

## STRATEGIC ACTORS FOR THE IMPLEMENTATION OF INCLUSIVE DEVELOPMENT POLICIES

### DRAFT CONCEPT NOTE FOR DISCUSSION DURING THE PLATFORM MEETING ACCRA (3 AND 4 APRIL 2013)

#### I. INTRODUCTION

1. In recent years, the central place of knowledge in Dutch development policy has been re-emphasised, fuelled amongst other by a critical report of the Advisory Council on Government Policy<sup>1</sup>. It was recognised that development policy becomes increasingly complex, as a result of the expanding global agenda, the growing differentiation of country situations and the importance of knowledge-driven innovations. Hence the need to invest more not only in knowledge to make donor policy more effective but also in knowledge *within* developing countries. This, in turn, requires different ways to organise research (so as to tap both academic and field knowledge of a diversity of actors) and to ensure a more effective uptake and use by policy-makers. Against this background, several '**knowledge platforms**' were created to facilitate partnerships for the development of knowledge, based on the pooling of various sources of expertise in North and South.
2. One such knowledge platform will focus specifically on development policy. During preparatory meetings, Platform members decided to select the topic of '**Strategic Actors for the Implementation of Inclusive Development Policies**' as the core business of the group. In order to further advance the process of defining a specific focus and research agenda, a short-term consultancy was commissioned. Its task is to elaborate a **draft Concept Note** on the theme of the Platform. This would mainly take the form of developing a set of definitions, questions and options that may help the Platform to delineate its working area. This draft Note will subsequently be discussed during a meeting of Platform members in Accra (3-4 April). The independent foundation ECDPM carried out this assignment with a multi-disciplinary team (including two African experts).
3. This Concept Note first explains the significance of the Platform's focus on the content of inclusive development, the implementation challenges and the role of strategic actors. Part III briefly recalls the objectives, scope and approach of the Concept Note. Part IV presents the various dimensions of the concept 'inclusive development' and perspectives on the concept of 'strategic actors'. This is followed in part V by an overview of existing research (broadly) related to the theme of strategic actors for the implementation of inclusive development policies. The last part introduces possible options and working hypotheses for the Platform's further action.

#### II. SIGNIFICANCE OF THE ISSUE

4. The choice of the Platform to work on the theme 'Strategic Actors for Implementation of Inclusive Development Policies' seems highly significant from three angles: (i) the content focus on 'inclusive development' (as opposed to 'inclusive growth'); (ii) the concern for the effective implementation of inclusive development policies; and (iii) the primary attention given to strategic actors that have the

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<sup>1</sup> WRR. 2010. *Report on development aid. Less pretention, more ambitions.*

power and capacity to overcome the many political and institutional obstacles to implementing inclusive policies.

5. *Content-wise*, the initial background document that was elaborated to frame the Platform's field of intervention<sup>2</sup> explains well the ***rationale for choosing this theme***. It starts from the sobering reality that in spite of high and sustained economic growth in Africa over the past decade, large groups of poor and vulnerable people have remained excluded from increased welfare. Social indicators have picked up only modestly, with unemployment remaining high while income inequalities have widened. It then asserts that the failure to structurally tackle inequalities and to include the poor and vulnerable in economic growth poses a risk for its long-term sustainability and undermines social cohesion. This is supported by a growing number of voices across the globe as well as by a large stream of reports, also from within Africa. Thus, Christine Lagarde, the Executive Director of the IMF, declared at the 2013 World Economic Forum in Davos that *"Now all of us –including the IMF- have a better understanding that a more equal distribution of income allows for more economic stability, more sustained economic growth, and healthier societies with stronger bonds of cohesion and trust"*. In a similar vein, the World Economic Forum's survey placed *"severe economic disparity"* at the top of a list of global risks for the decade ahead. The forthcoming 2013 European Development Report analyses the Post-2015 agenda and will plead for renewed global action in favour of *"inclusive and sustainable development"*.
6. The second potential added value of the Platform is its ***focus on implementation***. While we know quite a bit about the types of policies that can help make development more inclusive, we remain in the dark about how to get these policies on the books and how to get them implemented. The above mentioned background document rightly emphasizes that *"the real question is not so much 'what are the right policies' but rather how can we nudge 'unwilling' actors into action"*. There is abundant evidence that the failure of reform attempts in developing countries is often not primarily due to problems of funding and capacity but to resistance to change within the ruling political and/or commercial elites. There are also sobering lessons of experience regarding the relevance and impact of donor-supported programmes based on technocratic approaches aimed at 'fixing' formal institutions<sup>3</sup>. These have generally led to ill-designed financial and capacity development support programmes with limited impact –or possibly even causing damage in terms of consolidating existing power structures and postponing reform. Hence, the legitimate concern of the Platform with the *politics* of policy-making.
7. The above analysis, in turn, justifies the third choice of the Platform, i.e. to ***focus on the strategic actors*** across state, society and the economy that can push for the implementation of inclusive development policies. The focus is not only on "who are the actors" that can exercise traction on policy processes (a question increasingly addressed in political economy analyses) but also on the question "how traction can be translated into action with impact"<sup>4</sup>.
8. The Platform is oriented towards getting a better understanding of ***in-country processes*** of policy-making. This is a legitimate focus, considering the role of politics and public policy in perpetuating or changing the power structures and distribution of opportunities that promote or impede progress towards more inclusive forms of development. Yet in this context, the Platform may need to consider the question of how future research will also factor in the impact of global economic, financial and technological forces, including international drivers of (good or bad) governance. While it is agreed that country politics are a critical determinant for creating an environment for rising or falling inequality, ***global forces*** have an undeniable impact on the scope for making progress towards inclusive development.

### III. THIS CONCEPT NOTE: OBJECTIVES, SCOPE AND APPROACH

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<sup>2</sup> Steering Group of the Platform. 2012. Thematic paper. Background note on the theme of Strategic Actors for the Implementation of Inclusive Development Policies.

<sup>3</sup> For a fascinating example applied to the domain of donor support to the rule of law see: Carothers, T. 2003. *Promoting the rule of law abroad. The problem of knowledge*. Carnegie Endowment for International Peace. The author argues that rule-of-law promoters are short of knowledge about how the rule of law develops in societies and how such development can be stimulated beyond efforts to copy institutional forms.

<sup>4</sup> Background note produced by the Steering Group of the Platform, p. 2

9. The Terms of Reference for the present consultancy clearly stipulate that the aim of the draft Concept Note is to further elaborate the existing thematic background note on 'Strategic Actors for the Implementation of Inclusive Development Policies'. The idea is *not* to produce a consolidated 'state of the art' or a 'consensus document', but rather to provide '**food for thought**' by (selectively) reviewing and structuring existing sources of knowledge, ongoing policy debates as well as different viewpoints regarding the theme under consideration. Hence, the Note should be seen as a non-exhaustive scoping paper' to help framing the discussions during the Accra meeting. Subsequently, the consultants will finalise the Concept Note by including suggestions and comments made by Platform members.
10. More specifically, the draft Concept Note should:
  - (briefly) present various definitions of inclusive development used in the context of development policies and propose options on which definition the Platform could use;
  - map and review existing academic and 'grey' research initiatives and theories of change on the theme of strategic actors for inclusive development (with a focus on sub-Saharan Africa);
  - discuss various and contrasting approaches and viewpoints in the literature;
  - elaborate questions and options that help the Platform to define its working area on this theme and select specific approaches.
11. In terms of scope, the draft Concept Note is ***not supposed to cover the country level*** (i.e. the selection of partner countries, mapping research initiatives, local needs assessment). A separate concept note will be commissioned to this end at a later stage –when the *contours* of the overall focus and approach to be followed by the Platform has been clarified.
12. The Terms of Reference are also quite explicit on the ***overall methodological approach*** the Platform seeks to promote in addressing the theme. There is much insistence on producing added value (compared to existing research); adopting an 'empirical approach' (focusing on concrete cases clarifying "what works and what does not work" in interventions geared at inclusive development); ensuring multi-actor forms of dialogue, knowledge networking and participatory action research linked to concrete attempts by strategic actors for more inclusive development; putting African partners in a lead position in terms of formulating needs and burning research questions; and promoting an effective uptake of the knowledge thus generated among various constituencies.
13. These approaches seem relevant for achieving the aims set by the Platform. They are also consistent with practices adopted by other major international research programmes conducted in a partnership mode. Yet ***three methodological questions*** may merit some attention during the Platform meeting:
  - *How to avoid a conceptual trap?* There are some fears that the concept of inclusive development is perhaps too much a product of the northern (Anglo-Saxon) donor community –though the term also increasingly appears in African discourses. It is understood that framing the resulting action perspectives in political terms ('inclusive development') is important for the (Dutch) policy relevance of the Platform. Yet considering the explicit aim to anchor the Platform's work firmly in local realities, it will be critically important to capture the (possibly diverging) local understandings of the concept of inclusive development and resulting research priorities.
  - *How to balance an empirical approach with a focus on middle level theory?* While the choice for an empirical approach and related products that can be used by policy-makers is perfectly justified, it seems also opportune to integrate sufficiently the 'middle-level' theory and insights gained on the nature of political settlements, collective action, accountability, etc. This calls for a sound balance between theory and operational conclusions, which may also help to question some of the change assumptions (a political economy of donor behaviour may be part of this).
  - *How to avoid 'normative' approaches while providing some form of operational guidance on how to support social change?* Significant amount of research is focused on 'best practices' that can be produced. It seems preferable to avoid such an approach in this theme and rather embrace a focus

on 'best-fits'. This implies accepting that the outcome of research on strategic actors will not generate 'development recipes'. Yet this raises the challenge of specifying which type of guidance and products can realistically be expected from future research under this theme.

#### IV. DEFINING KEY CONCEPTS

14. In order to progressively clear the field and facilitate further choices of the Platform, it is useful to examine more closely two key concepts: inclusive development and strategic actors.

##### **Inclusive development**

15. A review of the literature indicates that the concept of 'inclusive development' is gradually finding its way in the development discourse. It increasingly props up as a key theme in major development reports, international conferences, national vision documents produced by African countries (often with a strong social connotation)<sup>5</sup>, regional policy documents<sup>6</sup> or international research programmes conducted in different parts of the world. In many ways, inclusive development is a new jewel in the crown of an already richly endowed development jargon.
16. Yet this ascendancy has so far not been accompanied with greater **conceptual clarity**. It is striking to note how the term is still used in a fairly imprecise manner. For instance, in 2008 the 'Commission on Growth and Development' issued "*the Growth Report: Strategies for Sustained Growth and Inclusive Development*" without clearly defining the precise meaning of inclusive development. The same vagueness prevails in the European Development Report 2010 that focuses on inclusive development through social protection. The 'Effective States and Inclusive Development Research Centre' also does not propose (yet) a clear-cut definition of the term.
17. If definitional attempts are made, they are often confined to explaining the adjective 'inclusive' by referring to the need for an equitable sharing of the benefits of growth and related distribution of well-being. To compound the confusion, the term inclusive development is often interchangeably used with 'inclusive growth' or poorly differentiated from concepts that have been in circulation for a longer period of time (e.g. participatory development, sustainable development, human development, pro-poor growth) or that have recently emerged (e.g. structural 'economic and social transformation' or 'inclusive sustainable development'<sup>7</sup>).
18. Hence, the Background Note of the Platform is right to state that it concerns a "**concept under construction**". In many ways, this could be seen as an **opportunity rather than a problem**. It provides space, also within the Platform, to further explore the distinct meaning and core elements of the concept in dialogue with different communities of stakeholders and practitioners in North and South. At the end of the day, the main challenge for the Platform is not necessarily to agree on a consolidated definition, but to identify the key domains in which inclusive development can be progressively promoted through strategic actors and with smart, politically savvy forms of support from the outside. This, in turn, may help to define relevant research agendas that focus on the political dimensions of inclusive development –as the main focus of this specific Platform.
19. Following this line of thinking, the first task at hand is to capture the distinct meaning of 'inclusive development' compared to 'growth', 'pro-poor growth', and 'inclusive growth'. In this context, Ganesh Rauniyar and Ravi Kanbur<sup>8</sup> provide a helping hand by making an attempt to differentiate these different concepts as reflected in the table 1 below.

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<sup>5</sup> See for instance the South Africa National Development Plan 2030, Rwanda's vision 2020, Ethiopia's National Growth and Transformation Plan, Mozambique's agenda 2025 or Uganda's National Development Plan 2010-2014. Yet generally the term is loosely defined, thus casting doubts about the degree of internalization of the policy. For more details on the social focus of African discourses on inclusive development see: Adésina, J.O. 2007. *In Search of Inclusive Development Social Policy in sub-Saharan Africa*.

<sup>6</sup> The African Development Bank increasingly focuses on the concept of 'inclusive growth' which tend to be rather broadly defined to include employment, accountability and pro-poor service delivery, social policies and rural development. See Ncube's blog: *Championing inclusive growth across Africa*. Policy moves in the direction of inclusive development are also noticeable at the level of RECs such as SADC or ECOWAS or in other parts of the world such as in North Africa and Latin America.

<sup>7</sup> This concept will stand central in the upcoming European Development Report 2013 focused on the development agenda 'post-2015'.

<sup>8</sup> Rauniyar, G and R. Kanbur. 2010. *Inclusive Development: Two Papers on Conceptualisation, Application and the ADB Perspective*.

**Table 1: Differentiating ‘inclusive development’ from other similar concepts**

CONCEPTS	FOCUS
Growth	Refers to economic growth as reflected in increases in real per capita income that are measurable
Pro-poor growth	Refers to economic growth which also reduces income poverty
Inclusive growth	Refers to economic growth that is accompanied by lower income inequality so that the increment of income accrues disproportionately to those with lower incomes. Hence the concept is closely linked to a reduction of inequalities (growth can be pro-poor without being inclusive –as happened in many countries over the past decades- when it takes the form of falling poverty but rising inequalities) <sup>9</sup>
Inclusive development	Refers to a broader agenda beyond growth and income. The concept of ‘development’ brings into play dimensions of wellbeing in particular health and education (as reflected in the Human Development Index). ‘Inclusive’ focuses on the distribution of wellbeing in society. Inclusive development therefore occurs when average achievements on income and non-income dimensions of wellbeing improve <i>and</i> inequalities in these achievements fall. This leads Rauniyar and Kanbur to conclude that “a move from just growth to inclusive development involves two steps –a move to evaluate the distribution as well as the average level of well being along any dimension considered, and a move to include dimensions other than income in the assessment of performance”. Looking at a particular policy instrument (e.g. investing in infrastructure) from an inclusive development perspective means paying attention to the outcomes beyond income and the distribution of these outcomes.

20. Combining this analysis with other sources allows to better capture the **essence of the concept of ‘inclusive development’**. At the most basic level, inclusive development is about the expansion of the freedom that people enjoy and the real choices they are able to make as they acquire human capabilities<sup>10</sup>. The concept goes beyond ‘productive inclusion’ and seeks to also address the “*structural factors that cause and sustain exclusion and marginalization, be they related to gender, political processes, property rights for the poor, and so on*”<sup>11</sup>. It is associated with the equitable distribution of social and material benefits across social groups and categories. The fight against inequality, both

<sup>9</sup> Also with regard to ‘inclusive growth’ different definitions exist. In a recent paper (‘The political economy of inclusive growth’) M. Khan argues that “Growth is inclusive if it supports high levels of employment and rising wages. For developing countries this means acquiring competitiveness in new sectors and technologies”. In: de Mello, and M. Dutz (eds). 2012. *Promoting Inclusive Growth. Challenges and Policies*. OECD-World Bank. In a recent publication of UNU-WIDER, T. Addison and Nino-Zarazua provide a somewhat broader definition by arguing that inclusive growth is about “achieving material progress through economic growth while encompassing equity, equal opportunity to basic service provision; access to markets (labour and credit) and social protection for the most vulnerable in society”.

<sup>10</sup> Sen, A. 2001. *Development as Freedom*. Oxford University Press.

<sup>11</sup> Kjørven, O. 2011. *Growth, Equity and Sustainability: A declaration of interdependence*. In: Poverty in Focus. International Policy Centre for Inclusive Growth. Number 23.

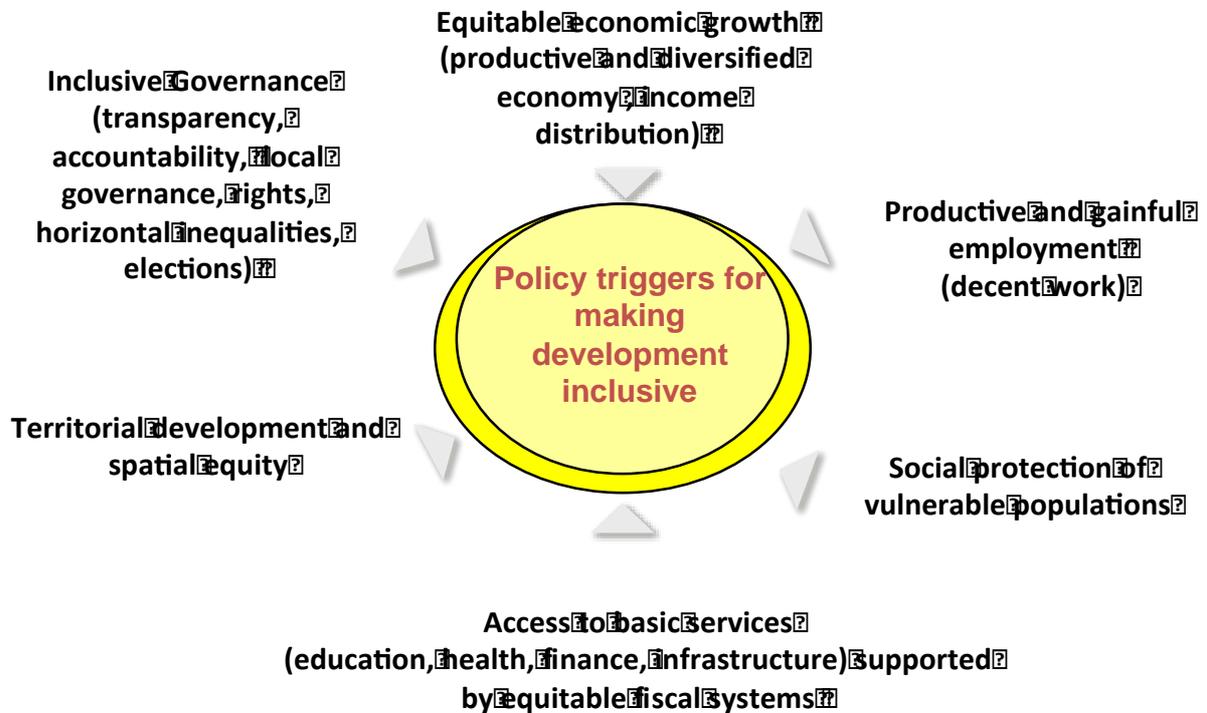
income-related and social disparities in wider opportunities (such as access to education and health) is the lynchpin of the inclusive development. Inequalities generally intersect, which increases the chances of being both poor and socially excluded. In the conceptual framework used by ESIP, inclusive development is inextricably related to 'exclusion' at three levels: economic, political and social.

21. Another interesting dimension to be considered by the Platform is the ***distinction between inclusive development as an outcome and as a process***. The former calls for assessing the performance of countries in terms of distributive effects of income and non-income related assets. The latter enriches the traditional focus on outcomes by also looking at the 'processes' followed to fostering inclusive development. This means assessing the inclusivity of policy formulation and implementation processes, the quality of democratic governance, the existence of a public sphere<sup>12</sup> as well as space for citizen voice and participation, the respect for political, social and economic rights, etc.
22. Building on this proposed conceptualisation of 'inclusive development' the next task at hand is to identify its ***core component elements***. This is a critical step in devising a meaningful research agenda for the Platform. It means identifying the key policy areas that currently function as drivers of inequality –because of the way in which the policies in this domain are conceived and implemented. Fostering inclusive development will require fundamental shifts in these critical policy areas so as to ensure that equity and distribution concerns are fully integrated. The adoption of an inclusiveness perspective will inevitably change the priorities of the policies. This, in turn, may allow these public policies to become triggers or determinants of inclusive development.
23. Combining different sources of literature it could be argued that ***six (inter-related) policy domains*** are particularly important determinants in order to progressively move towards more inclusive forms of development. Figure 1 visualises these potential triggers of inclusive development.

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<sup>12</sup> For an example see CommGAP. World Bank. *Increasing Citizen Agency Through deliberation*. Brief for policymakers elaborated by the Communication for Governance and Accountability Programme. The World Bank.

**Figure 1: Policy domains where ID could be progressively fostered**



24. Other categorizations of key policy areas for inclusive development could be conceived. The proposed scheme reflects the main dimensions usually associated with inclusive development in current discourses and academic work. It covers different forms of exclusion at the economic, social and political levels that keep people in poverty and prevent them from developing their capabilities. It concerns areas where sound public policies, leadership and agency by development-oriented public and private actors can, under certain conditions, make a difference –despite the constraints imposed by global economic, financial and technological forces or structural obstacles to development (such as violence and conflict).
25. It is important to emphasize that these critical domains should **not be seen as a normative agenda**, presenting the ‘ideal situation’ or the ‘end destination’ to be reached. This would defeat the purpose of the intervention philosophy of this Platform. The challenge is rather to explore –through research and dialogue- what type of processes can be followed in concrete situations to create more space for inclusive development approaches, particularly through the efforts of strategic actors. In this context, it will also be interesting to examine the **linkages between these various policy domains** of inclusive development and how strategic actors themselves establish (or not) these linkages in their work.
26. In each of these policy areas there is no shortage of debates and policy prescriptions on what changes are needed to ensure greater inclusiveness and a concern for equity and distribution, as illustrated by the following, non-exhaustive overview:
- With regard to **economic growth**, the policy agenda is strongly focused on the need for structural transformation of the economy. The Director of the African Centre for Economic Transformation (ACET), who was present at the launch of the new Dutch knowledge platforms, clearly stressed that *“the most pertinent issue is that of economic transformation. Africa’s growth and poverty reduction cannot be sustained with a continued dependence on low value primary commodities.*

*We need a structural shift to high value products and services to compete in global markets and create jobs for shared prosperity*<sup>13</sup>. This is also the central theme of both the AfDB annual meetings this year and the 6<sup>th</sup> Conference of African Ministers of Finance, Planning and Development (Abidjan, March 2013)<sup>14</sup>. From the background paper to that meeting: *“African leaders are determined to seize emerging opportunities to foster industrial development as an effective, socially responsible and sustainable means to economic transformation”*<sup>15</sup>. Africa’s capacity to offer economic and social opportunities to its (young) citizens therefore depends on diversifying the economy –building on the strengths and opportunities of the primary sector. Rodrik and McMillan show that African economies have been evolving structurally towards *less* rather than *more* productive sectors<sup>16</sup>. This is partly a result of the importance of the extractive sector and relatively high commodity prices but also movements towards greater informality. This reflects the challenge of ensuring sectoral economic inclusivity. African researchers also make a clear link with economic governance. According to Lyakurwa<sup>17</sup>, *“Africa will not achieve sustainable growth without effective governance. The global evidence is clear that we can empower our people, address inequality, and achieve fairness and opportunity in our societies without compromising our openness and our long-term economic competitiveness”*.

- The policy agenda for making **employment policies** more compatible with inclusive development is increasingly spelled out. Evidence shows that *“Africa is not creating the number of jobs needed to absorb the 10-12 million young people entering its labour markets each year”*<sup>18</sup>. The ILO has been instrumental in pushing for ‘decent work’ as a central component of people’s well being. It thereby focuses on 4 aspects: creating jobs, guaranteeing rights at work, extending social protection and promoting social dialogue.
- **Social protection** is a cornerstone to inclusive development. Also here no shortage of research and policy debates. For instance, the European Development Report 2010 is dedicated to the role of social protection in promoting inclusive development. It reviews the different public/private mechanisms that prevent individuals and households from suffering the worst consequences of negative shocks. It argues that social protection has the potential to generate a double development dividend as an effective input for economic growth and a tool to reduce poverty and make growth pro-poor. Climate-related risks (e.g. for African smallholders) make social protection (combined with wider targeted support measures) an increasingly important tool for lowering risks and providing people with the resources to find their way out of poverty and strengthen their resilience.
- A critical role of governments is to provide the **basic services** (education, health, finance, infrastructure) that poor people need to build human capital, engage in productive activities or mitigate risks. Throwing the poor back on their own resources to finance these services is not just inequitable but also inefficient. It reflects a state failure that threatens the social fabric of a country. The resolution of this problem is linked to developing more equitable approaches to revenue collection and spending. In the 2013 Kapuscinski Lecture, Watkins gives the example of Pakistan: *“The country urgently needs a national education system capable of equipping the country’s youth with skills and girls with opportunities. But the prevailing political system has engineered a tax system designed to facilitate evasion and low levels of tax on the wealthy. The resulting revenue-to-GDP guarantees chronic under-financing in education”*<sup>19</sup>.

<sup>13</sup> Amaoko, K.Y. 2012. *Think like a policymaker. Turning research into sustainable development policies*. Presentation at the Ministry of Foreign Affairs of the Netherlands at the occasion of the launch of the knowledge platforms.

<sup>14</sup> [http://www.uneca.org/sites/default/files/document\\_files/aidememoire\\_eng.pdf](http://www.uneca.org/sites/default/files/document_files/aidememoire_eng.pdf)

<sup>15</sup> [http://www.uneca.org/sites/default/files/document\\_files/industrialization-for-an-emerging-africa-issuespaper.pdf](http://www.uneca.org/sites/default/files/document_files/industrialization-for-an-emerging-africa-issuespaper.pdf)

<sup>16</sup> Rodrik, D., McMillan, M., 2011, “Globalization, Structural Change and Productivity Growth”, NBER Working Paper No. 17143. <http://www.nber.org/papers/w17143.pdf>

<sup>17</sup> Lyakurwa, B. 2009. *Prospects for economic governance: Resilient pro-poor growth*. Foresight, Vol. 11, Nr 4.

<sup>18</sup> Page, J., 2012, “Youth, Jobs, and Structural Change: Confronting Africa’s “Employment Problem””, AfDB Working Paper Series No. 155: [http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working\\_Papers\\_Series\\_155\\_-\\_Youth\\_Jobs\\_and\\_Structural\\_Change.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working_Papers_Series_155_-_Youth_Jobs_and_Structural_Change.pdf)

<sup>19</sup> Watkins, K. 2013. *Inequality as a barrier to human development*. Kapuscinski Development Lectures. School of Economics.

- **Territorial development and spatial equity** refers to the geographic distribution of income and poverty. In this regard, Ravallion observes that nationally representative household surveys reveal “*marked and persistent concentrations of poor people in specific regions and sectors, even in countries with high growth. The extent to which growth favours the rural sector is often key to its impact on poverty, given that three-quarters of the poor in the developing world live in rural areas*”<sup>20</sup>. Spatial issues get increased attention in policy-making and research, as Africa is experiencing complex processes of ‘de-territorialisation’ (fuelled by migration, globalisation and subnational dynamics) and ‘re-territorialisation’ (linked to new regionalisms and processes of bordering)<sup>21</sup>.
  - Another crucial determinant of inclusive development is the **quality of governance**. There is abundant literature that in many developing countries, particularly those in a situation of conflict and post-conflict, the governance system is not inclusive. In 2008, the International Commission on Legal Empowerment of the Poor estimated that four billion people live outside the protection of the law, meaning they lack protection of their physical security as well as their property, labour and business rights<sup>22</sup>. They become trapped in exploitative relationships with powerful actors to access employment or social opportunities. Their ability to influence institutions, legal reforms and socio-economic policies is limited. This is particularly true for women<sup>23</sup>, people living in poverty, minorities and other marginalized groups that are suffering from **horizontal inequalities**. All this, in turn, generates political institutions at national and local levels that are not transparent and accountable or respectful for the rule of law. It fosters an environment of insecurity, vulnerability and fear under which no person can fully prosper. There is much evidence to support a strong correlation between the principle of the rule of law and the level of development in a society<sup>24</sup> or on the transformative potential of local governance in generating more secure livelihoods for poor people.
27. This succinct analysis shows that there are vibrant debates with regard to “what should be done” to make these various policy domains more strongly oriented towards inclusive development. Yet the added value of this Platform does not lie in the examination of suitable *policies*. Its focus is on the *political dimensions* of inclusive development. Building on existing knowledge with regard to the politics of transformation processes, the Platform is primarily interested in the underlying power structures and incentive systems that perpetuate the skewed distribution of income and non-income assets and explain why sound policies to reverse this systematically fail to be effectively implemented. To this end, it will focus on the *actors* that can play a role in nudging ‘unwilling’ governments into carrying out effective reforms. The section below explores what is meant with ‘strategic actors’ for the implementation of inclusive development policies.

### Strategic actors

28. The concept note proposes to view *actors* of inclusive development from two perspectives: (i) an institutional perspective and (ii) an agency perspective.

#### The institutional perspective

29. This coincides with the traditional governance approach that development is essentially about building effective institutions<sup>25</sup>. It is about state building whereby a state’s strength equates with the capacity of its formal institutions to assert authority and produce public goods and services. This perspective is, consciously or not, based on a Western model of statehood and it tends to promote a primarily ‘apolitical’ view in which institutions are dissociated from their (political) context<sup>26</sup>. It is an approach that

<sup>20</sup> Ravallion, M. 2007. *Economic Growth and Poverty Reduction. Do Poor Countries Need to Worry about Inequality?* 2020 Focus Brief on the World’s Poor and Hungry People. Washington, DC.

<sup>21</sup> For an overview of these spatial trends see: Engel, U ad P. Nugent. 2010. *Respacing Africa*. Africa-Europe Group for Inter-disciplinary Studies.

<sup>22</sup> Commission on Legal Empowerment of the Poor. 2008. *Making the Law Work for Everyone*.

<sup>23</sup> See for example the World Bank Study on: *Women, Business and the Law*. 2011. World Bank

<sup>24</sup> Much empirical evidence can be found in: Acemoglu, D. and J. Robinson. *Why Nations Fail. The Origins of Power, Prosperity and Poverty*. London, Profile Books.

<sup>25</sup> See UNDP, World Bank and UNDP literature on public sector reform. See also: Nicolas Lemay-Hébert (2012), *Rethinking the institutional approach to statebuilding*, IDD Policy Brief 06/12.

<sup>26</sup> Mick Moore. 2012. *Is the governance agenda going anywhere?* Governance and Development blogpost 25/10/2012.

promotes **technocratic norms and standards of ideal institutions** through capacity building, better policies and financial support.

30. This perspective is convenient for the development sector because it sets out a clear and familiar path of institution building that stays clear of domestic politics in partner countries. It sets out *what* needs to be done to improve the electoral system, the justice system, to build a technically capable government and administration, to expand social services for all, to protect human rights, to establish a free market, a dynamic private sector or formal platforms for citizen participation in development. The government's main role is to formulate the right development policies and allocate adequate resources. With the right building blocks in place and sufficient resources inclusive development is expected to come about. In this scenario, donors see it as their duty to assist with technical advice on how to establish the institutions and provide the financial resources to construct the institutions of the development edifice.
31. From this perspective, actors equal institutions, and strategic actors are thus strategic institutions. For the establishment of a free market, liberal macro-economic policies and a vibrant private sector will be strategic actors to bring about change. For democracy it will rather be regular free and fair elections and engaged citizens. Under this perspective, actors are always institutions and they become strategic according to their capacity to change a context and achieve objectives.

#### The agency perspective

32. Agency is understood as intentional actions and processes that result in a new state of affairs<sup>27</sup>. Agency is what connects individuals and groups and that connection enables to change an existing situation. In this perspective, actors cannot be dissociated from their **incentives and motives**, neither from their actions. This perspective by no means excludes or diminishes the need for and value of institutions, but it allows to go beyond the formal aspects of institutions and to include incentives that drive behaviour<sup>28</sup>. These incentives can be the pursuit of private or public interests, political survival or ideology and are often pursued through informal channels. The agency perspective sheds light on *how* change happens or what kind of change can be triggered and by whom.
33. The agency perspective implies a **more evolutionary or incremental approach to development and state building** that is less attached to a Western blueprint. This perspective does not offer donors a clear development roadmap. The focus is on understanding and influencing the incentives of actors who determine development outcomes in a given country or sector context. The potential role of the donor is to try to influence the incentives of the actors. This approach does not devalue the role of institutions and the relevance of institutional change, but it does entail a new look at how external interventions can support change. Effective support is no longer a function of financial and technical transfers, but it becomes a knowledge-based, iterative process. Donors need primarily to understand the incentives of actors and how these can be brought to collaborate and nudge action. The approach further implies that donors are capable to detect or identify existing domestic change processes rather than advocating a normative roadmap and roll out best practice.

#### Overview of main characteristics of the two perspectives

34. The first approach tends to single out "strategic actors" for research or support: ministries, local governments, parliament, media, civil society, etc, while the agency approach mainly tries to grasp the connections between different actors to deduct who is strategic in a certain change process. From this perspective development outcomes are the result of possible power connections between a diverse set of actors: political elites, bureaucrats, large commercial operations, official international organizations, civil society organizations, citizens, but also 'non-traditional actors' (for instance, in the army, informal

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<sup>27</sup> Anne Dale and Jennie Sparks, *The 'agency' of sustainable development community development*, Community Development Journal 24/02/2010.

<sup>28</sup> Leftwich Adrian (2009), *Bringing Agency Back In: Politics and Human Agency in Building Institutions and States*. DLP research Paper 6; and Id (2010), *Beyond Institutions: Rethinking the Role of Leaders, Elites and Coalitions in the Institutional Formation of Development States and Strategies*, Forum for Development Studies, Vol 37/1, pp. 93-111.

entrepreneurs, smugglers criminal networks, insurgents, etc). For an overview of the main features of each approach see table 2 below.

**Table 2: Comparing the two perspectives on actors**

<b>Institutional perspective</b>	<b>Agency perspective</b>
Focus on building effective institutions	Focus on improving what exists
Guided by best practice/strongly inspired by western standards	Guided by actor incentives and motivations
Singular approach (targeted at a particular institution)	Focus on connections between institutions
Focus on inputs (capacity, funding)	Focus on results
Linear/roadmap approach	Evolutionary/dynamic approach
Focus on formal aspects	High importance of informal aspects

35. For the purpose of this concept note it is argued that it is not a matter of either or: **both agency and institutions matter a great deal**. This may sound trite, but a surprisingly large proportion of development research focuses on political and economic institutions, thereby excluding agency. On the other hand, accounts of leadership, elites and political settlements tend to overestimate the influence of agency without paying due regard to the constraints imposed and opportunities provided by institutional context<sup>29</sup>. While interests and own preferences drive political leaders, this is not the full story. Power is exercised through institutions and this poses practical limits to leaders. Coalitions need to be constructed and political settlements need to be made to achieve both the desired policy change and institutional reform. Melo, Ng'ethe and Manor (2012) present multiple examples from Uganda, Brazil and India that demonstrate the essential interaction between pro-poor policies and the need to build and transform institutions. Hence, It is not only about leadership or coalition building, it is also about crafting institutions. The challenge is therefore not to choose between the two perspectives on actors, but rather to interweave structure and agency.

When is an actor strategic?

36. **Actors can potentially be strategic in 2 ways:** (i) when an actor has formal decision-making power and is therefore in a position to exercise leadership, and (ii) when an actor has the legitimacy and force to influence decision-making. Strategic actors of inclusive development are actors that manage to trigger or nudge progress on one or multiple dimensions of inclusive development. To be successful the second category will depend on capacity and tactics (organization, or the art of forging coalitions) while the first category can use formal institutional power.
37. Whether an actor is or can be strategic will also **depend on the context**. In fast-growing economies large corporations, private sector associations and trade unions are likely to have more influence on the inclusiveness of development outcomes than in fragile states. In fragile states a small group of insurgents can have a high impact on the livelihoods of many citizens. In stable but poor countries government, civil society and donors are likely to appear more prominent. In short, whether an actor is strategic in fostering (or blocking) inclusive development depends from intrinsic (power, capacity, tactics) and external factors. In the latter category the role of donor agencies providing financial resources or imposing lending conditions should be included.
38. Furthermore, it is essential to recognise the **huge and growing diversity of potential strategic actors as well as the intrinsically dynamic nature of the actors landscape in a given country**. To a certain extent, it could be argued that development policy and related aid strategies have tended to focus predominantly on a rather limited set of actors, i.e. central government (particularly elites) and traditional civil society actors (with a particular focus within this category on NGOs).

<sup>29</sup> Melo, Ng'ethe & Manor (2012), Against the Odds: Politicians, Institutions and the Struggle Against Poverty. Also: Matt Andrews (2013), The Limits of Institutional Reform in Development.

39. Comparatively much less attention has been paid to institutions/actors pertaining to the so-called 'political society' (e.g. parliaments, political parties, oversight bodies), to other realms of civil society (e.g. trade unions, consumer organisations, social movements<sup>30</sup>, youth organisations, etc.), to the increasingly vocal local government sector, to the 'development-oriented' parts of the private sector (both formal and informal), or to 'non-traditional actors' (including the informal sector, religious movements, the army, militias, criminal organisations, etc.). It would appear that a **major research gap exists with regard to both the potential role of these various actors** could play in inclusive development processes and their goals, tactics and engagement strategies with the state.

What is strategic action?

40. Strategic *action* is an intervention undertaken with a long-term goal of contributing to political, institutional and social change in mind. It is about advancing processes that may often be open ended (there is no 'end state' to an accountable government, to economic reform, to the rule of law, to social protection, etc.). **Knowledge is essential to strategic action** because it provides a sense of direction and it allows assessing progress and deciding on required adaptations (including retreat).
41. It also invites researchers to focus on the **conditions under which actions can be successful**. There is abundant research demonstrating that exercising 'voice' or engaging in policy processes are no sufficient conditions to foster change. While it is important to focus on the motivations, interests and different degrees of power between the various groups (as this Platform sets out to do), it is proposed to also investigate the **quality and impact of interventions strategies, tactics, collaborative arrangements (including with 'antagonistic' actors)** used by these actors to break through the wall and start shifting the equation of power, interests and incentives.

## V. OVERVIEW OF MAIN AREAS OF EXISTING RESEARCH AND KNOWLEDGE

42. Disappointing results of donor interventions based on classic good governance and poverty reduction narratives have spurred a variety of research initiatives over the past decade. This section does not aim to give a comprehensive overview of all relevant research initiatives, but rather presents the kind of knowledge produced by recent and current research related to the various dimensions of inclusive development.
43. Any categorization of research will be partially artificial. However, this concept note cannot do without some form of structuring research because it aims to clarify the arena where the Platform wants to engage. **It is proposed to group the research in 3 types**. The *first* type is research that produces a grand theory. It is **meta-level research** that provides important insights in how change happens in societies and economies. This research has a strong historical character and it produces fundamental insights in development processes, but it does not focus exclusively on change in the contemporary developing world and it does not provide practical advice and policy prescriptions for development practitioners. The *second* type of research is that of what can be called the **middle-level theory**. It concerns large and ambitious research projects that are often funded by donor agencies and that aim to produce evidence-based knowledge that can inform policies and interventions of donors, governments in development countries and civil society actors. It specifically aims to turn the development efforts (the action) of the different actors more strategic. The *third* type does not aim for theory. It is purely **empirical and action-oriented**. It produces knowledge that helps to improve a concrete situation. Often it is the learning dimension of donor-funded programmes. A few examples are presented of each type of research.

### Meta level research

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<sup>30</sup> For an excellent overview of the role of social movements in processes of poverty reduction and (inclusive) development see: Governance and Social Development Resource Centre (GSDRC). 2009. *Social Movements and Poverty Reduction*, providing references to experiences in Latin America and cases studies from South Africa, Zimbabwe and Nigeria.

44. The first kind of research seeks to understand and explain how societies and economies changed throughout history. This research goes beyond the developing world and is not primarily aimed to inform donor or government policies. It is first and foremost academic work, but some of it certainly has an impact on the knowledge about how inclusive development comes about. Examples are the work of North, Wallis and Weingast<sup>31</sup>, Fukuyama<sup>32</sup> and Acemoglu and Robinson<sup>33</sup>.
45. North et al. explain the levels of political stability, personal freedom, inclusion and sustained economic growth by reference to the ways societies have dealt with the ever-present threat of violence. They distinguish **limited access orders** (valid for 85% of the world's population) and open access orders (emerged 200 years ago and applicable to 25 countries today). Changing from limited to open access orders implies that elites accept the rule of law, that organizations do not depend for continuity from individual members and that the military are subject to political control. There is no set formula to move forward. Progress depends from thousands of incremental changes. Transplanting institutions of open access orders to societies with closed access orders does not work and may even cause instability. North et al. explain the causes of poverty and political instability but do not present policy/operational remedies.
46. Fukuyama focuses more exclusively on the political dimensions of development and the evolution of government institutions. He argues that a balanced combination of a strong state, the rule of law and government accountability is what characterizes liberal, democratic states with a market economy, political stability, sustained economic growth and widespread wealth. In order to get there societies need to overcome the natural human propensity to favour friends and family (patrimonialism). Kin-based relationships need to be replaced with more voluntary, individualistic forms of association. Fukuyama points out that **institutional change is essentially the product of contingent historical circumstances** and that no blueprints for developmental progress exist. Therefore he pleads for humility in approaching the task of institution building in the contemporary world.
47. Acemoglu and Robinson argue that economic failure and success of nations cannot be explained by reference to geography, culture or the degree to which political leaders understand how to design and implement effective policies. Countries differ in their economic success because of their different institutions, the rules influencing how the economy works, and the incentives that motivate people. The most determining factor for success is the **existence of inclusive as opposed to extractive political and economic institutions**. Moving from extractive to inclusive institutions is very difficult because each set of institutions has a self-reinforcing dynamic. Where societies have been able to break out of the vicious extractive institutional cycle, this has been the result of the interaction of initially small institutional differences between societies with historically contingent critical junctures and the decisions, actions and behaviour of key elites and coalitions. The authors provide no policy guidance for donors, but a major implication of their analysis is that prosperity cannot be engineered by outside actors.
48. Considering its mandate, it would appear that it is **not the Platform's intention to fund and promote this kind of research**, but reference is made in this concept note because the knowledge produced by this research influences the thinking on the politics of development and inspires much more development oriented political economy analysis. This work does not provide policy prescriptions, but it explains the bigger picture of development interventions.

#### **Middle level theory research**

49. This type of research is strongly **driven by the implementation gap** between development policies and development outcomes. It tries to understand the nature of the implementation gap between policies and outcomes. This usually concerns large multi-annual research programmes based on case

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<sup>31</sup> North, D.C, J. Wallis and B.R. Weingast. 2009. *Violence and Social Orders. A Conceptual Framework for Interpreting Recorded Human History*. Cambridge. CUP.

<sup>32</sup> Fukuyama, F. 2011. *The Origins of Political Order*. London. Profile Books.

<sup>33</sup> Acemoglu, D and J. Robinson. 2012. *Why Nations Fail. The Origins of Power, Prosperity and Poverty*. London, Profile Books.

study analysis and comparative research. This research aims to deduct widely valid conclusions on *what* can be done better, but also on *how* actors can be more strategic.

50. **Several dimensions of inclusive development have been covered by this kind of research:** improvement of service delivery (APPP); effective states (ESID, DLP) social accountability and participation (WB-Devarajan 2011, The Participation, Power and Social Change programme of the Institute of Development Studies); economic transformation/productivity (EPP, Tracking Development, Future Agriculture). Below follow a few examples of the type of knowledge generated by this kind of research.
51. The **Effective States and Inclusive Development Research Centre** (ESID, [www.effective-states.org](http://www.effective-states.org)) looks at how state capacity and elite commitment to development can emerge and be sustained over time, and how this process can be supported. ESID conducts research on the forms and levels of state capacity needed for inclusive development, incentives and ideas that influence elite commitment to inclusive development and state effectiveness and the political, institutional and political economy conditions that lead to developmental states and elite commitment<sup>34</sup>.
52. The **Africa Power and Politics Programme** (APPP, [www.institutions-africa.org](http://www.institutions-africa.org)) aimed to identify what kinds of institutions and ways of exercising power work for development in Africa. Based on different research streams in 17 countries the APPP found that contrary to common assumption clientelism and rent-seeking are not necessarily incompatible with (inclusive) development progress. The research concluded that the productive use of rents could happen when there is strong leadership, a long-term vision and a centralized rent process. This body of work argues that pursuing normative “good” governance is not effective to further development. It is rather a question of identifying common interests between actors that foster collective action and nudging solutions to coordination problems between actors<sup>35</sup>.
53. The **Elites, Production and Poverty research programme** (EPP/DIIS, [www.diis.dk/epp](http://www.diis.dk/epp)) argues that political and public office holders are motivated primarily by interests in domestic political survival and their own advancement. Having political power helps to accumulate private wealth, to gain individual or factional benefits and/or to shape or change the direction of government policies based on ideas and visions of what should be done. The need to stay in power trumps all else and this affects how policies are implemented. The research concerns questions such as: “when do regimes favour the development of a productive sector?”<sup>36</sup>.
54. The **Tracking Development Project** ([www.institutions-africa.org/trackingdevelopment](http://www.institutions-africa.org/trackingdevelopment)) compares selected African and Southeast Asian development trajectories. The most important single difference noted is that Southeast Asian development strategies were, from the outset, much more concerned than African strategies with raising the productive capacity of the millions of peasant farmers who made up the bulk of the population. Successful governments were genuinely committed, at the highest level, to the goal of reducing poverty on a massive scale. This was partly driven by ideology and to some degree also to a cultural idealization of village life. Elite cohesion was present as a result of the threat of radical forces (communism in Thailand, Malaysia and Indonesia or mass alienation in Vietnam).
55. The **Development Leadership Programme** (DLP, [www.dlprog.org](http://www.dlprog.org)) found that what matters crucially for the conception of developmental policies and practices that produce positive growth outcomes is the design of appropriate and locally legitimate institutions, formal and informal, and the role of leaders, elites and coalitions in the politics of development are fundamental to these outcomes. The research cluster on civil wars, intervention and state building, emanating from the Birmingham University

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<sup>34</sup> Among the many interesting publications coming out of this programme one could refer to the overview paper by : vom Hau, M. 2012. *State Capacity and inclusive development: new challenges and directions*. ESID Working Paper N. 92.

<sup>35</sup> Another refreshing and thought-provoking analysis on the perceived limited relevance of the current ‘governance-development nexus’ is provided by: Moore, M. 2011. *The Governance Agenda in Long Term Perspective: Globalisation, Revenues and the Differentiation of States*. IDS Working Paper, Volume 2011 Number 378.

<sup>36</sup> See Whitfield, L and O. Therkildsen. 2011. *What Drives States to support the Development of Productive Sectors? Strategies ruling elites pursue for political survival and their policy implications*. Working Paper Nr 15 of DIIS (Danish Institute for International Studies), Copenhagen.

International Development Department ([www.birmingham.ac.uk/idd](http://www.birmingham.ac.uk/idd)) also concludes that state effectiveness does not hinge on institutions but on legitimacy.

56. **World Bank research on social accountability** by Devarajan et al<sup>37</sup> focused on the question whether states can be induced to more effectively deliver the range of public goods that are needed for (inclusive) development. The study argues that this question needs to be answered by taking into account the political economy of African societies - with special reference to roles and functions of civil society in their interaction with the state. The study found that CSOs usually combine two or three types of engagement mechanisms – addressing information gaps, mobilising or coordinating citizens for collective action and redressing weak sanctioning power – to address different accountability failures. The study also presents useful findings on the linkages between context and the types of effects and outcomes one can expect. It deals more elaborately with the following types of accountability interventions or initiatives: (i) addressing accountability failures in politics (through ‘Open budget’ initiatives, voter education, Politician and Constituency Report Cards, mass media) and (ii) solving accountability failures in compact and client power (through Citizen Report Cards, Community ‘management’ participatory budgeting, Community-driven development projects committees).
57. The above World Bank study prioritises “power and politics” as the most important domain for strengthening domestic accountability and generating knowledge. Knowledge matters, particularly insight into the nature of the bureaucratic state agencies, their relationship to politicians, the composition of elite groups, the incentives and motives of politicians and political leaders to undertake certain actions or favour particular policies, etc. Most often, it is only when the political leadership has a certain commitment to development, that civil society may have a role to play in how internal state mechanisms work, including in front-line interactions. Likewise, a deeper knowledge of civil society matters (i.e. on their strengths and weaknesses, their internal governance, their capacities). The way CSOs are themselves part of unequal societal structures, for example, or the capacities they have and the constraints they face when trying to mobilise for collective action, their ability to engage with the state and the extent to which they seek to further general development goals also influence in combination with contextual variables their effects and impact. The effectiveness of civil society engagement in accountability will also depend on how well they are able to combine the three accountability mechanisms: salient information on state performance, nature of collective action resolve with citizens, and the existence of effective sanctions. Similar findings prop up in other research projects dealing with voice and accountability<sup>38</sup>.
58. The **Participation, Power and Social Change** programme of the Institute of Development Studies works in partnership with collaborators and field actors in different countries to generate ideas and actions for social change through research, innovation and learning in rights-based and participatory approaches. Their work has shifted towards exploring the conditions that enable individuals and organizations to changing the relations of power that have sustained injustices. There has also been a move away from the linear model of ‘research to policy to practice’ embedding research within inclusive processes of social and institutional learning and change. Other IDS research programmes provide most useful insights on political institutional change processes, for instance related to accountability<sup>39</sup>.
59. One of the strongest exponents of this middle-level theory is probably the **Joint Statement of 5 major research programmes on the political economy of development in Africa**<sup>40</sup>. The common ground between the different research programmes is that what is essential for development outcomes is the political incentives facing political leaders – not whether countries comply with governance ideals. Developmental outcomes depend on how specific incentives shape the extent of mutual interests, cooperative relations and synergies between the political elites, state officials and sector actors (farms,

<sup>37</sup> Devarajan, S. and M. Walton. 2011. *Civil Society, public action and accountability in Africa*. Washington. World Bank.

<sup>38</sup> See for example Fletcher, T. 2012. *Citizen Voice and Accountability. Towards theories of change that embrace contextual dynamics*. ODI Working Paper 343.

<sup>39</sup> See the multi-country study which compares reforms in Sao Paulo, New Delhi and Mexico City. Houtzager, P. A. Joshi and A.G. Lavalley (eds). 2008. *State Reform and Social Accountability: Brazil, India and Mexico*. IDS Bulletin, Volume 38, Number 6. January 2008.

<sup>40</sup> APPP, DLP, DIIS/EFP, FAC and TD. 2012. *The political economy of development in Africa. A Joint Statement by 5 research programmes*. Copenhagen.

firms and households). It is less about the formal structures and rules of governance, and more about informal aspects of the way decisions are made and actions taken at all levels of the political system and society.

60. These and other research initiatives have in common that they aim to formulate a set of conclusions that form a middle-level theory in the sense that they are valid on a larger scale and can serve as generalized policy advice.

### **Action-oriented research**

61. The third type of research does not seek to theorise, but is ***focused on learning from concrete experiences and directly aims to improve aid projects or specific aspects of service delivery***. The research focuses strongly on improving efficiency and effectiveness of concrete development processes. There often still is some link with policy, but the main purpose is to improve action. The research focuses less on understanding underlying processes of change, but focuses on the actual results of these processes and how these can be improved. Often there is a close link between this kind of research and project evaluations. While the middle-level research is built up around research questions, the action-oriented research focuses is based on practical problems encountered in project implementation and service delivery.
62. As in the middle-level research, the focus of knowledge building is no longer exclusively on what, but also on how it should be done. ***Twaweza*** ([www.twaweza.org](http://www.twaweza.org)) is a ten-year citizen-centered initiative, focusing on large-scale change in East Africa. Twaweza works to provide practical information to citizens, and to foster quality independent media and citizen monitoring services to improve service delivery. By addressing these issues through its partner organizations, Twaweza works to foster what it calls an 'ecosystem of change,' through building on, as well as triggering, the actions of citizens to make a difference. Twaweza is as equally committed to learning as it is to its programs making a difference. In fact these two components are considered mutually reinforcing. Twaweza's learning architecture seeks to cultivate a culture of critical inquiry, reflection and adaptation within the initiative, informed by nimble feedback loops between different components of its work. Twaweza uses alternative techniques such as randomized control trials (in collaboration with the MIT-based Abdul Latif Jameel Poverty Action Lab (J-PAL, [www.povertyactionlab.org](http://www.povertyactionlab.org)) for learning.
63. The programme on ***Innovations for Successful Societies, Building Institutions, Escaping Development Traps*** ([www.princeton.edu/successfulsocieties](http://www.princeton.edu/successfulsocieties)) also fits in this third category. It focuses on concrete experiences of economic and political turnarounds in low-income countries. It starts from the premise that most innovative ideas are internally generated, framed by people who have deep knowledge of local conditions. It seeks to chronicle these ideas and the process of institutional change by enabling reformers to tell their unique stories. The interviews become part of an oral history and participants become part of a knowledge network.
64. Another example is the set of ***practice briefs*** produced by SNV on supporting domestic accountability. The practice briefs aim to provide empirical evidence on what works and what doesn't based on SNV programme experience. The aim is to learn how support to domestic accountability processes can be improved as well as on how domestic accountability interventions enhance citizen agency and improve local level democracy and service delivery. Other leading NGOs have similar research programmes, dealing with local governance and community action<sup>41</sup>.
65. The ***Listening Project*** (USAID, [www.usaidlearninglab.org](http://www.usaidlearninglab.org)) listened to and analysed the experiences and ideas of 6000 people that benefitted from a variety of aid projects<sup>42</sup>. The study finds that aid cannot be effective without understanding the context and the way local systems are interconnected. This demands local donor presence and time. Donors should build respectful relationships and effective

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<sup>41</sup> See for instance the Oxfam Programme Insights on: *Local governance and community action. How poor and marginalized people can achieve change?* Oxfam.

<sup>42</sup> Anderson, M D. Brown and I. Jean. 2012. *Time to Listen. Hearing people on the receiving end of international aid.* CDA Collaborative Learning Projects. Cambridge.

partnerships and avoid pre-packaged assistance (best practices) to fill pre-determined gaps. Donors need to invest in systems that engage and support people to play a greater role in their development rather than in systems that strengthen aid delivery. Rapidly shifting political agendas and funding priorities result in fragmented and aborted development efforts and shrinking credibility.

66. Certainly, there are no iron curtains between the three levels of research proposed above, it merely pretends to facilitate positioning and decision-making of the Platform. Table 3 below summarises the main differences without wanting to impose absolute criteria.

**Table 3: Comparing different streams of research**

	<b>Grand theory research</b>	<b>Middle-level theory research</b>	<b>Action-oriented research</b>
<b>Main objective</b>	Formulate a theory on how societies and economies change	Formulate policy advise to donors and governments on development processes	Formulate practical advise on improving certain projects or processes
<b>Time horizon</b>	Long-term historical perspective	Medium-term development horizons	Short-term improvements
<b>Promotor</b>	Academic institutions	Development research institutions	Development agencies/practitioners
<b>Methodology</b>	Literature analysis	Case studies and comparative research	Field work; surveys; case studies

### Points of convergence and divergence

67. This framework of a concept note does not allow a sweeping and comprehensive analysis of research trends and findings but some general points can be advanced on where the research, at different levels, seems to converge.
68. A first common proposition is that **political actors and institutions are the crucial determinants of development outcomes**. The research has certainly resulted in the broad acceptance that development is not primarily a technocratic process of the right policies combined with sufficient resources. While the importance of political actors and incentives is no longer contested, that does not immediately mean that various actors (including donor agencies) know how to deal with that in reality.
69. Linked to this are converging views on **the importance of agency**. A best practice approach to institutions and policies did generally not bring the anticipated results. The assumption that actors opt for what is best for everyone prevails in a developing context does not stand the test of practice. Actors have private and ideological motivations that shape action -or inaction- that need to be taken into account.
70. A third area of convergence is that one needs to **move away from donor orthodoxies**. These orthodoxies are based on institutional ideals that are inspired by idealised models but in fact hardly exist anywhere. The orthodoxies prescribe what constitutes good governance and what economic policies are best for poor people. The orthodoxies provide roadmaps for actors towards (inclusive) development. Research provides broad evidence that progress and success are certainly not always based on compliance with the orthodoxies on the one hand, and on the other that trying to apply the orthodoxies resulted in different development outcomes than the ones expected.

71. A fourth area of convergence is that change or transformation processes are highly context specific, and importantly, that **failure is part of the game**. Policies can fail, actors can fail and development interventions can fail. Failure as an essential component of transformation processes has been marginalized in development research. Knowledge development is strongly biased to what works and on how to replicate success and scale it up. Research increasingly takes into account what doesn't work and why. This by no means makes development practice easier, but it can certainly make it better informed and more effective.
72. A last point is that the middle-level research invariably concludes that **we still know relatively little on the nature of development processes, the key drivers, and the range of possibilities there are for external actors to influence such processes** to improve (inclusive) development outcomes.
73. There are also important points of debate and/or controversy that are generated by recent development research. They relate to different views on relevant 'theories of change', the roles that can be played by the various actors and the most effective 'routes' to inclusive development.
74. One important issue of **discordance** is on the **role of governance**. Some research (APPP, Mick Moore and others) considers the 'good' governance agenda as largely disconnected from local realities and a distraction from what matters most, i.e. opportunistic, interest-driven, informal collaboration between various actors. The governance agenda is considered normative, western driven and it implies an artificial division between the supply and demand-side of development. This research stream is therefore rather sceptical on the relevance of citizen action for state accountability and related donor support to CSOs. Such initiatives are seen to focus too much on the 'demand side' of governance. Thus, they are perceived to poorly capture the changes that occur through alliances, mechanisms and platforms that link champions of change together across the state-society divide. The fundamental factor behind better development performance is the ability to solve the problems of collective action. To counteract this criticism it could be argued that demand-side initiatives seek to combine support to societal actors (as a self-standing objective) with increasingly sophisticated engagement strategies with the state. This dual route is also visible in the field of local governance.
75. According to the APP line of thinking there is also no evidence that democracy and good governance are instrumental for development. It is argued that multi-party competition in the prevailing patrimonial systems in Africa formalise and sharpen clientelist practices. Others such as Rotberg<sup>43</sup> state that there can be no development without prior periods of positive governance or else that good governance is required to sustain growth over time.
76. Linked to this is the **emerging debate** about the **usefulness of political economy analysis** (PEA) for development interventions. Driven by research findings PEA has become a popular instrument. Methodologies have been elaborated and country, sector and issue analysis has been carried out. The ones in favour state that PEA is necessary to fully understand the context and incentive structure. This knowledge needs to lead to better-informed donor programming and government policies. Others like Rodrick<sup>44</sup> state that PEA may have a paralysing effect. The more we claim to be explaining the less room is there for improving matters. PEA is based on unstated assumptions that lead to 'vested interests' as a killer explanation for all things development. If the assumptions would be made explicit policy design, political leadership and human agency would come back to life as critical factors. There are also doubts that donor agencies currently have the adequate institutional culture and the right mix of incentives to effectively use PEAs<sup>45</sup>.

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<sup>43</sup> Rotberg, R. 2010. *When States Fail: Causes and Consequences*. Princeton University Press. From the same author: *Transforming Political Leadership: Making a Difference in the Developing World*. Chicago. UP, 2012.

<sup>44</sup> Rodrik, D. 2013. *The Tyranny of Political Economy*. Project syndicate. A World of Ideas

<sup>45</sup> See Hout, W. 2012. *The Anti-politics of Development: Donor Agencies and the political economy of governance*. Third World Quarterly Review, 33 (3), April 2012. An interesting review is provided by Duncan, A and G. Williams. 2010. *Making Development Assistance more effective by using political economy analysis: what has been done and what have we learned?* The Policy and Practice Ltd. Furthermore on the same topic see: Routley, L. and D. Hulme. 2013. *Donors, Development Agencies and the use of Political Economy Analysis: Getting to grips with the politics of development*. ESID Working Paper No. 19 as well as: Grindle, M. 2011. *Governance Reform: The New Analytics of Next Steps*. *Governance*, Vol 24/3, pp. 415-418.

77. These divergences point to the emergence of different schools of thought. One school seems to defend a ***rather ‘amoral’ approach to development*** that focuses on understanding power and politics and that refrains from making political judgements *if* development results are achieved. This research stream examines in a detached way whether corruption or clientelism contributes to or impedes the production and distribution of public goods. ***Another approach is more value-based*** and considers for example citizen participation in development processes as positive, even if there is no immediate and clear link with improvements in livelihoods. A similar value-based approach seems to prevail in African civil society organisations addressing corruption issues. These organisations are highly motivated to engage in this battle for moral reasons (corruption as a bad value). Yet they tend to be much less explicit on their underlying theory of change or on how their various activities can have a systemic impact. The focus is primarily on values, less explicitly and clearly on results. Coupled to this is a belief that for change to be sustainable it should be embedded in democratic processes and be respectful of human rights.
78. These various approaches lead to ***interesting policy controversies***. Duncan Green from Oxfam<sup>46</sup> welcomes the “*political reality check*” provided by the 5 research programmes that have issued the Joint Statement and are pleading for a quite radical review of existing approaches to governance. Yet he criticises the lack of a genuine “*so what?*” and the “*casual abandonment of human rights, democracy, citizenship and social struggle*” who “*barely get a condescending mention in all this high level grown-up talk of governments, elites and political settlements*”. However, he argues that a “*more progressive reading*” of this work is possible: “*outsiders must give up trying to impose blueprints and concentrate on spotting and supporting positive developments as they emerge (with many of them coming from the very social movements that this group ignores or dismisses)*”. The two schools tend to clash over cases as Ethiopia under Meles Zenawi, Rwanda under Paul Kagame or Venezuela under Chavez. These regimes are clearly not examples of countries that respect internationally prevailing democratic/governance ‘norms’ yet they are perceived to score high on delivering development outcomes and reducing poverty. The grey zone is also here much wider than the black and white zones, but the distinct approaches on how inclusive development is to be pursued can also determine the selection of research approaches and priorities.
79. Controversies also exist on the effectiveness and impact of other theories of change or ‘routes’ to social justice and (inclusive) development. A first example relates to ***the role of*** (individual and unorganized) ***citizens in change processes***. In recent years, growing hopes are being expressed in the potential of ‘active citizenship’ and policy agendas are developed on this issue that are quite normative in nature. At the same time, there are many voices claiming that citizens seldom act as effective change agents concerned with the public good or improved accountability<sup>47</sup>. This is often linked to the ***lack of clear citizen ‘demand’ for better services and governance***. In between, there are interesting programmes and research activities that seek to understand under which conditions citizens can be brought to engage effectively in voice and accountability processes with state actors. Lessons learnt suggest the need for a both multi-dimensional approach (including citizen empowerment and cultural changes) and the adoption of rights-based approaches (thus overcoming the limitations of traditional ‘capacity development programmes by raising people’s awareness on their rights’)<sup>48</sup>. There are innovative African initiatives that seek to better understand the real nature of the linkages between governance and citizenship (beyond normative assumptions) and use this knowledge to promote new forms of dialogue between citizens and the (local) state. The Laboratoire Citoyennetés, a West African regional NGO network linked to researchers and local government actors, is a case in point<sup>49</sup>.

<sup>46</sup> Green, D. 2012. *What can political economists tell us about Africa, aid and development*. Blog posted on ‘From Poverty to Power. How Active Citizens and Effective States can change the world. Oxfam.

<sup>47</sup> This observation was also made by an African Platform member, Morrison Rwakakamba, who questioned the effective ‘demand’ of citizens in Uganda for quality services.

<sup>48</sup> For more details see Bossuyt, J., J. van Heukelom, A. Herrero, F. Aggad and N. Keijzer. 2009. *Supporting domestic accountability: Exploring conceptual dimensions and operational challenges*. ECDPM Working Paper No. 93, pp. 21-23. See also the work of the Institute of Development Studies, Brighton, on the politics and dynamics of institutionalized participation. Cornwall, A. and others. 2004. *New Democratic Spaces?*, IDS Bulletin, Volume 35, Number 2, April 2004.

<sup>49</sup> For more information see : [www.labo-citoyennete.org](http://www.labo-citoyennete.org)

80. A diversity of views also exists on the **potential of social mobilisation and social movements** in terms of inducing (inclusive) development outcomes. This is a relatively 'grey area' for external agencies, who tend to lack sufficient knowledge of these movements, adequate engagement strategies and instruments (a case in point is the difficulty to relate with religious movements in North Africa, particularly after the Arab Spring). This may lead to an under-utilization of the potential of this type of strategic actors. In the literature (mainly based on experiences in Latin America) several causal pathways are identified through which social movements can impact on poverty. This can happen (i) through challenges to institutions that underlie the political economy of poverty (i.e. challenging processes of exploitation and dispossession); (ii) through reworking the cultural politics of poverty (i.e. challenging ideologies surrounding poverty debates); (iii) through direct affects on the assets of the poor (i.e. providing access to land, water and shelter) and (iv) through engagement with the states. The research also tends to question the ultimate impact of social movements, who can also succumb to practices that are inimical to equitable change.
81. Another fascinating area concerns the **political power of social media**. While there is wide agreement on the potential force of social media, there is quite some controversy on how best to support these processes. Emerging lessons of experience suggest that the "*potential of social media lies mainly in their support to civil society and the public sphere*" with "*change measured in years and decades rather than weeks and months*" It also appears that "*a slowly developing public sphere, where public opinion relies on both media and conversation*" is the core of the environmental view of Internet freedom". In this context, "*Access to information is far less important, politically, than access to conversation*". Moreover, "*a public sphere is more likely to emerge in a society as a result of people's dissatisfaction with matters of economics or day-day governance than from their embrace of abstract ideals*"<sup>50</sup>.
82. An emerging divide in thinking also seems to exist on the **degree of interventionism**. Should donors still actively participate in building developmental states or stick to a more hands off brokering role for domestic processes? It seems that the more long-term the research perspective is, the clearer a message comes through that external intervention to promote (inclusive) development is often of limited use or may even be counterproductive. Medium and short-term research tends to be more favourable to at least the potential benefit of smart external interventions.

## VI. DIFFERENT APPROACHES AND OR WORKING HYPOTHESES

83. The research initiative (formulation of research needs and research questions) is strongly driven by the donor side of the development equation. The meta-research is predominantly carried out in western universities. The middle level theory research is donor funded and is typically carried out by a consortium of research institutions from both the developed and developing world, but usually with the former in charge. This by no means diminishes research findings of course, but there is an undeniable bias in agenda setting. Moreover as most research institutions in developing countries also depend from donor financing and are thus required to make research proposals. Whilst donor influence is a force, internal factors can also be important and in some cases can define the prospects of the existence of a balanced (or not) partnerships between developed and developing countries research institutions. These include factors such as the political context (that can determine what is feasible or acceptable to research), the capacity path dependence (what kind of research are more likely to succeed taking into account the existing expertise, working conditions, existence of full-time researchers).
84. One of the biggest challenges in the identification of cases will therefore be to get genuinely home-grown research proposals that are rooted in local priorities and that may or may not coincide with funder preferences. The concept of strategic actors for inclusive development is sufficiently comprehensive to accommodate different priorities.
85. The Platform needs to decide on what level of research it will focus: **does it want to organize a middle level theory research on strategic actors for inclusive development, does it opt for a more action-oriented research based on concrete development practices, or does it want to**

<sup>50</sup> Shirky, C. 2011. *The Political Power of Social Media*. Foreign Affairs.

**combine both?** The choice for a level can be accompanied by opting to focus research for one or more dimensions of inclusive development in combination with one or more strategic actors. It is expected that, besides the Accra discussion, the planned country level analysis will further inform the selection of approach and working hypotheses.

86. Precisely in order to leave space open for a country and demand-driven identification of 'cases', this Concept Note prefers **not** to come with a detailed set of suggestions. Yet **in order to facilitate the debate it proposes some general conclusions and a number of concrete examples of possible 'cases'** that could be selected as possible research areas, amongst other because they seem to respond to common priorities (between North and South) in terms of inclusive development.
87. From a generic perspective, it could *first* be argued that existing research streams already cover a wide set of issues related to the 'politics' of different dimensions of inclusive development as spelled out below (par. 23). They focus in particular on the role, motivations, interests and actions of elites and civil society actors in political, economic and institutional change processes. These different research programmes have generated a wealth of insights –of varying operational utility. Yet each of them recognises that the accumulated knowledge is just “the top of the iceberg”. There is still a **huge need to deepen the knowledge base by carrying out further research on the topics covered by these programmes** -without danger of duplication. This holds true for 'cases' such the role of elites and related “developmental leadership” issues, citizen agency, service delivery, budget accountability processes, local governance, etc.
88. *Second*, future research could be more oriented towards the **roles and behaviour of less traditional, but potentially important 'strategic actors'**. It has been argued below (see par. 39) that there is comparatively less research on their transformational potential in concrete development processes. There also tends to be a lack of knowledge among donor agencies on how best to engage with these actors and provide smart forms of support.
89. A *third* general conclusion is to focus in particular on the question of **how “traction is translated into action”**. Existing political economy analysis and other tools (e.g. all sorts of mappings, including of civil society actors) at country level increasingly provide insights into the various categories of strategic actors, their motives and interests as well as their change potential in a given context. These actor analyses could undoubtedly be further refined, but in many situations what seems to be missing most is a better insight on the specific conditions that led to successful action, including the quality and impact of the intervention strategies and 'tactics' used (see par. 41 below). This also holds true for 'new' strategic actors such as youth movements. In Senegal, for instance, a multi-actor coalition of citizens and activists was able to prevent the re-election of the president for a third term (considered by many as an unconstitutional move). A brand new youth movement (named “Y en a marre”) played a key role in mobilising the “voice of the street” and ensuring a democratic transition. Yet while this new movement enjoys huge levels of legitimacy (certainly compared to the traditional civil society), it is very unclear how this traction can be translated into effective action. Both the youth movement and other actors (including donor agencies) seem to be at loss in terms of devising appropriate intervention and support strategies. Enhanced knowledge on possible action paths and 'tactics' to be used could be very helpful for these actors in their concrete attempts to foster inclusive growth (see par. 14).
90. When the Platform looks more closely at other 'cases' that respond to common interests (see par. 85) it will be important to keep in mind that research on these topics should be coherent with the overall approach proposed in this Concept Note. This means respecting the focus on (i) the 'politics' of change processes and the nudging of 'unwilling actors' (par. 27); (ii) incentives and motives (par. 32); (iii) the possible connections and coalitions between various actors (par. 34); (iv) interweaving structure and agency (par. 35) and the quality and impact of intervention strategies and tactics used (par. 41). Whatever 'case' is finally retained should be considered under this framework and use a clear 'political lens'.
91. Below some suggestions are made with regard to **possible 'cases'**. To facilitate discussion we have also added for each case a **tentative research question** (that focuses on the political dimensions of the related change processes). For each of these cases, the Platform could choose to adopt a 'middle-

level theory' approach or an action-oriented approach or a combination of both (depending on the priority needs at country level).

- *Case 1: Local governance for inclusive economic and social development.* This case is linked to virtually all of the dimensions of inclusive development proposed in Figure 1 below (see par. 23). The research question could focus on how strategic actors at local level could activate the **transformative potential of local governance** -especially in terms of wealth creation, employment creation and social justice- even in a context of limited devolution of powers and authority to the local level? What role could be played by urban growth coalitions<sup>51</sup>?
- *Case 2: The added value of 'rights-based approaches' in fostering inclusive development.* This case focuses on several dimensions of inclusive development (e.g. governance, access to services, social protection, etc.). The research question could consider when, where and how **'rights based approaches'** can be effectively used to foster inclusive development, particularly social and economic rights? To what extent and under what conditions do they provide a more solid basis to 'negotiate' different policies and practices with the state<sup>52</sup>?
- *Case 3: The rule of law.* Closely linked to the above case related to rights-based approaches, is the challenge to **make the rule of law work better for the poor** (see par. 26). It opens a huge 'arena' of possible battles for more transparency and accountability in relation to policy decision and practice by rulers that negatively impinge on the development prospects of poor people (e.g. land grabbing or the unregulated intrusion of companies into the livelihoods of poor people). The research question could explore when, where and how can the 'rule of law' better be turned into an instrument to protect and support the poor, particularly on pressing problems such as access to land, water, natural resource management, etc.<sup>53</sup>.
- *Case 4: The legitimacy and internal governance of civil society actors (in all their diversity).* This case focuses more on a category of strategic actors, usually considered to have a huge transformational potential. However, this normative assumption has been increasingly challenged by recent research. Also in the field, civil society actors are confronted with various forms of contestation of their legitimacy and actions. In this context, it could be useful to enhance our knowledge on how do **'legitimate' civil society organisations** emerge and develop organically? How can their legitimacy be better used to promote effective action and ensure greater impact?<sup>54</sup>
- *Case 5: Bridging the public-private divide.* In the literature on political and social processes at various levels, there is much talk about new public-private partnerships. Yet it would appear that there is still a lack of knowledge on how best to use these public-private collaborative arrangements to foster inclusive development in different policy domains. The research question could focus on how concretely these **alliances across the 'public-private divide'** are established and under what conditions they are effective instruments for change?<sup>55</sup>.

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<sup>51</sup> This was the theme of the recent 'Africités' or the panafrikan gathering of local and regional governments under the coordination of the UCLGA (Dakar 2012). The Conference also centered on the (often elusive) link between local governance, territorial development and spatial equity (i.e. key dimensions of inclusive development). It also links to existing research streams on "urban governance and resilient development" undertaken by the 'Governance and Inclusive Development' (GID) programme, conducted by Prof. Isa Baud, University of Amsterdam.

<sup>52</sup> A growing number of African civil society organisations are embracing rights-based approaches as a means to trigger social change. Yet this is fairly new set of approaches and tools and there is still a relatively limited empirical knowledge base on "what works and what does not work".

<sup>53</sup> The boom and related 'scramble' for natural resources in many parts of Africa raises many key challenges from the perspective of inclusive development and the rule of law. The issue is also leading to new generation of African citizen initiatives as well new opportunities for collective action. This, however, is also a quite recent phenomenon, generating pressing demands for knowledge (including on suitable engagement strategies, collaborative arrangements between think tanks and activists, relevant donor support, etc.).

<sup>54</sup> Civil society organizations are increasingly 'attacked' from the side of governments or questioned by donors on their own governance and representativity. This has brought the issue of 'legitimacy' to the forefront of the agenda. Yet what does this notion entail, how does it emerge, how is it consolidated and how important is it for citizen action and effective engagement with the state?

<sup>55</sup> This question looks at a central element of collective action, i.e.. the capacity to forge partnerships and alliances between (antagonistic actors). It is a challenge in all areas pertaining to inclusive development.

- *Case 6: The role of the 'progressive private sector' in promoting inclusive economic and social development.* From our literature review it would appear that this a relatively 'grey zone' in terms of research, both in relation to the question of **'who is who'** in the increasingly diversified world of private actors and in relation to the broader issue of **'how'** some of these actors seek to be change agents for more inclusive development approaches<sup>56</sup>. The research question here could focus on the motives and interests of these 'progressive' actors within the private sector and on the engagement strategies and tactics used to push for greater social and economic inclusiveness (often against entrenched private sector and other interests opposing such a move).

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<sup>56</sup> Existing political economy analyses (e.g. a recent PEA conducted on behalf of the EU in Senegal) suggest that there are such progressive dynamics within the private sector in several African countries. Yet the voice and capacity of these progressive forces is still weak and there is a lack of knowledge on workable and effective engagement strategies.