economic growth. Women in particular have been severely affected, relegating the majority to vulnerable employment in the informal sector. In summary the current growth in Africa has not been inclusive.

Inclusiveness<sup>5</sup> means participation in the growth process through employment creation, rising household income and changing social and power relationships. Inclusive development encompasses a wider vision of development beyond just growth of macro-economic indicators. It is broad based and comprises economic, social, cultural and political dimensions of citizens' wellbeing. It places emphasis on public policies to simultaneously drive growth and distribution instead of policies being ex-post measures to correct poverty and inequalities. Given that public policies are outcomes of the nature of governance –that is state-society-market relationships in a country, a study that provides new knowledge on how 'modes of governance' influence inclusiveness in a country would be helpful to policy actors,

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<sup>1</sup> PASGR is also incorporated in the State of Delaware, USA.

<sup>2</sup> Botswana, Ghana, Nigeria, Kenya, Uganda, Sierra Leone and Tanzania

<sup>3</sup> *The Economist* March 2, 2013 'African Rising: A hopeful continent; 'Hopeless Africa' *The Economist* May 11, 2000

<sup>4</sup> See: <http://www.businessinsider.com/fastest-growing-economies-through-2015-2013-1?op=1>

<sup>5</sup> 'Inclusive development', 'pro-poor growth' and 'inclusive growth' are sometimes used inter-changeably in the literature to mean the same but they are not. Pro-poor refers to economic growth, which also reduces income poverty but does not address inequality but inclusive growth does.

development practitioners and agencies that support or push for inclusive development in Africa.

Over the past 15 years that macroeconomic indicators have been consistently positive throughout most of Africa, modes of governance defined by organisation of politics and participation of private businesses, civil society and the citizens have significantly evolved and diversified in many countries. In terms of politics, in 1989 there were only 5 countries practicing multi-party politics (see table 1).

Table 1: African political regimes in 1989

| Military Regimes=11  | One-Party=29   | Multi-party=5                                      | Racial Oligarchies=1 |
|--|--|--|----------------------|
| Burkina Faso, Burundi, Chad, Ghana, Guinea, Lesotho, Liberia, Mauritania, Nigeria, Sudan, Uganda | Angola, Benin, Cameroon, Cape Verde, Central African Republic, Comoros, Congo, Djibuti, Equatorial Guinea, Ethiopia, Gabon, Guinea- Bissau, Ivory Coast, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé, Seychelles, Sierra Leone, Somalia, Swaziland, Tanzania, Togo, Zaire, Zambia | Botswana, Senegal, Mauritius, The Gambia, Zimbabwe | South Africa         |

Source: Carbone, 2007:4

By the late 1990s, virtually all SSA countries had shifted from military dominated or single-party-dominated regimes to multi-party political systems that are characterised by the following variants:

- 'Non-competitive parties' and 'competitive parties' with the dynamics of alternation in power or the lack of it;
- Electoral systems based on proportional representation and majoritarian rules;
- Secular and religion-based parties;
- Political parties rooted in urban areas and those based in rural areas;
- Single dominant party with fragmented minorities incapable of challenging the status quo and 'hegemonic' or '*authoritarian* dominant parties'<sup>6</sup>;
- Institutionalized<sup>7</sup> and non-institutionalized (inchoate) party systems;

Multi-party political systems have also generated alliances or coalitions of economic, bureaucratic and civil society interest groups. In addition to the changes that have taken place at the national level, many states have also restructured governance relations between central governments and sub-national territories through varieties of decentralisation and local governance practices.

The presumption that a particular mode of governance is pre-requisite for inclusive development is being challenged by contemporary evidence. The economic rise of China and other non-liberal democratic states in Asia and recent developmental regimes in Africa suggest that various forms of governance may support/hinder inclusive development. So the question is not whether the nature of governance is an important determinant of inclusive development but under what context can a particular mode of governance promote or facilitate inclusive development? How do varieties of governance institutions (market, civil society, state bureaucracy and political parties) and governance mechanisms (electoral systems, party politics, systems of accountability, judiciary and legislature, and the media, etc.) influence degrees of inclusiveness in a country? How are rents managed under different

<sup>6</sup> While dominant parties benefits from a minimally competitive political party system, a hegemonic dominant party, does not permit other parties to compete on equal terms with the hegemonic party. Alternation of a political party or the possibility of a rotation in power is not even envisaged.

<sup>7</sup> This involves "stability in interparty competition, the existence of parties that have fairly stable roots in society, acceptance of parties and elections as the legitimate institutions that determine who governs, and party organisations with reasonably stable rules and structures" (Mainwaring and Scully 1995:1).

governance models to promote inclusiveness? What difference do social actors and social movements make in the pursuit of inclusive development? What are the other social factors and dynamics in specific modes of governance that advance/promote inclusive development?

African policy makers and the continent's development partners ponder over these and many other questions in recognition of contemporary African's economic growth and development challenges in the context of evolving and diverse governance modalities. Below we highlight specific research projects that PASGR may support/collaborate with others to pursue.

#### *0. Conceptualising 'Varieties of Mode of Governance' in Africa*

The variation in the nature of political parties in government and their interaction or collaboration with the business community, civil society organisations and the general public (or members of the public) is such that we can now talk about 'varieties in modes of governance' in Africa. With the exception of few studies<sup>8</sup> that have focused on the concept of patron-client relationship to categorize state-society-business relations, generally existing literature analytically ignores crucial gradations in 'governance models' that are arising from the configuration of multi-partyism. There is no evidence to suggest that a particular mode of governance generally puts inclusive development at risk or may automatically produce employment, income growth, social protection, state stability, and government efficiency or policy coherence in a country. If inclusive development is a function of political coalitions in power, the capacities of the bureaucracy to design and implement policies, the strength of civil society organizations to exact equity and social justice, and the influence of business organizations to promote employment and income growth then different configurations of state-society-market relationships will result in variants of governance, hence outcomes of attempts at inclusiveness will vary. There is need for a sophisticated conceptualization and typology of 'varieties of modes of governance' based on the configuration of the institutions of politics, business, bureaucracy and civil society in Africa beyond patron-client relationships. Developing a typology of 'varieties of modes of governance' to examine differential effects on efforts to achieve inclusive development will be an important contribution by PASGR to new knowledge on African governance modalities. The typology will be needed as a framework for implementing the projects below:

#### *1. Mode of Governance, Economic Structural Transformation and Employment Creation*

The current growth spurt in Africa is devoid of a stylised structural transformation model. Participants in a recent 'African forum on inclusive economies' organized by Rockefeller, UNECA and AfDB asked whether current growth performance is sustainable without structural transformation. Recent experience of countries that have successfully achieved sustainable growth and higher poverty reduction shows that the state has dual roles to play (a) combining the principles of 'getting the fundamentals right' and (b) direct promotion of structural change through sector specific programs. In Africa, that means transformation of agriculture and promotion of light manufacturing industries. There are a number of programs in several countries that are designed to promote agriculture and light manufacturing industries. Some of the programmes are as a result of political settlements or elite consensus that is arrived at by configuration of economic, political and bureaucratic institutions in the country. Not much is documented about their degree of success and the governance context. To reduce income poverty and inequality, there is need to bring poverty levels in the agricultural sector down to those in services and industry. What mode of governance mechanisms (including elite coalition building) set in motion conscious and concrete actions to promote economic structural change? How do different modes of governance provide opportunities or inhibit industrial policy? How does elite consensus or political settlements produce policies that aim at transforming agriculture and promote manufacturing sectors for inclusive growth? In another dimension, many countries in Africa are experiencing remarkable discovery of natural resources especially oil and gas whose potential revenue to government will be substantial but the potential to promote inclusiveness can be negative. What mode of governance facilitates the use of extractive rents to promote inclusive development?

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<sup>8</sup> See Khan, M.H. (2010) *Political Settlements and the Governance of Growth-enhancing institutions*. London: Economic Department, School of Oriental and African Studies, University of London;  
Kelsall, T. (2013) *Business, Politics, and The State in Africa: Challenging the orthodoxies on growth and transformation*. London & New York: Zed Books

## *2. Non-inclusiveness, State Stability and Personal Safety*

Given the demographic characteristics of Africa, the inability of growth sectors to create sufficient jobs for increasing urban populations is not only an economic problem but also a threat to state stability. Experience from North Africa and the Middle East (the so called Arab spring) provides convincing argument that growth that is not inclusive has implications for state stability, but in sub-Saharan Africa (SSA) what evidence is available to suggest that the current pattern of non-inclusive growth poses a threat to state security? How is knowledge on existential threats connected to urgency to design public policies to promote inclusiveness? To what extent is urbanization and youth bulge an existential threat that could spur a ruling coalition to take action? What actions are being taken and do these actions differ according to mode of governance that is prevalent in a country's context? In addition to state instability, there is also personal safety. As many of the participants in the conference on inclusive economies in Nairobi<sup>9</sup> put it 'the rich are not sleeping because the poor are not'. What coping mechanisms are being adopted by the rising middle/high class to protect itself against insecurity? In general is there a pattern emerging in Africa that connects a particular mode of governance to state stability and personal safety?

## *3. Varieties of governance and socio-economic mobility of the middle class*

While a decade of economic growth seems to have had little effect on poverty reduction, a recent study by the African Development Bank<sup>10</sup> shows increasing growth of the African middle class. According to the studies countries such as Senegal, Nigeria, Ghana and Kenya have achieved rapid increase in the size of the middle class. Depending on the size of the middle class, it can play a major role in structural transformation of society. For the middle class to become a substantial interest group to drive inclusive development it will be useful to analyse the sort of policies that promote its interest, income stability and development. How, if at all and why do different modes of governance promote or hinder the role of the middle class in the promotion of inclusive development? How do different modes of governance facilitate mobility of the middle class to permanently stay out of poverty? How do policies on education, health, housing, access to credit and interest rates affect the stability of the middle class and strengthen its capability as drivers of inclusive development? How does the role of the middle class influence the mode of governance in terms of configuration and mobilisation of interest groups in politics, business, bureaucracy and civil society institutions? How does the relationship between the middle class and ruling elites shape the sustainability of a particular mode of governance, and how does this impact on inclusive development? Studies on socio-economic mobility under different variants of governance models could offer explanations on whether conditions of the rising middle class are secured or vulnerable to varieties of governance.

## *4. Social Policy, Social Protection Programmes and governance models*

Access to social services such as health care, education, potable water and social protection represents both barriers and opportunities to improving human capital – a prerequisite for inclusiveness. Investment in social services has the potential to break the cycle of inter-generational poverty and reduce subsequent income inequality. For instance estimates suggest that about 30% of income inequality corresponds to inequalities of the father's level of education, father's profession, place of birth, and colour<sup>11</sup>. A social policy that ensures universal access to education, health care and social protection to the poor and vulnerable people will provide human capital and equal opportunity for all adults to participate in the growth process. Many African countries have started extending social protection programmes to the poor, unemployed, and the elderly. Does a particular mode of governance have any influence on the drive towards promoting social policies and social protection programmes? Does a devolution and do different modes of local governance promote social policies and effective implementation of social protection programmes at the sub-national level?

## *5. Economic geography, territorial development & spatial equity*

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<sup>9</sup> African Forum on Inclusive economies 8-9<sup>th</sup> December, 2014 in Nairobi, Kenya. The conference was organized by Rockefeller Foundation, African development Bank, UNECA

<sup>10</sup> Ncube, M. & Lufumpa, C.Y. (eds.) (2015) *The emerging middle class in Africa*, Routledge

<sup>11</sup> Bourguignon, F. Ferreira, F.H.G and M. Menendez (2007), Inequality of opportunity in Brazil, *Review of income and wealth*, International Association for Research in income and wealth 53(4): 585-618

In many countries in Africa poverty and inequality have geographical and ethnic connotations-meaning they intersect. For instance much of rural Africa is deprived of basic social amenities and regular wage incomes compared to urban areas. Fiscal decentralization policies have the potential to bridge geographical inequalities, enabling equitable sharing of national resources between the centre and sub-national territories according to parameters that take into consideration economic geography, spatial differentiation and ethnicity. In Africa what impact have different modes of governance had on the designing of fiscal decentralisation and local economic development policies that may be designed to close geographical equality gaps and promote inclusiveness? Rural poverty is associated with agricultural production and land ownership. How do different modes of governance facilitate or hinder agrarian reform, agricultural productivity and transformation to reduce rural poverty? Under what modes of governance configuration do ruling political coalition support rural livelihoods and structural transformation?

#### *7. New Technologies, the informal sector and governance*

Since the ILO report cautioned against formalization of the informal sector, the world has fundamentally changed in various forms, not least information and technology. The IT sector has simplified many hitherto complex issues. With information and technology, it may be easier to reduce information asymmetry between actors and institutions that operate in the informal sector in a way that would enable them contribute to inclusive development. Given that many new jobs in the future will be in the informal sector, inclusive development policies and strategies will need to make the informal sector an important priority for reforms using information and technology. In Botswana, about 95% of all firms have registered and operate under strict state regulation but in many countries in Africa the informal sector operates 'underground'. What mode of governance enables effective transformation of the informal sector? How can new information and technology radically lead to changes of the informal sector so it can promote decent job creation, expansion of government tax revenue, improve economic and social conditions of the working poor, etc?<sup>12</sup> Are particular modes of governance more likely than others to influence informal sector transformation? If so why?

#### **Way forward in the Implementation of Research Projects**

PASGR is interested in using the concept note to establish long-term institutional partnerships with funding organizations concerned with inclusive development in Africa. It is also interested in providing funding for established scholars with research interests in this broad field, and will invite proposals that speak to the issues identified in the theme either singularly or in combination. PASGR will identify an established African scholar in the area of the theme to be the principal investigator and to provide intellectual leadership for the theme. The principal investigator (PI) will develop the conceptual framework of the theme (item '0' 'varieties of mode of governance in Africa'). The framework paper will provide the lens based on which subsequent projects would be analysed. Each subsequent project may have a different principal investigator to develop the study methodology, overarching research questions, data needs and type of analysis, etc. The PI will also lead the scholarly publications of research findings and their public policy implications. Under the leadership of the PI, country researchers will undertake empirical study. Where fund-raising will be needed PASGR would undertake this responsibility with/without the principal investigator.

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<sup>12</sup> Majority of the labour force in the informal sector works under poor conditions receiving insufficient income and social security.