



# Development as a collective action problem

Addressing the real challenges of African governance

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# Acronyms

ADR	Alternative Dispute Resolution
AGF	Africa Governance Forum
APPP	Africa Power and Politics Programme
CDD	Center for Democratic Development (Ghana)
CHRAJ	Commission on Human Rights and Administrative Justice (Ghana)
CNRS	Centre National de Recherche Scientifique (France)
DFID	Department for International Development (UK)
DPP	Democratic Progressive Party (Malawi)
DRC	Democratic Republic of the Congo
DRC	Development Research Centre (UK)
DRT	Development Research and Training (Uganda)
HIPC	Highly Indebted Poor Countries (debt-relief initiative)
IDS	Institute of Development Studies (University of Sussex)
LASDEL	Laboratoire d'Études et Recherches sur les Dynamiques Sociales et le Développement Local (Niger and Benin)
LC5	Local Council level 5 (Uganda)
NGO	Non-governmental organisation
ODI	Overseas Development Institute (UK)
RPF	Rwandan Patriotic Front
TPP	The Policy Practice (UK)
UDF	United Democratic Front (Malawi)
WDR	World Development Report
WIDER	World Institute of Development Economics

# Glossary of terms

## **Isomorphic mimicry**

This expression, based on a biological analogy, refers to the ability of organisations to sustain legitimacy through the imitation of the forms of modern institutions without necessarily achieving real functionality. Inadvertently, agents of development may promote isomorphic mimicry by rewarding organisations that adopt modern or best practice forms, even when these are inconsistent with organisation's actual capability for policy implementation (see Pritchett et al., 2010).

## **Merit good**

Merit goods are those, such as schooling, that can be privately provided, but will tend to be underprovided because the incentives of private providers do not take account of the benefits to society, for example, the benefits of having an educated population (see also Box 3).

## **Neopatrimonialism**

Patrimonialism – a concept associated with the writings on Asia and Europe of the sociologist Max Weber (1864-1920) – refers to the blurring or absence of a distinction between public (state) wealth and the private wealth of the ruler. The prefix neo indicates a system that combines patrimonial and legal-rational or modern bureaucratic features (see van de Walle, 2001).

## **Public choice**

This refers to a tradition of analysis, usually traced to Buchanan and Tullock (1962), which studies voters, politicians and government officials as self-interested agents, showing how their individual decisions can and often do result in policy that conflicts with the overall desires of the general public. As part of the broader field of 'rational choice' approaches, it has affinities with the collective action analysis of Olson and Ostrom (see Chapter 1), whose conclusions are somewhat less pessimistic.

## **Public good**

Public goods (including services) are those that are consumed jointly by members of a community, where one person's consumption does not subtract from the availability of the good to others. More specifically, they refer to benefits from whose enjoyment it is impossible or difficult to exclude community members who have not contributed to their production, and which tend to be underprovided by the market as a result. The classic instances extend from street lighting and unpolluted air to peace and security (see also Box 3).

## **Rent**

An economic rent is usually defined as an income to any factor of production (land, labour or capital) in excess of the amount required to draw it into its current use (that is, its opportunity cost). Rents are associated with natural resources and also with innovation and monopoly powers created by policy. 'Rent-seeking' refers to the generation of rents to serve particular economic and political interests, as opposed to the various forms of rent creation and use that are inherent in development processes (see Zenawi, 2012).



# Executive summary

Africa is far closer than it was 20 years ago to realising its considerable potential for economic development and social progress. But, as of today, few countries enjoy the quality of governance required to maximise that potential, and the guidance that the international community is able to offer on the subject needs renewal. Experts now agree that **the concept of good governance that was formulated at the end of the Cold War is insufficient and questionable**. For some years, there have been calls for governance reforms to be based not on Northern 'best practices' but on case-by-case diagnostics, so that the priorities and modalities attain a 'good fit' with the particular needs and possibilities of specific countries.

*... governance challenges in Africa are not fundamentally about one set of people getting another set of people to behave better. They are fundamentally about both sets of people finding ways to act collectively in their own best interests.*

Yet at the moment – this report argues – this alternative agenda remains dangerously content-free. There is an urgent need to go beyond the mantra that the institutional challenges of development are complex and that every country is special. In particular, **there is a need to spell out what country reformers, and the development agencies that support them, should be doing differently.**

The findings of the five-year Africa Power and Politics Programme (APPP) – synthesised here for the first time – begin to fill this gap. APPP, a consortium research programme led by the Overseas Development Institute (ODI), has had organisational partners in France, Ghana, Niger, Uganda, USA and the UK. It was funded from 2007 to 2012 by the UK Department for International Development (DFID) and Irish Aid. Its research ranged widely across countries and issues, but focused on one overarching question: which institutional patterns and governance arrangements seem to work relatively well and which work relatively badly in providing public goods, merit goods and other intermediate conditions for successful development?

Research was organised in seven streams:

- Business and Politics
- Cotton Sector Reforms
- Local Governance
- Local Justice
- Parental Preferences and Religious Education
- Parliamentarians
- State Bureaucracies.

This research aimed to contribute findings in three broad areas:

- the governance conditions that favour investment, market coordination and economic transformation (research streams on Business and Politics, Cotton Sector Reforms and Parliamentarians)
- institutional variables in the provision of public and merit goods in the fields of maternal health, water and sanitation, environmental protection, security and markets (streams on Local Governance and State Bureaucracies)
- the design of public education and local justice programmes (streams on Parental Preferences and Religious Education, and Local Justice).

The research took advantage of the diversity of Africa's experience with different forms and varieties of governance across countries, sectors and time periods, questioning the blanket use of terms like 'rent-seeking' and 'neopatrimonialism'. Using a comparative approach, it sought to investigate the possible meaning and feasibility of 'working with the grain' of African societies.

In this report, the results of these enquiries are brought together with an overarching argument about what these and other research findings mean for current thinking and practice on the improvement of governance in Africa. Based on research by APPP and others, we argue that not all of the reforms customarily offered as examples of 'good fit' make a clean break with conventional thinking on good governance. In fact, we suggest, most current understandings of this agenda have not gone far enough. They have, as it were, paused *en route* at a dilapidated half-way house, from which they need to be evicted before they settle in for good. This half-way house has a technical name; it is called the principal-agent approach to public management reform. The road ahead, on the other hand, involves the identification and solution of collective action problems.

Switching metaphors, our central proposition is that if the promise of 'good fit' is to be realised, African reformers and their international supporters need to abandon the straitjacket of principal-agent thinking. In that thinking, programmes divide between those that address the so-called 'supply side' of improving governance and those that emphasise the 'demand side'. In the first case, the assumption – usually unstated but logically necessary – is that governments want and need help to deliver development honestly and effectively. In the second case, an alternative assumption is made: that, whilst the commitments of governments are open to question, their citizens have a definite and uncomplicated interest in holding them to account for their performance as agents of development. Reforms should be about stimulating this 'demand'.

This report disagrees with this framing of the choices facing governance reformers. It argues that governance challenges in Africa are not fundamentally about one set of people getting another set of people to behave better. They are fundamentally about both sets of people finding ways to act collectively in their own best interests.

The report appeals for more recognition of the coordination challenges and collective action problems that prevent both governments *and* groups of citizens from acting consistently as 'principals' in dynamic development processes. Domestic

## *APPP comparative studies of business/politics relations and cotton-sector reforms have revealed an unexpected diversity of experience.*

reformers and external actors alike have something useful to contribute to improving governance in Africa, but only if they appreciate better the nature of the challenge.

The main elements of this argument are strongly supported by a significant body of existing research evidence and practical learning, including the experience of many practitioners who consciously or otherwise remain within the principal-agent straitjacket. The APPP research assembled here organises, complements and elaborates this evidence. The argument is developed over seven chapters that show its relevance to each of the particular topics in the bullet list above.

Chapter 2, on *Political regimes and economic transformation*, begins by recognising that Africa today requires not just sustained growth but economic transformation. Since 'market failures' are widespread, the situation calls for sound 'second-best' policy measures implemented by an economically active state. The dominant view for the last quarter of a century has been that African governments cannot be trusted with interventionist policies, and there continue to be good grounds for this position. However, it is too generic and suffers from one of the central features of the principal-agent perspective: an unwillingness to open up the 'black box' of elite decision-making and examine what is inside.

Opening up this black box, APPP comparative studies of business/politics relations and cotton-sector reforms have revealed an unexpected diversity of experience. As in Asia, some African regimes have delivered transformational policy packages when, under particular conditions, political elites have been able to overcome the collective action problems that ordinarily keep them focused on narrow self-interest and the short term. It makes sense, therefore, to distinguish between more developmental and less developmental forms of neopatrimonial regime.

These differences among regimes – conceptualised in terms of the ways political elites use rents – are not just relevant to the performance of national economies. They also influence the extent and persistence of major blockages to public goods provision as experienced locally and within particular sectors. This is discussed in Chapter 3, *Political regimes and public goods*.

The APPP local fieldwork found that three intermediate factors explain much of the poor performance in public provision: policy-driven institutional incoherence; weak top-down performance disciplines; and an inhospitable environment for local problem-solving. The findings suggest that these are variables, not fixed features. Moreover, the main contrasts are between countries with developmental-patrimonial and more competitive types of political regime. Bottom-up performance pressures do not figure as a significant positive factor in the absence of politically-driven policy coherence and provider discipline.

These findings point to the need to address *development as big-picture problem-solving*, the theme of Chapter 4. Transformational policies within broadly

neopatrimonial contexts have been associated historically with post-colonial or post-war circumstances that are unlikely to recur in their original form. For this and other reasons, the most urgent policy questions have to do with options for the modal type of contemporary African regime, where clientelism is competitive and operates under a formally democratic political constitution.

The challenges here include problems of collective action for political elites that lead to the sidelining of the large and risky investments required for economic transformation. They also include urgent issues in the design of democracy in multi-ethnic societies such as Kenya and Nigeria, and the syndrome of 'single-party thinking in a multi-party context' observed particularly in Malawi. These particular variant forms of competitive clientelism threaten current levels of well-being and social peace, not just long-term development prospects.

These challenges cannot be wished away by assuming either that democratic elections naturally give countries development-oriented leaders or that a bit more informed citizen pressure will do the trick. Under typical conditions, citizen pressure will normally lead to more effective clientelism, not better public policies. So the normal form of 'democratic deepening' is not a solution. The alternative of big-picture problem-solving is hard but it is too soon to conclude that it is impossible. A number of options that have been proposed but insufficiently explored in the past would justify further attention, including non-standard variants of power-sharing and the ring-fencing of policy fields accepted as being of special national interest.

Local (sub-national) problem-solving is also an important topic according to the APPP research. Despite important recent improvements in some social indicators, large outstanding challenges affect the quality of public (and merit) goods provision throughout much of sub-Saharan Africa. However, as argued in Chapter 5, *Local problem-solving versus magic bullets*, international thinking on the subject has been dominated by a series of panaceas. Examples include many of the arguments used to promote democratic decentralisation, client power and social accountability. The APPP fieldwork findings join a large volume of previous research in suggesting that the empirical basis of these claims is weak. However, there is also an underlying conceptual problem; these magic bullets are grounded in unrealistic principal-agent thinking.

*... the potential for local problem-solving going beyond the conventional idea of stimulating 'demand for good governance' is generally under-appreciated.*

The flip-side of this is that the potential for local problem-solving going beyond the conventional idea of stimulating 'demand for good governance' is generally under-appreciated. Chapter 6, *The choice: aiding or inhibiting local problem-solving*, asks what needs to change if this neglect is to be reversed, and how this can best be captured in theoretical and policy terms. The first finding, supported by APPP studies and a significant body of other empirical work, is that donor money and

*Ministers, parliaments and voting publics ... need to be convinced that development progress is about overcoming institutional blockages, usually underpinned by collective action problems.*

accountability templates often undermine self-help and inhibit locally-anchored problem-solving. The reasons why this is the case cease to be puzzling once a collective action perspective is adopted.

It is a familiar research finding that solutions to coordination and collective action problems typically mobilise actors from different domains, including the state. For related reasons, the institutions that emerge from effective

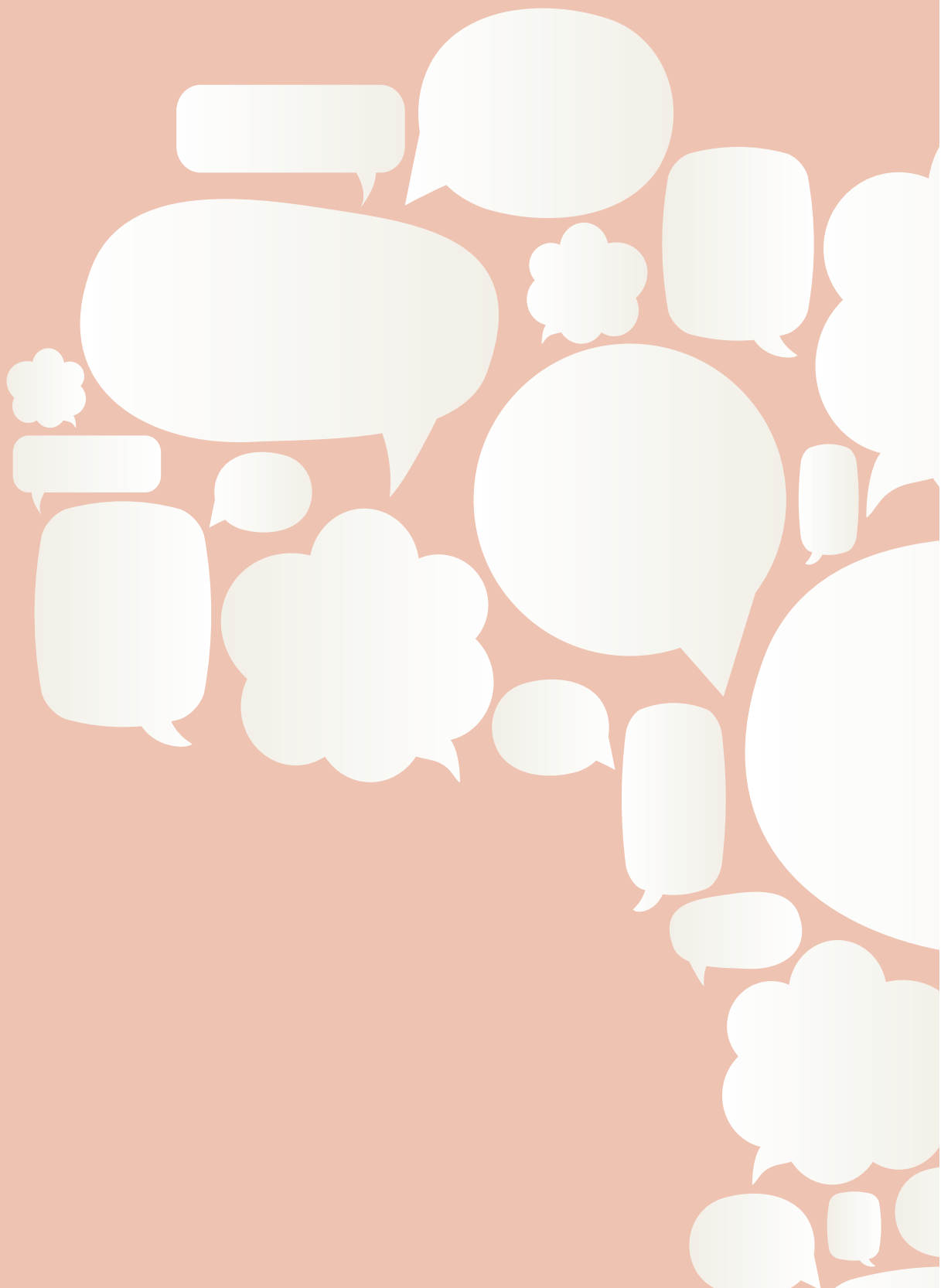
local and sectoral problem-solving are often 'practical hybrids' resulting from conscious efforts by elements of the modern state to adapt to local preferences and accepted ways of doing things. APPP analysis of two sectoral experiences – in local justice provision and public education reform – shows how and why a hybrid approach to institutional design can make sense in the African context.

This analysis demonstrates the important truth conveyed by the idea of 'working with the grain' when the potentially misleading parts of that metaphor are stripped away: it is socially too costly to invent institutions completely from scratch. Strikingly, however, the analysis does not suggest a rejection of the state as a primary actor in development. Popular demand for justice in Ghana and education in the Sahel takes state provision as its point of departure, but asks that it be adjusted to local values. Thus, the 'grain' of popular demand in contemporary Africa is not a desire for 'traditional' institutions, but rather for modern state structures that have been adapted to, or infused with, contemporary local values.

Chapter 7 concludes with *What this means for African reformers and the global agenda*. Simple forms of good governance thinking continue to influence the parameters within which externally funded reform efforts operate in Africa. The now influential idea of 'good fit' governance reform challenges this, but is an insufficient response if it is limited to inverting the terms of a principal-agent perspective. Viewing development as a multi-layered collective action problem offers a clearer way forward. However, it poses further challenges to the way development is usually viewed and the modalities by which development cooperation is delivered.

Ministers, parliaments and voting publics at both ends of the development assistance relationship need to be convinced that development progress is about overcoming institutional blockages, usually underpinned by collective action problems. It is not, for the most part, about resource shortages or funding gaps. Indeed, under certain quite common conditions, direct funding of development initiatives is harmful. On the other hand, institutional blockages can be overcome, and external actors may be able to make a positive contribution. But this is difficult work, especially for staff of official agencies with diplomatic or quasi-diplomatic responsibilities. It requires the intensive use of skilled labour and calls for exceptional local knowledge and learning capabilities. It may well call for greater use of 'arm's length' forms of development cooperation, delivered by organisations that can work in ways that are more embedded and adaptive.





# 1

## Introduction



**D**uring the last quarter century, the view has steadily gained ground that if sub-Saharan Africa is to become less poor, it needs to be better governed. But what does that mean? For many people, African and non-African, the answer is obvious: Africa's leaders must be convinced or compelled to practice good governance, the elements of which are straightforward and exemplified in the institutions and practices of the democratic capitalist West. However, a growing expert consensus challenges that view, arguing that the better government that Africa needs is not so easily identified with the usual concept of 'good governance'.

This report agrees with that critique, but also argues that not enough has been done to spell out its implications. Building on five years of research and reflection within the Africa Power and Politics Programme (APPP), it offers a fresh perspective on the difficult issue of what the alternative agenda of governance reform should contain. It is addressed to governance reformers in Africa as well as to the international development organisations that, in one way or another, support the cause of improving governance for development in the region and, in the process, heavily influence attitudes and modalities on the ground.

## **1.1 About APPP**

The APPP consortium research programme has been supported financially by the Research and Evidence Division of the UK Department for International Development (DFID) and by Irish Aid over the five years 2007-2012. Led by the Overseas Development Institute (ODI) in London, APPP has had partner organisations in six countries:

- France (Centre 'Norbert Elias', Ecole des Hautes Etudes en Sciences Sociales/ CNRS, Marseille)
- Ghana (Center for Democratic Development [CDD], Accra)
- Niger (Laboratoire d'études et recherches sur les dynamiques sociales et le développement local [LASDEL], Niamey)
- Uganda (Development Research and Training [DRT], Kampala)
- UK (Institute of Development Studies at the University of Sussex)
- USA (Center for African Studies, University of Florida, Gainesville).

APPP set out to tackle one of the most important and challenging development questions of the early 21<sup>st</sup> century – what sort of governance does Africa really need and how is it going to get it? It aimed to do so by generating a new body of comparative research findings and empirically-grounded theory geared specifically to this question. The programme's design combined diversity of focus, in terms of themes, countries and methods, with a strong commitment to using empirical materials to address a single set of questions and working hypotheses.

At the end of five years, APPP has generated a large body of research covering seven thematic areas and almost 20 countries. It has reached some firm



*... the search for a better approach to governance in Africa must be based more strictly on careful inference from evidence.*

conclusions, not only about Africa's governance needs, but also about the operational implications for reform practitioners and policy-makers at national and international levels. It has also identified important questions requiring further investigation.

APPP's findings challenge some of the big ideas that currently guide the efforts of African governance reformers and their supporters in the international community. This Introduction, therefore, devotes substantial attention to the overarching conclusion to which we have been led, and to situating it in relation to the assumptions that currently frame policy and practice.

We argue that the search for a better approach to governance in Africa must be based more strictly on careful inference from evidence. The more realistic perspective that is needed starts from the recognition that development actors face collective action problems at many different levels that prevent them acting in the ways conventionally expected. Good development institutions are ones that address problems of collective action in the particular circumstances in which they arise, meaning that generic solutions are unlikely to work and hybrid forms will have a useful role to play.

The implications of these conclusions are far-reaching, so they deserve to be put forward robustly and without undue elaboration before getting into a detailed discussion of evidence. First, however, some explanations are needed on the nature of the research and broadly why and how our findings were generated.

As a research initiative, APPP was inspired initially by dissatisfaction with two standard perspectives on African governance. The first perspective was primarily academic – the concept of *neopatrimonialism* used as a blanket, one-shot diagnosis of the ills of African politics. The other was primarily practical – the array of policies and reform strategies associated since the 1980s, not exclusively but especially in Africa, with the phrase *good governance*.

We were concerned that these formulae underestimated the diversity of African experience in the politics of development while also oversimplifying the lessons of world history for governance reformers and their supporters in Africa. We hypothesised that in Africa, as in other developing regions, successful governance institutions would be ones that worked with the grain of the societies in which they are situated.

It quickly became apparent that the 'grain' metaphor would need to be supported with more refined conceptual frameworks if it were to stand a chance of being validated empirically. Nonetheless, our working hypothesis or initial 'hunch' proved fruitful in suggesting avenues for comparative empirical analysis. Comparative work was undertaken in a total of seven research streams, each investigating patterns of variation in a particular sphere of governance and development.

- Business and Politics
- Cotton Sector Reforms
- Local Governance
- Local Justice
- Parental Preferences and Religious Education
- Parliamentarians
- State Bureaucracies.

The seven streams resolved into three overlapping sets dealing respectively with:

- the governance conditions that favour investment, market coordination and economic transformation (streams on Business and Politics, Cotton Sector Reforms and Parliamentarians)
- institutional variables in the provision of public and merit goods in the fields of maternal health, water and sanitation, environmental protection, security and markets (streams on Local Governance and State Bureaucracies), and
- the design of public education and local justice programmes (streams on Parental Preferences and Religious Education and Local Justice).

The seven research streams shared some common methodological features. They were all designed to allow a relatively open-ended search for patterns of association and causal linkage between institutional features and governance variables on the one hand, and the quantity or quality of provision of critical public goods on the other. The programme aimed to aggregate the findings of the streams analytically, ending with some relatively refined and yet broadly relevant hypotheses about the links between governance arrangements and some of the most important proximate determinants of development results. These hypotheses would include an account of the causal mechanisms involved.

Within this framework, the different streams deployed a variety of primary research techniques alongside analysis of secondary materials. The streams on Local Justice, Cotton Sector Reforms and Parliamentarians made use of purpose-made social surveys. These were complemented with additional work of a more observational type. For example, Local

*... our research problem is currently expressed in the form of a series of relatively loose questions, each using slightly different language ... This looseness is a reflection of the fact that the enterprise we have taken on is not to settle a specific empirical question, but rather to generate some new policy-relevant theory about how power structures and institutions influence the possibility and patterning of development in sub-Saharan Africa.*

(APPP Discussion Paper 3).

*The evaluation of public policies in Africa should not be based only on accountants' reports and official and technical documents, but should start from enquiries about implementation on the ground at the front line of service delivery ... The principal objective should be to identify the bottlenecks and policy inconsistencies as they present themselves on the ground, to identify realistic and credible solutions.*

(APPP Policy Brief 04).

Justice researchers undertook six months of daily observation in courts and dispute-resolution sessions. The work on Cotton Sector Reforms included fieldwork in villages over several months in 2009 and again in 2010, with a combination of on-site and distance supervision of local research teams by senior researchers. The case studies conducted by the streams on Business and Politics and Religious Education were based largely on informal interviewing using snowball procedures and triangulation of sources.

All of the streams, therefore, included an element of observational fieldwork. The production of in-depth descriptions of local situations based on extended fieldwork was the main approach adopted within both the Local Governance and State Bureaucracies streams:

- The Malawi contribution to the Local Governance stream was based on 17 weeks of fieldwork by a mixed team in 2009-10 and nine months by a differently-constructed team in 2010-11. Covering six peri-urban locations in total, it ended by concentrating on Malawi's largest informal settlement, Ndirande in Blantyre, where the fieldworkers took up residence.
- In Rwanda, four researchers lived for a total of 11 months in two contrasting rural districts and spent significant time in 12 villages in five different 'sectors' of those districts.
- The research by LASDEL in Niger took five field researchers to three urban/rural municipalities with different linguistic and economic features in 2009. The towns were already known to the researchers, each of whom also brought sectoral expertise to the work. A total of 414 interviews were undertaken along with direct observation. Follow-up visits to the sites were carried out in 2010.

In all of the countries, the field workers were supervised closely by senior team members.

A final comment is needed on how the APPP research relates to that of other governance research programmes, especially the several initiatives supported by DFID or Irish Aid currently or in the recent past. In general, the research findings on which we place the greatest weight are not solely the result of APPP empirical and analytical work. They are based on a wide-ranging assessment of the state of empirically-grounded knowledge on a given theme and, in most cases, on a strong convergence of evidence collected in different ways by an extended list of individual researchers and consortium programmes.

The results from research programmes often differ in details and inflexions, and they are often 'marketed' in ways that accentuate their differences and, therefore, their claims to originality. However, as a rule, the substantive differences among the research findings are a great deal smaller than the gap between the research evidence as a whole and the assumptions made in the worlds of policy and practice. That is very much the case in this instance.

For this reason, this report does not hesitate to dwell primarily on this larger gap. In the pages that follow, we are not shy about claiming originality where it is due. We would claim both particularly robust fieldwork on certain topics and an innovative conceptualisation of some of the central issues. But we try to ensure that this does not interfere with our primary obligation to convey the messages supported by the research effort of the last decade as a whole. This is the topic to which we now turn.

## 1.2 The big debate: from 'best practice' to 'good fit'

The leading edge of thinking about African governance has evolved considerably since the early 1990s, when the concept of good governance was first articulated. **The idea that today's Northern institutions provide a suitable template for the governance of development in poor countries is, increasingly, being questioned.** According to the view that now predominates, the governance improvements that countries need are specific to time and place – context and time-period are as important here as in other areas of development strategy.

It follows that generic models based on internationally acknowledged 'best practices' (Fukuyama, 2004; Levy, 2004), or on 'institutional monocropping' (Evans, 2004), are likely to prove inappropriate and ineffective. Reformers should recognise that essential institutional *functions* for economic and social development can be fulfilled with quite varied institutional *forms* (Chang, 2007; Rodrik, 2007a). As the discipline of economics has long recognised in relation to production and markets (Lipsey and Lancaster, 1956), what are technically termed 'first-best' solutions are

unlikely to be optimal under real-world conditions. By analogy, **the governance reforms that work may be those that are technically considered 'second-best' options (Rodrik, 2007b; 2008).** Finally, **the international community should stop assessing governance quality and judging the appropriateness of institutions on the basis of indicators that are backed by weak or non-existent theory about the causal linkages between political institutions and development outcomes (Andrews, 2008; Khan, 2007).**

*As a rule, differences among research findings are smaller than the gap between the research evidence as a whole and the assumptions made in the worlds of policy and practice.*

*The idea of basing governance reforms on country realities must be interpreted in a more radical way if it is to remain true to the spirit of the approach.*

Practitioners are beginning to take this seriously. It is becoming accepted that promoters of institutional change should aim to identify reforms that fit the context in which they are expected to work and that address the immediate priority challenges. External assistance to governance improvement needs to turn its thinking 'upside down', starting from the country reality and how to improve it, not from the donor's ideals or preconceptions (Future State, 2010; Unsworth, 2009). Development cooperation agencies should, therefore, train their staff to undertake studies of the political economy of the countries and sectors in which they work (DFID, 2009; Fritz et al., 2009; ODI/TPP, recurrent; Poole, 2011). African advocacy groups, for their part, should focus on changes that meet the specific needs and possibilities of their situation, relying less on grand demands that mimic the institutional patterns attained in some of the most economically advanced countries in their very recent history (Grindle, 2007; Pritchett et al., 2010).

This shift in general ways of thinking is important. On the other hand, it is not clear that actual practice, either on the side of the international agencies or among country reformers, has changed very much as a result of it. Overall, development assistance policies are still more about financial transfers than about institutions. And when it comes to institutions, much of the new context-sensitive governance programming looks a lot like the old kind. This is, at least in part, because even the best donor governance advisers and most reflective country activists have real trouble imagining what to do differently. Programme designs to promote service-consciousness or 'accountability' are reproduced with only minor variations because it is unclear how else aid funding for governance might usefully be deployed.

APPP is very much a product of the trend in thinking described above. Our research has interrogated the experience of sub-Saharan Africa (hereafter, Africa) to try to establish what would count as 'working with the grain' in the range of contexts that present themselves in that region today (Crook and Booth (eds.), 2011). We have also picked up the basic idea of a good fit approach and expressed it as 'building on what works' (Booth, 2011). However, our results have confirmed the impression that a new way of thinking does not guarantee a fresh approach to practice. There are exceptions, of course. But the broad picture is that while proponents of 'good fit' in governance programming have been moving in the right direction, they are not yet addressing the real challenges of African governance.

The idea of basing governance reforms on country realities must be interpreted in a more radical way if it is to remain true to the spirit of the approach. Much of what has been seen as innovative thinking about governance advocacy over the last ten years does not pass that test. Putting it more positively, context-sensitive programming needs to be an evolving agenda. Good fit must not be allowed to become a new conventional wisdom when it has not yet led to a real turnaround

in policy and practice. It must not lose its sharp edge and radical potential. APPP research findings indicate how such an outcome can be avoided.

One aspect of the challenge facing the new specialist consensus on governance has been pointed out by Merilee Grindle (2011). The proponents of 'context matters', she argues, have not yet provided the sort of guidance that practitioners expect and need. That is undoubtedly true. **It is not realistic to expect donor agency advisers and other policy people to conduct a deep contextual analysis of each and every new country context or conjuncture. They need to be able to draw on practical guidelines underpinned by a body of theory that is empirically robust across a range of situations.** Many practitioners in the development business would agree.

APPP research suggests a response to Grindle. However, this involves recognising that the way good fit has most often been operationalised to date continues to ignore some basic facts about African politics and governance.

### **1.3 Principal-agent versus collective action frameworks**

Based on research by APPP and others, we argue that not all of the reforms customarily offered as examples of good fit make a clean break with conventional thinking on good governance. In fact, we would suggest, *most* current understandings of this agenda have not gone far enough. They have, as it were, paused *en route* at a dilapidated half-way house, from which they need to be evicted before they settle in for good. This half-way house has a technical name; it is called the principal-agent approach to public management reform. The road ahead, in contrast, involves the identification and solution of collective action problems.

We shall make clear what we mean by this, but it will help to begin by explaining one of the most prominent manifestations of the central issue. This is the discussion of governance reform options in terms of a contrast between 'supply side' approaches and 'demand side' approaches.

#### **Beyond the metaphor of supply and demand**

For at least the past ten years, policy perspectives on improving governance in low-income countries have centred on a dialogue between so-called 'supply-side' and 'demand-side' approaches to governance reform. APPP research suggests that the demand/supply framework is a conceptual straitjacket. It is a hindrance to clear thinking about how to address the real challenges of African governance.

In the first of the two approaches recognised by the framework, the implicit assumption is that governments are led by people whose central concern is to develop their countries. That is, they are genuinely, and without serious qualification, interested in the effective provision of the public goods upon which development depends. They want governance and the economy to improve. Therefore, attention focuses on how they can be assisted to supply the required changes and overcome the obstacles

they face in meeting their objectives, notably in the area of the functioning of public sector institutions and the performance of public servants. Following the widespread failure of attempts to reform civil and public services directly by means of restructuring and training programmes, the favoured instruments of external support in this perspective are budget support, technical assistance to public financial management and associated policy monitoring and dialogue.

In the second, 'demand-side' approach, the commitment of governments to a development vision and to probity in public policy is acknowledged to be highly problematic in many instances. The supply-side approach to improving governance is criticised as managerialist and insufficiently sensitive to the political dimensions of the problem. It should be recognised, the argument runs, that better governance and the effective provision of public goods are only likely to arise when empowered citizens and mobilised civil societies begin to 'hold governments to account'. At this point, the implicit assumption is made that the citizens of poor countries have an uncomplicated desire and a potential ability to hold their rulers and public servants to account for their performance as providers of public goods. In this perspective, external support is directed towards the strengthening of specific 'vertical' and 'horizontal' accountability institutions and measures to support citizen 'voice' and empowerment, usually involving dissemination of information about rights or entitlements.

The dialogue between these twin perspectives has structured most thinking about both domestic reform options and aid delivery since the mid-2000s. It was around the middle of the last decade that thinkers in and around the World Bank began to argue, in the name of greater political realism, for a relative shift towards programmes that address the demand side of governance.<sup>1</sup> An encompassing shift in the thinking of the development assistance community as a whole, including international and national NGOs, followed in short order.

In terms of volume, the bulk of donor funding for governance reform has continued to flow through channels viewed by their critics as supply-oriented, including, notably, packages of budgetary aid or policy-based lending and public financial management reforms. On the other hand, it is fair to say that the battle for intellectual supremacy was won by advocates of demand-side work, including support to community monitoring of public services, the deepening of democratic systems and a variety of initiatives under the general label of social accountability.

Most international development agencies still do a bit of both. Some are also making more deliberate efforts to link up what they do in the two areas. For example, they are earmarking a proportion of budget-support spending to efforts to enhance domestic accountability, and

#### **Box 1: Principal-agent explained**


A principal-agent problem exists where one party to a relationship (the principal) requires a service of another party (the agent) but the principal lacks the necessary information to monitor the agent's performance in an effective way. It is assumed that the principal wants the service, so that the difficulty to be overcome is distinctly about the agent's compliance and the 'information asymmetry' that affects it.

1. The fulcrum on which the thinking turned was a pair of high-quality publications sponsored by the World Bank: a conference volume on lessons and new approaches to building state capacity in Africa (Levy and Kpundeh, 2004) and the 2004 World Development Report *Making Services Work for Poor People* (World Bank, 2003).

*... the so-called demand-side approach simply turns the supply-side approach on its head.*

encouraging more cross-departmental working between the teams managing budget support operations and those working on empowerment and

accountability. To this extent, there is awareness that the 'either-supply-or-demand' structuring of governance improvement options is unhelpful and needs to be tackled.

 These bridging and rebalancing efforts do have a role to play. The 'silo working' that tends to characterise the departmental structures of development agencies is an obstacle to their effectiveness, and breaking down the silos is a good first step. However, there is a more fundamental problem with the supply-versus-demand structuring of the options for governance improvement.

This problem centres not on striking a better balance or generating more synergies between the components,<sup>2</sup> but on something more basic: the assumptions each approach sees itself obliged to make about the nature of African political reality, which result in analytical and policy weaknesses that mirror each other exactly. This problem is more fundamental in several senses. Since it has to do with the whole way the issue of governance-for-development is posed in Africa and other low-income regions, it is a matter for domestic reformers and campaigners and not just for donors.

### **Throwing off the straitjacket of principal-agent thinking**

The reality is that the so-called demand-side approach simply turns the supply-side approach on its head. The two perspectives share an important feature: an implicit assumption that there are actors who are committed, in an uncomplicated way, to public-good objectives. In both approaches, the challenge of getting better governance is to get the other actors to comply – they just differ about who the 'others' are. Another way to put this is to say that both approaches are, in effect if not in intention, wedded to what is technically termed a 'principal-agent' model.<sup>3</sup>

To avoid possible misunderstanding, the suggestion here is not that practitioners working on 'demand' use principal-agent terminology, or even that they will easily recognise this characterisation of their thinking. The typical watchwords are of course voice, empowerment and accountability. We would also recognise that under these headings, actual practice varies quite a lot, and sometimes involves many of the ingredients we promote in this report. We do not wish to ride rough-shod over this field of practice. On the other hand, what we sketch here and portray more fully in later chapters is very far from being a 'straw man'. Our argument is a friendly invitation to all concerned to re-examine the assumptions that are being made when the accountability discourse is used in the way that it typically has been.

2. As recommended, for example, by the recent WIDER study on foreign aid and democracy (Resnick, 2012).
3. This was more or less explicit in Brian Levy's, at the time highly innovative, contribution to the World Bank volume cited earlier (Levy, 2004). Recent policy reforms had shown that public service capacity could not be strengthened merely with managerial or organisational changes. This was because '[b]ureaucracies are the agents of political principals; political principals set objectives, which bureaucracies are charged with implementing' (25). And, as principals, African politicians are not necessarily on the side of development. Therefore, what is needed is to start to include 'downwardly accountable governance structures through which ... citizens provide feedback to politicians [and] that link citizen users more directly with service providers' (26). In other words, it is enough to shift the focus to another set of principal-agent relationships – now between citizens or public service users (as principals) and governments or public service providers (as their agents).



Approaches that assume that either governments or citizens in low-income countries have an uncomplicated commitment to improving governance and the provision of public goods are mistaken in roughly equal measure and for essentially the same reason. No doubt, there are many individuals who have a genuine interest in the development and transformation of their country. But, in the round, this is less important than the fact that, in the here and now, **most actors face prohibitive problems in acting collectively to take even elementary steps in pursuit of those interests.**

Summarising in everyday terms, then, our position is that **governance challenges in Africa are not fundamentally about one set of people getting another set of people to behave better. They are about both sets of people finding ways of being able to act collectively in their own best interests.** Reformers and development agencies may have something useful to contribute to improving governance in Africa, but only if they appreciate that this is the fundamental nature of the challenge.

Putting the same thing more technically, we are critical of approaches that conceptualise governance failings and remedies in terms that – whether they recognise it or not – adopt a ‘principal-agent’ perspective. We think **it is more realistic to understand governance limitations as the product of multi-faceted collective action problems, and to think about remedies on that basis. Principal-agent analysis may still have some relevance to meeting development challenges, but only if nested within the understanding of collective action challenges, not the other way round.**

In articulating the APPP findings in this way, we have been inspired by the arguments developed with particular reference to the limitations of current anti-corruption programmes by Bo Rothstein and other members of the Quality of Government Institute at the University of Gothenburg (Persson et al., 2010; Rothstein, 2011). This is a key insight with ramifications well beyond the field of anti-corruption.

The findings from the different streams of APPP research agree with a good deal of other research-based evidence and practical experience in suggesting that **both elite incentives and the behaviour of citizens and service users are strongly affected by problems of coordination and collective action. They support the lines of enquiry opened up by the Developmental Leadership Program about the politics of constructing coalitions that address the challenges of building institutions and states that work for development (Leftwich, 2009; Leftwich and Wheeler, 2011). They are also consistent with the conclusions being drawn by the Copenhagen-based Elites, Production and Poverty project, which applies collective action diagnostics to particular productive sectors (Whitfield and Therkildsen, 2011).**

#### **Box 2: Collective action problems explained**

A **collective action problem** exists where a group or category of actors fail to cooperate to achieve an objective they agree on because the first-movers would incur costs or risks and they have no assurance that the other beneficiaries will compensate them, rather than ‘free riding’. The problem is more likely to arise when the group in question is large and the potential benefits are widely shared (‘non-excludable’). Solutions to collective action problems involve enforceable rules (‘institutions’) to restrict free-riding and thereby motivate actors to act in their collective interest.

Some of the challenges in question are merely organisational, for which we reserve the term 'coordination'. The concept of collective action is used in a more technical sense, referring to the theory first elaborated by Olson (1965) and then developed by institutional theorists such as Hardin (1982), Sandler (1992) and particularly Ostrom (1990; 2005). This theory is concerned with the particular conditions that, in a wide diversity of social settings, lead to the under-provision of public or collective goods.

Public goods are defined as goods (including services) that are consumed jointly by members of a community, where one person's consumption does not subtract from the availability of the good to others. More specifically, they refer to benefits from whose enjoyment it is impossible or difficult to exclude community members who have not contributed to their production. The classic instances extend from street lighting and unpolluted air to peace and security. The community in question can be anything from the citizens of a country to the families in a farming village, and from the members of a country's political class to the clients of a particular political baron.

The critical feature of the theory is the element of 'non-excludability', which creates the so-called 'free rider problem' and leads to under-provision of the good. **Common pool resources, such as shared forests and water systems, are distinguished from public goods proper by the fact that one person's use of the resource may well reduce its availability to others. However, the feature of non-excludability does apply. Because people who have contributed to the cost of the good will be bound to share the benefits with a potentially large number of free-riders, their willingness to contribute will be undermined unless there are institutions (including effective forms of leadership) that limit such free-riding. The good will tend to be under-provided and, in the case of a common-pool resource, may get over-used, resulting in a 'tragedy of the commons'.<sup>4</sup>**

As Ostrom and her school have shown, small-scale communities often have institutions that prevent the destruction of common property or open-access resources. They can and do control free-riding. On the other hand, **unresolved but potentially resolvable collective action problems are otherwise widespread and at the heart of the challenge of development (Bano, 2012; Gibson et al., 2005; Mockus, 2005a; Shivakumar, 2005). Those problems are, at least to some extent, subject to ameliorative action, but not so long as they are approached in a 'best practice' mode – where an internationally validated solution is applied without regard to context – or within a principal-agent perspective that assumes away the issues to be diagnosed and addressed.**

## **1.4 APPP's contribution**

The remainder of this report addresses the main ways in which current thinking needs to review its engagement with African governance and development, based on research carried out by APPP over the five years 2007-12. We argue that research can contribute to more realistic strategies and better practices in two vital areas: elite incentives and economic transformation; and the governance

4. Box 3 in Chapter 3 discusses some additional issues in the definition of public and merit goods.

*Good institutions solve problems arising in specific circumstances, meaning that generic remedies will often miss the point and may well do harm.*

of the provision of public goods at sub-national levels and within particular sectors.

From the point of view of addressing the real challenges of African governance, there are two large problems with the way thinking about governance reform has been held within the straitjacket of principal-agent thinking. First, it tends to result in elite incentives getting treated as a 'black box' about which nothing further can be said, whereas there are at least a few important and policy-relevant things that *can* be said on the basis of research. Second, the assumption that ordinary citizens in poor developing countries can slip easily into the roles assigned to them by demand-side accountability initiatives leads to neglect of opportunities to diagnose and act upon collective action blockages.

As we shall show in Chapters 2 to 4, when the black box of elite incentives is opened up it becomes clear that both historically and in the present there are important differences among political regimes in the way governance and development challenges are handled. In particular, the contrasts between the more and less developmental types of neopatrimonial politics are highly significant in shaping variations in outcomes. And these, in turn, are explained by whether or not the elites have been able to overcome the collective action problems they face in the pursuit of public policies that lead to sustained processes of economic transformation.

Other APPP research, outlined in Chapters 5 and 6, is more relevant to the topic of public goods and citizen action at sectoral and local levels. In the context of macro-political systems that are not geared to the provision of public goods and typically produce a high level of policy incoherence, sectoral and sub-national actors face their own collective action problems. The macro constraints are often overwhelming, meaning that it is hard to over-emphasise the importance of getting more developmental national regimes. Occasionally, however, the immediate problems are overcome, within the macro constraints, and these experiences are of special interest in thinking about reform and aid options for the future.

Movements that are successful in improving public services almost always involve actors on both sides of the divide between 'government' and 'citizens'. And the boundaries between social and political mobilisation are often blurred as well. These have been two constant themes of ten years of research at the Institute of Development Studies (Citizenship DRC, 2011; Future State, 2005; 2010). In this sense, the ideas are not new. However, the implications have yet to be fully drawn. Such findings have often been translated into a simple message of the sort criticised above about joining up the demand- and supply-sides of governance reform. We argue for a more sophisticated interpretation that emphasises the overcoming of problems of coordination, credibility and collective action among sets of actors with complex interlocking interests.

This leads us to emphasise arrangements that assist local problem-solving, as distinct from the single-stranded solutions or 'magic bullets' that have undue influence over development practice. Good institutions solve problems arising in specific circumstances, meaning that generic remedies will often miss the point and may well do harm. APPP research also suggests that the institutional arrangements that permit and/or consolidate successful problem-solving will often be hybrid arrangements that blend modern state principles and popular expectations or elements drawn from local cultures in a creative way.

This conclusion validates in a broad way the initial APPP 'hunch' about working with the grain, with the important qualification that this metaphorical expression is inadequate and potentially misleading. Reworking the hypothesis in terms of more literal social science concepts, our research suggests two things.

- Good development institutions permit an adequate provision of public goods by solving locally specific collective action problems.
- Hybrid forms are useful in this context as they reduce the costs of institutional innovation by combining modern professional standards or scientific criteria with local cultural borrowings.

The APPP research has been wide-ranging. This report concentrates on the main message that matters from the point of view of future country thinking and donor programming about governance. That message is about making new efforts to understand and help to resolve the collective action problems that are at the heart of development in the real world.

There should be no doubt that this conclusion involves a radicalisation of the specialist consensus about getting seriously engaged with country realities. The principal-agent perspective in both its supply and demand variants takes programming into safe and relatively generic territory. Collective action problems are more challenging, because they are specific to a given situation. Advocacy or facilitation work of this type requires detailed knowledge not only of the actors and settings involved but also of the extent to which solutions may need to be practical hybrid arrangements: ones that borrow from local cultural repertoires.

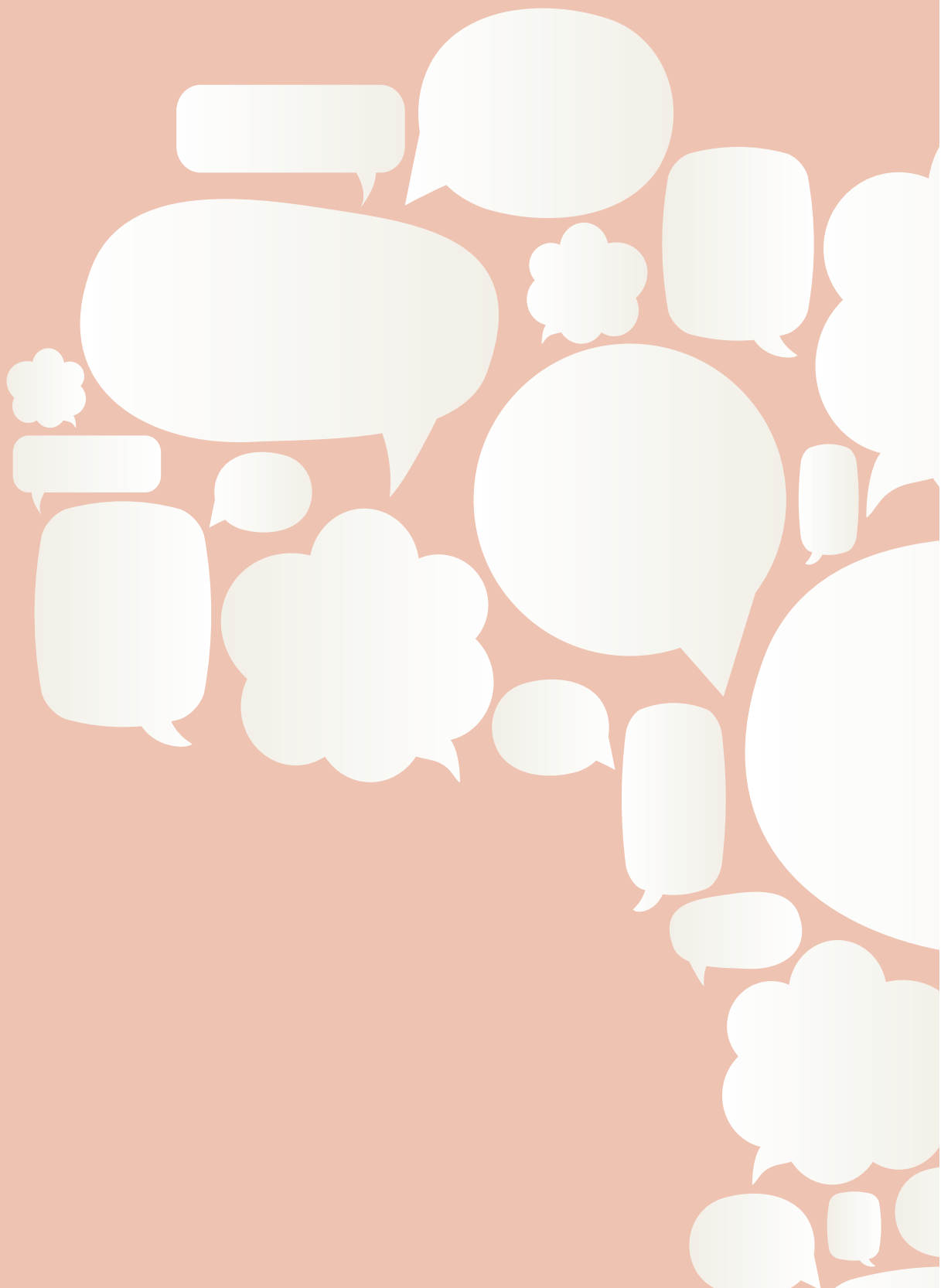
Getting engaged in these kinds of ways may be difficult for actors that are not thoroughly embedded in the relevant national and local situations. Under current arrangements, officials and advisers in development agencies may well not be in a position to play a significant role in such actions. However, the design of development cooperation needs to adapt to reality, not the other way round. The report concludes with some suggestions on the kinds of adaptations that may be both desirable and possible.

## **1.5 Anticipating the ‘so what?’ question**

Researchers seeking to draw out the policy implications of their work often fail to satisfy audiences of development practitioners. Having heard the conclusions of the researchers, the practitioners still commonly confess that they find it hard to relate this to their own professional worlds.

Part of the trouble, much of the time, is that the implications of the research are only relevant to strategic decisions, and the duties of many practitioners are somewhat removed from that level of decision-making. A second source of difficulty is that the recommendations can be quite challenging even for those who do have responsibilities at strategic level, because they call for radical and possibly risky changes in organisational priorities and behaviour. A third potential barrier to uptake, however, is a failure on the part of researchers to pinpoint the particular policies and behaviours that are candidates for reconsideration or rejection in the light of the reported findings. That is, the researchers are not explicit enough about the practical implications of their conclusions.

To avert the last danger, we begin both Chapter 2 and Chapter 5 by anticipating the ‘so what?’ question. That is, we make it completely clear what current practices and rationales are our targets and why, before we embark in the normal fashion on an exposition of key findings, conclusions and implications. Chapters 2 to 4 and Chapter 5 and 6 provide relatively self-contained blocks of discussion that will be of particular interest to different sorts of reader. Chapter 7 draws together the general implications and spells out the alternative way forward they suggest.



# 2

## **Political regimes and economic transformation**



Low-income African countries need forms of politics and governance that permit them to transform their economies and societies rapidly, so that higher standards of well-being and human development can be achieved and sustained. This chapter and Chapter 3 set out APPP research findings on what those forms of governance are and what they are not. Chapter 4 picks up some of the more challenging implications of these findings, particularly on the reform of the systems of competitive political clientelism that predominate in the region. It discusses what African reformers and development agencies would need to do differently to enable a more successful approach to the governance of economic transformation. These chapters concern themselves with what we call ‘big-picture problem solving’, leaving for Chapters 5 and 6 many essential topics that relate to more fine-grained or sub-national aspects of this challenge.

## 2.1 What’s the problem?

The problem with the search for a politics of transformation in Africa today has three aspects.

- First, there are too many voices suggesting that African countries are already doing well enough, and that ‘business as usual’ is an adequate option in both the economic sphere and in politics.
- Second, the advice countries have been getting on governance since the early 1990s includes some bad advice that is based more on ideology than on evidence.
- Third, while better advice has been promised for at least ten years, as governance experts and donors have espoused ideas about ‘good fit’ and ‘good enough governance’, the new thinking has not yet delivered. Unwilling to break out of a principal-agent perspective, it has not dared to open up the black box of political incentives.

### **Africa’s economic challenge: not just growth**

Most African countries are now registering fast and sustained economic growth, and this appears to be more than just an extended natural-resource boom associated with the economic rise of China. This turnaround, dating from the late 1990s, marks an important shift in the region’s fortunes by comparison with the previous 20 years. During 2010, this point was well made in two influential publications, the McKinsey Institute report *Lions on the Move* (2010) and Steven Radelet’s *Emerging Africa* (2010), with Radelet focusing on 17 ‘cheetah’ countries that have performed impressively in both economic growth and democratisation over the period.

It was justifiable that headlines of 2010 should have been about growth. However, now that the myth of Africa as a region of stagnation has been put to rest, it is important to make another point: that improved economic growth rates provide an opportunity to begin a process that would transform the character of African economies and



## *The transformation focus is not a substitute for a focus on poverty reduction.*

societies. This, in fact, was the headline message of several writings about African prospects published in 2011.

Those arguing in 2011 about the need for Africans to begin to tackle the requirements not just of sustaining growth but of economic transformation included the UN Economic Commission for Africa (ECA and AU, 2011), a distinguished former head of the ECA (Amoako, 2011), and present and past Chief Economists of the World Bank (Lin, 2011; 2012; Noman and Stiglitz, 2012).

What distinguishes the transformation perspective is a concern about four things that have been generally absent from recent growth in sub-Saharan Africa:

- changes in the structure of the economy (a diversification of production and exports) resulting from widely spread improvements in productivity
- productivity breakthroughs in smallholder agriculture in particular
- the accelerated formation and expansion of capitalist firms, with the acquisition of new skills and technological capabilities, and
- public and private strategies to anticipate countries' future comparative advantages in international trade.

The transformation focus is not a substitute for a focus on poverty reduction. Quite the contrary, pro-poor growth and the development of human capabilities require a shift from mere growth to transformation. In very poor countries, the central challenge in making growth pro-poor is ensuring that one of the sources of growth is improvement of the productivity of the small-scale agricultural and agriculture-linked activities that provide employment to the majority of the population. The relationship between enhancing the incomes of the rural masses and improving other aspects of their well-being has been close throughout history.

In terms of economic policy, the concern with Africa's transformation represents a belated recognition of a point that has long been established in theory. Since markets in the real world are very far from being 'perfect', even in highly developed economies – and more so in very poor ones – there is no robust general case for a neoliberal stance of minimising the role of the state in the economy. In fact, because of the importance of externalities and learning in economic processes, there are no general principles governing what is likely to be an optimal policy in this respect; issues have to be addressed on a context-sensitive, case by case, basis (Rodrik, 2010; Stiglitz, 2002). A key feature of the transformation agenda is that it calls for a relatively active state. States are likely to be required to be involved proactively in:

- tackling major infrastructure obstacles (transport, power, water)
- addressing the information, trust and coordination problems that hinder the emergence and development of markets
- improving the health, education and skills of the labour force, and
- facilitating and sometimes forcing firms to grow and upgrade.

The immediate difficulty posed is that for the last 30 years at least, the global conventional wisdom about Africa has ruled out successful state interventionism on *political* grounds. As economists put it, state failure has seemed a more significant problem than any of the market failures that need attention. Not without reason, therefore, the general advice from international agencies, and many domestic interest groups as well, has been to first tackle the causes of corruption and bad governance – many of them associated with past forms of state intervention in the economy – and to postpone talk of state-directed development until this has been done.

### **‘First get good governance’**

In different phases and contexts, this general advice to seek good governance has meant giving priority to civil service reform, to improving public financial management or setting up anti-corruption watchdogs and public audit bodies. Or it has focused on making governments more accountable to citizens by means of multi-party elections, democratic decentralisation and other devices of citizen participation. In relation to the economy, it has meant an at least temporary withdrawal of the state from productive sectors, limiting it to policy-making and regulatory functions. The emphasis has been on facilitating private investment by establishing a rule-governed, low-cost, predictable business environment.

The assumption behind this general advice has been that political and administrative corruption and managerial inefficiency are the inevitable counterparts of state interventionism under contemporary African conditions. Firewalls need to be built between politics and the economy, and political leaders need to be constrained to behave in more honest and more developmental ways. Both economics and political science have contributed concepts that have passed into common use and that appear to vindicate this pessimism, including the theory of the ‘rent-seeking economy’ and the concept of ‘neopatrimonialism’.<sup>5</sup>

The evidence in support of these remedies and these concepts is, on the face of it, quite compelling. It is articulated in some cogent analytical theory in the tradition of public choice (e.g., Kimenyi and Mbaku, 1999). However, we will argue that ‘first get good governance’ is bad advice on two counts.

First, there are good reasons for thinking that it is not achievable. The ‘best practice’ institutions that have been arrived at in some advanced capitalist countries are not consistent with the political incentives that prevail in poor African countries. Indeed, they have been difficult to establish in many parts of the global North. Thoughtless emulation of supposedly advanced models, or what Pritchett et al. (2010) call isomorphic mimicry, can lead to ‘capability traps’ in which public organisations take on far more than they can reasonably hope to achieve.

5. Rent-seeking became prominent in the field of development policy analysis thanks to Anne Krueger’s influential (1974) article ‘The Political Economy of the Rent-Seeking Society’. Patrimonialism refers to the blurring or absence of a distinction between public (state) wealth and the private wealth of the ruler, as in Max Weber’s (1978 [1922]) classic analysis of power and authority in early modern states. The prefix neo indicates a system that combines patrimonial and legal-rational or modern bureaucratic features (Bratton and van de Walle, 1997: 61-96).

Second, the notion that it is necessary for developing societies to improve their governance substantially *before* they achieve significant economic and social transformation is not supported by historical experience. On the basis of both Asian and African comparative studies, it is clear that some aspects of governance need to change to enable economic transformation to begin. However, as recent literature (notably, North et al., 2009) makes clear, the full set of institutional improvements associated with the idea of good governance becomes feasible for countries only *after* substantial economic transformation has occurred. To this extent, the argument for not applying economic policy advice 'until the politics has been sorted out' is open to serious question.

*Some aspects of governance need to change to enable economic transformation to begin. However ... the full set of institutional improvements ... becomes feasible for countries only after substantial transformation has occurred.*

### **'Good fit' not good enough**

Much of the above is central to the current expert consensus on the weaknesses of good governance. As acknowledged in Chapter 1, there is now a widespread commitment to the idea of 'good fit' programme design, to turning governance thinking upside down and, as Rodrik (2010) puts it, to putting diagnostics before prescription. However, the existing literature is quite weak on the specifics of what governance conditions are essential for getting very poor countries to the stage of being less poor under contemporary world conditions. Until now, the substantive conclusions generated by the 'good fit' mood have been disappointingly similar to the old advice. That is, rather than opening up the black box of political incentives and building some theory about elite choices and feasible alternative options, the general tendency has been the one, also described in Chapter 1, of inverting the terms of the principal-agent analysis without otherwise altering the approach.

This is not because of any lack of analytical tools to make sense of actors' choices at the national or elite levels. The basic tools of collective action analysis have proven their worth not just in the context of self-help by local communities and other concrete collectivities, but also for understanding decision-making by members of political elites.

Collective action analysis has been used, for example, to illuminate the choices of Latin American presidents on public service reform. Typically, presidents in office have backed off from weakening the system of patronage-based appointments for fear of shouldering all the risks and costs while sharing any benefits with their political adversaries (Geddes, 1994).

*Until now, the substantive conclusions generated by the 'good fit' mood have been disappointingly similar to the old advice.*

It has been used to explain long-term differences in behaviour between Nigerian and Indonesian political elites, with the former failing but the latter succeeding in overcoming the consequences of regional and social fragmentation in the course of the 1960s and 1970s (Lewis, 2007). Collective action problems in the context of particularly severe levels of social fragmentation have been identified as root causes of apparently perverse behaviour on the part of both leaders and small-scale actors in the Democratic Republic of the Congo (DRC) (Keefer and Wolters, 2011).<sup>6</sup>

The rest of this chapter fleshes out the claim that ‘first get good governance’ is bad advice, drawing on APPP and other recent research. It starts to fill the knowledge gap on alternative approaches to governance for economic transformation.

## **2.2 Rent-management and the theory of developmental patrimonialism**

The most telling argument against ‘first get good governance’ is that historical experience does not support the notion that there are strong governance preconditions for successful economic transformation. The historical evidence of most direct relevance is from Asia, and most particularly from Southeast Asia whose countries’ starting conditions in the 1960s were similar in nearly all respects to those of Africa. The general argument is also supported by comparative experiences within Africa, the particular focus of APPP’s primary research.

### **The trouble with ‘good governance’: the evidence of history**

The orthodox view says that Africa needs good governance because rent-seeking and neopatrimonialism are inherently bad for development. While there is an obvious basis for this belief, there is also evidence of neopatrimonial regimes presiding over rapid and poverty-reducing economic growth. Indonesia, Malaysia and South Korea, to name only three, all had strongly neopatrimonial elements in their political systems during their most rapid phases of growth (Henley et al., 2012; Khan and Sundaram, 2000; Kohli, 2004; Wade, 1990). In Southeast Asia, a transformational policy mix that delivered striking results under conditions broadly similar to those in African countries was supplied by very different types of regimes in Indonesia, Malaysia, and Viet Nam. None of these conformed to conventional good governance criteria (Henley and van Donge, 2012; van Donge et al., 2012).

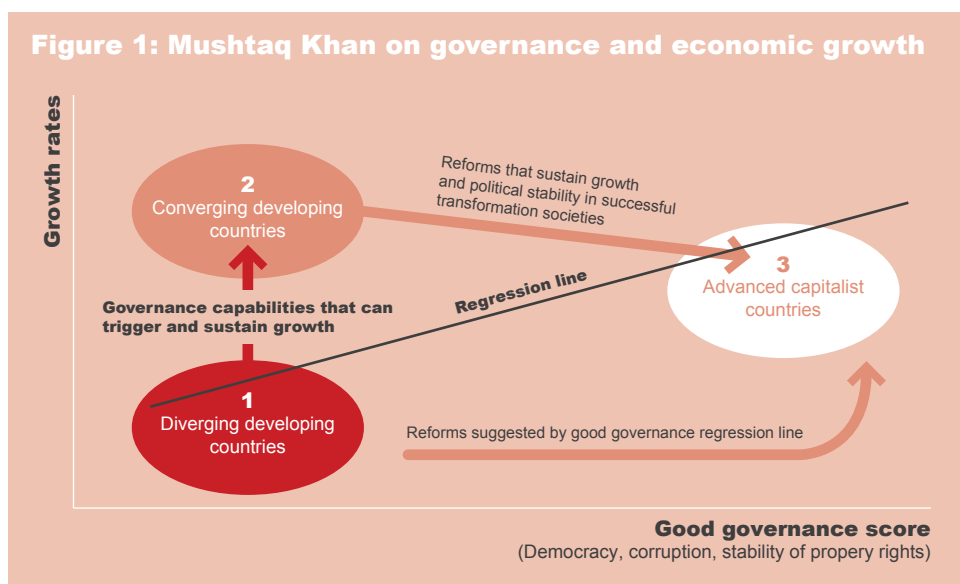
This apparent anomaly is actually quite easy to explain. To begin with, the idea that economic rents are inherently bad for development is simply wrong. As Mushtaq Khan has shown, the generation and allocation of certain kinds of rents is essential to provide adequate incentives for investment in developing countries (2000; 2012b). In addition, North et al. (2009) have shown that the political distribution of economic rents is a crucial condition for solving the problem of violence in all developing countries. Finally, rules-based governance may not be as important to investors as the conventional wisdom supposes. Moore and Schmitz (2008), Abdel-Latif and Schmitz (2010; 2011) and Steer and Sen (2010) among others have

6. The same basic approach helps to make sense of the behaviour of aid agencies and other global actors (Sandler, 1992; 2004).

shown that personal, informal relationships between investors and officials may be more important than rules-based governance in the early stages of development.

In addition, if we examine today's developed countries during their stages of most rapid development, we find that none of them enjoyed the kinds of political democracy, rule of law, or arm's length relationships between business and the state that conventional wisdom currently recommends for Africa. It is a fallacy to think that what is good for developed countries now was good for them a hundred years ago, when their economic structures matched more closely those of today's developing countries. Not only is it false, but it can be harmful, amounting to what Chang (2002) aptly called 'kicking away the ladder', removing the essential tools with which today's successful economies achieved their success.

All of this would be obvious were it not for the fact that the international policy world has been accustomed to treating the evidence of history on governance and development in a cavalier, if not self-servingly ideological, way. As Khan has repeatedly argued, it is spurious to draw conclusions about governance reform in poor and badly-governed countries on the basis of a regression line fitted to cross-national data on economic growth rates and conventional quality-of-governance scores. It is not only that cross-national regression results do a poor job of telling us about the causal relationships among the institutional and economic performance variables. There is general consensus on that. It is that the procedure of fitting a single line to the scatter-gram is misleading. It distracts attention from the most pertinent feature of the distribution of the country data-points, which is that the countries with low measured governance quality include both countries with low growth rates and countries whose rates and quality of growth are making them converge economically with the countries whose governance systems are considered ideal.



Source: Reproduced with author's permission from various sources including Khan (2012a).

Therefore, as Khan's famous diagram illustrates, there are two distinct governance challenges of relevance to developing countries:

- for the countries, generally among the very poorest, that are not converging economically with advanced economies, the challenge of acquiring the governance capabilities that are necessary for triggering and sustaining growth
- for those that are achieving convergence, that of acquiring the more sophisticated social and political institutions that sustain this performance with political stability to achieve transformation over the longer term.

In short, we need to work a lot harder to identify what it is about governance that matters, and what doesn't matter, in getting very poor countries to the next stage in their development process. As Rodrik (2003) also concluded, comparative case studies are likely to contribute more to this endeavour than further work with cross-national statistics using conventional measures. Analysis needs to home in on the differences among countries that, at any given time, have similar measured levels of governance quality, and that may even begin to display similar growth rates (as in Africa recently), but that are on different trajectories in terms of sustained growth and transformation. This is the avenue of empirical research that APPP pursued in its Business and Politics stream.

### **Distinguishing African regime types**

Not only have Asian development successes been built on varied and often neopatrimonial foundations, but Africa's own experience is more varied than commonly supposed. APPP research in this area, undertaken within the Business and Politics research stream, builds on the work of Rodrik and Khan.

In some respects it represents an extension of the work of Levy and Fukuyama (Levy, 2010a; Levy and Fukuyama, 2010) on growth and governance trajectories and Levy's associated thinking about realistic reform options for the World Bank (Levy, 2010b). However, this interesting work does not quite open the black box of political leadership and elite incentives. It limits itself to illustrating different possible sequences between accelerated growth and governance reforms conceived in conventional terms. As a consequence, it generates a relatively short menu of operational options for donors, limited to promoting good governance in a selective way, working around the political obstacles, or backing off until growth

*Not only have Asian development successes been built on varied and often neopatrimonial foundations, but Africa's own experience is more varied than commonly supposed.*

*Neopatrimonial governance has a poor reputation in developmental circles ... And yet there is also evidence, especially from outside Africa, of neopatrimonial regimes presiding over rapid and poverty-reducing economic growth*

(APPP Policy Brief 02).

begins to create the socio-economic conditions for more ambitious governance reforms.<sup>7</sup>

In Africa, we find that the most relevant dimension of variation among regimes is between more and less developmental forms of neopatrimonialism. While most African states are neopatrimonial, meaning they blend modern bureaucratic and more personal forms of authority, there are important differences among them. APPP research has identified a sub-type of neopatrimonial regime in which there is centralised management of the main economic 'rents' in support of a long-term vision. We have called this 'developmental patrimonialism' (Kelsall, 2011; Kelsall et al., 2010).

Under such regimes, the ruling elite has the disposition and capacity to use rents productively to enlarge the national economic pie, rather than obtaining the largest slices from it in the short term. Where this happens, key elements of the state technocracy are subjected to corporate disciplines. Anti-corruption efforts are able to become more than a charade. And serious efforts can be made to address the difficult collective action and then principal-agent problems that prevent improvements in public sector performance.

APPP researched economic performance from independence to the present day in seven 'middle African' countries (Côte d'Ivoire, Ghana, Kenya, Malawi, Rwanda, Tanzania and Uganda) to re-assess the role of neopatrimonialism in economic development. All the countries were tropical and resource-poor, and with populations in the mid range of the African distribution. They also shared a political culture that validated the rule of the 'big man'. It was found that four countries had enjoyed strong economic performance for more than a decade (Côte d'Ivoire 1960-75, Kenya 1965-75, Malawi 1964-78, and Rwanda 2000 to date). The performance of three others was slightly less strong, in two cases over similar periods of time (Ghana 1981-92, Uganda 1986-2000, Malawi 2004-09).

What all these strongly or quite strongly performing regimes had in common was a system to centralise the management of economic rents and orient rent-generation to the long term. In other words, there was a structure in place that allowed a person or group at the apex of the state to determine the major rents created and to distribute them in a deliberate way. In addition, leaders had a vision that inspired them to create rents and discipline rent-seeking in order to expand income through productive investment over the long term. The mechanisms to centralise rents and gear them to long-term growth differed from country to country, but they always involved some combination of the following:

7. Levy's more recent paper on the conditions for local-level collaborative governance (Levy, 2011) comes several steps closer to the position advocated in this report.

- a strong, visionary leader (often an independence or war-time hero)
- a single or dominant party system
- a competent and confident economic technocracy
- a strategy to include, at least partially, the most important political groups in some of the benefits of growth, and
- a sound policy framework, meaning a broadly pro-capitalist, pro-rural bias.

Rent centralisation permitted the leadership in these countries to put some limits on rent seeking and to play a coordinating role, steering rent creation into areas with high economic potential, or to areas that must be resourced in the interests of political stability. A long-horizon orientation, meanwhile, meant that rent-earning opportunities were steered to activities that involved increases in value-added, or transformations in productive capacities over time, instead of the simple quick wins that could be gained from embezzling monies or taxing markets (although an element of this did occur in most places). In turn, this orientation brought noticeable development results. Not only were growth rates above average, but there were signs of relevant economic diversification, with both improvements in rural incomes and expansion of non-agricultural activities for the domestic and export markets.

APPP conducted further studies looking in more detail at the rent-management arrangements in two countries judged to be exemplars falling within a broad spectrum of developmental-patrimonial types, Ethiopia and Rwanda (Booth and Golooba-Mutebi, 2012a; 2012b; Vaughan and Gebremichael, 2011). In both of these countries, there was clear evidence that the central leaderships have a strong motivation to pursue a national development vision and have the means to make this prevail over more immediate political imperatives. Rents are directed centrally in a long-term perspective, in part by using economic enterprises that are owned directly by the ruling parties. In the Rwanda case, at least, this involves using the rents available to party-owned and army-owned companies to cover the learning costs involved in reviving and upgrading the private sector of the economy. Members of the political class are subject to collective disciplines, which are enforced as a result in part of the ability of the ruling party to finance its political campaigns from company profits.

*In Ethiopia and Rwanda, the situation is – exceptionally – the type of situation assumed in principal-agent analysis.*

In addition, the state bureaucracies in both regimes are protected from clientelistic capture by individual members of the political elite; they are expected to orient themselves to the government and/or ruling party and its formal objectives. In other words, in Ethiopia and Rwanda the situation is – exceptionally – the type of situation assumed in principal-agent analysis.



*'If [donors] see genuine signs of developmental patrimonialism at work, they should think twice before insisting on best practice solutions like level playing fields, minimal rent-seeking and arm's length government-business relations'*

(APPP Policy Brief 02).

*'[The] second-best theorem of welfare economics ... states that, if a market imperfection or distortion prevents the attainment of the first-best optimum outcome that is in theory possible in a competitive economy, then policy measures designed to provide other conditions for that optimum are in general no longer desirable. Such measures may simply create new distortions elsewhere in the economy'*

(APPP Policy Brief 08).

The devices used by the political leadership to secure the compliance of ministers and national and local civil servants with national goals, such as the arrangements around *imihigo* performance contracts in Rwanda, could well be illuminated by principal-agent analysis.

These findings have been compared with case material from present-day Ghana, Malawi, Tanzania and Zimbabwe (Cammack and Kelsall, 2011; Cooksey and Kelsall, 2011; Dawson and Kelsall, 2012). These experiences differ from each other in respect to the degree of central direction of rent flows, but as a group they contrast sharply with the cases of Ethiopia and Rwanda in that the leadership orientation is to the short term.

There is no equivalent argument for counting the regime leadership as a development 'principal' faced with non-compliant 'agents'. A full overview of these studies is provided in the forthcoming book by Kelsall and associates (Kelsall et al., forthcoming 2013).

## **Two types of challenge to the orthodox consensus**

These APPP findings pose two kinds of challenges to the current orthodoxy about development in Africa. First, there is a challenge about the economics, since we are suggesting, along with Rodrik and Khan,<sup>8</sup> that success in growth and transformation has been associated with heterodox policies centring on the productive use of rents. If our analysis is right, country reformers and international agencies should surely relate to regimes like those of Ethiopia and Rwanda in ways that recognise their distinctive advantages – including, notably, their potential ability to manage rents in developmental ways. Agencies may have ideological preferences for competitive markets and level economic 'playing fields', but they should not press these on governments that have made the judgement that they need, and can handle, an entrepreneurial state or party-enterprise model.

Second, the findings place a question mark over standard assumptions about 'good' governance, including about democratic governance. Although our distinction between more and less developmental forms of neopatrimonialism does *not* correspond to the distinction between dictatorship and democracy, it

8. See also Reinert (2007) and Whitfield (2012).

does challenge some widely held assumptions about the relationship between economic and political progress in poor developing countries. It raises sharp questions about what is to be done in countries like Ghana, Malawi and Tanzania where multi-partyism is well entrenched in the context of a highly competitive clientelism that undermines prospects for economic transformation.

We return to these questions in Chapter 4 after presenting further evidence on political regime types and public goods provision in Chapter 3. We conclude this chapter by extending the argument about orthodox and heterodox economic strategies, drawing on another stream of APPP research.

### **2.3 A 'second-best' approach to economic institutions**

The findings of APPP's cotton-reform research (summarised in Serra, 2012a; 2012b) provide an additional set of reasons to believe that international development agencies should pause before imposing a strong free-market orientation on African governments. The conclusions of this work reinforce the general argument against a 'best practice' approach and in favour of 'good fit', associating these terms with the case for 'second-best' approaches to economic policy reform. The research compared recent cotton sector reform experiences in Benin, Burkina Faso, Cameroon and Mali. It shows, among other things, that the need for a nuanced handling of the issue of economic rents and the virtues of competition does not just apply to governments that are located clearly at the more developmental end of the spectrum of neopatrimonial types. It has broader relevance, as suggested by experience in the major cotton economies of West Africa.

The research stream findings suggest that policies for institutionally complex sectors of African agriculture, such as cotton, should focus less on the single objective of removing market distortions, and adopt a more realistic approach. The country research found that: first, the 'taxation' of cotton farmers in at least three

*It is not just the formal policy content – more or less privatisation, or greater or lesser competition – that determines whether reforms are more or less successful.*

major producing countries (Benin, Burkina Faso and Mali) has declined more than conventionally assumed, and second, the push for orthodox economic reform has been largely fruitless, where not counter-productive. The donors' recommendations on privatising parastatals, liberalising markets and rationalising actors' incentives have taken insufficient account of country realities.

Those realities include widespread market, institutional and policy failures that, in accordance with the

basic theorem of welfare economics, should have suggested that first-best competitive market solutions could not work. The measures recommended by donors to reform the cotton economies of West Africa have often been resisted and are seldom implemented in full. A common interpretation sees this as the result of a lack of government capacity or of perverse incentives generated by current political systems that deter rational policy-makers from following sound advice. The APPP research suggests an additional reason: problems with the policies themselves, in that they are first-best options that are advisable only under ideal conditions that are not met in reality. The economic, social and political conditions in the three countries studied are not those that are required for a first-best approach that would lead to an optimal outcome, even in theory.

*Rather than regarding actual interventions as falling short of a probably unattainable efficiency standard, reformers and donors should ... work within and learn from particular country contexts.*

The neglected country realities also include the features of the institutional fabric of each country system that determine which types of reform are likely to be sustained, with acceptable economic results. The APPP research indicates that these include the form of government, the extent to which cotton is a key element in national (or regional) food security, the gravity of the economic situation and relationships among the influential donors. The historically-shaped concerns and motives of non-state interest groups (cotton elites, rural leaders, and farmers) have a profound influence on what is feasible. Actors that may appear to have similar positions – such as farmer organisations – behave differently according to the particular context. This explains why the research discovered important variations in processes and outcomes among four countries whose cotton sectors appeared, at first sight, quite similar.

The APPP conclusion is that it is not just the formal policy content – more or less privatisation, or greater or lesser competition – that determines whether reforms are more or less successful. It is the substance of the policy process and the underlying social, economic and political relationships. The implications for reformers and donors are clear. They should base any policy advocacy on a thorough, country-by-country, diagnostic effort. Rather than regarding actual interventions as falling short of a probably unattainable efficiency standard, reformers and donors should be prepared to recognise different kinds of success, and work within and learn from particular country contexts.

## **2.4 Summing up**

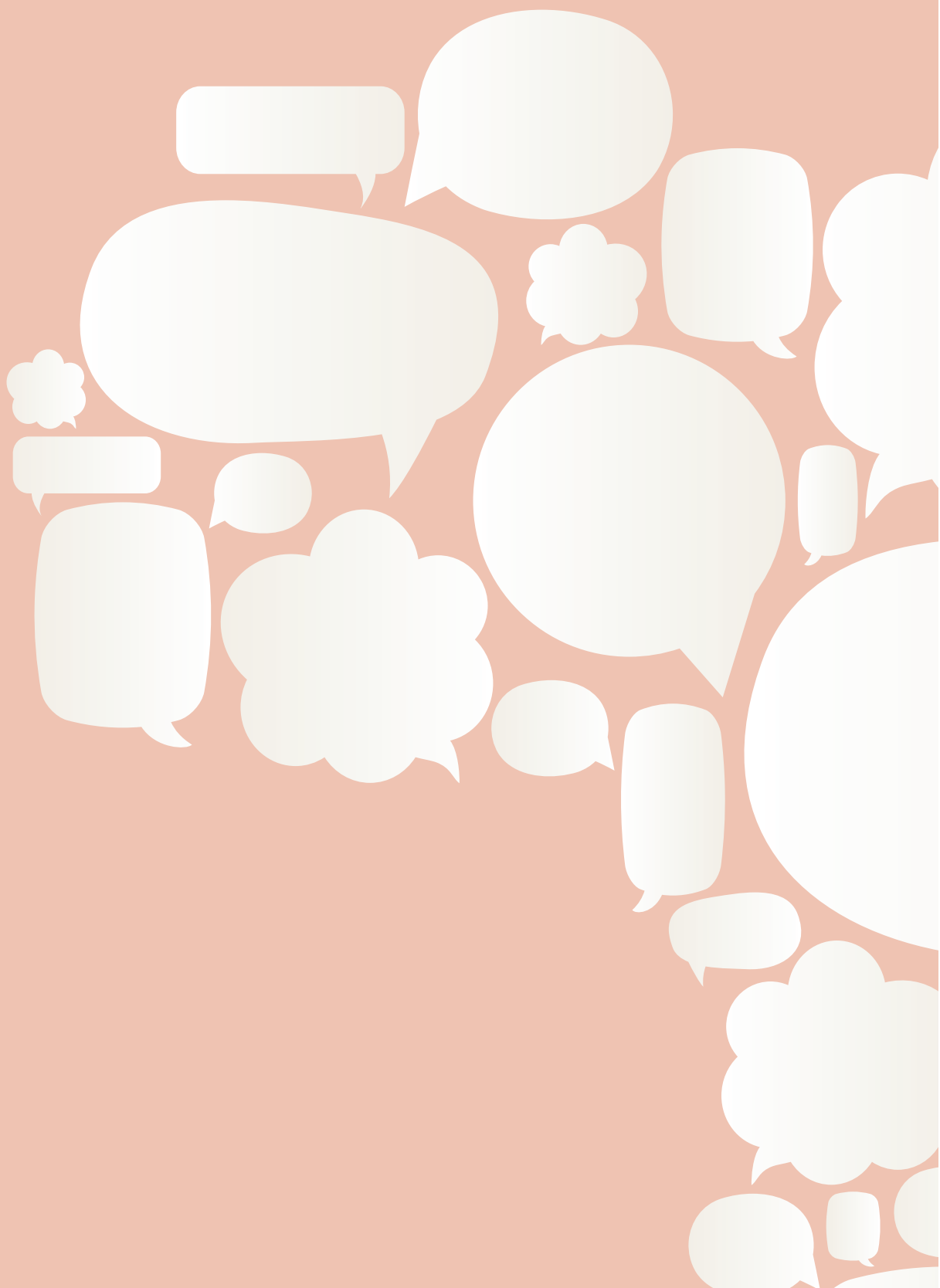
This chapter has argued that Africa needs economic transformation, not just faster growth. History, including the comparative evidence on Africa itself, confirms the importance of governance in getting transformation started. But

the key requirements are not well specified by the good governance agenda or, indeed, by the alternatives proposed so far by those promoting a 'good fit' approach to donor governance programming. Comparative analysis that dares to open up the black box of elite incentives in poor developing countries points to the importance of how rents are managed. The key distinction is between regimes that centralise the management of rents and deploy them in support of a long-term vision and those that do not.

This conclusion challenges the orthodox consensus at two levels. First, it draws on and (especially in relation to West African cotton economies) provides additional support to an increasingly influential view on economic reform and private sector development. This says that policy should be more concerned with promoting and sustaining dynamic processes in which economic, social and political factors become intertwined in mutually supportive ways over periods of time. It should be less geared to realising ideals of market efficiency and competitive 'level playing fields'. These are ideological products of the most recent phase of capitalist development in the West, not inferences from economic theory or research.

Second, it raises for further discussion the issue of the relationship between economic transformation and political development. The proposed distinction between more developmental and less developmental forms of neopatrimonialism does *not* correspond to the distinction between dictatorship and democracy. Nevertheless, it is impossible to overlook the fact that the modal regime type in Africa today is one of non-developmental competitive clientelism whose impact is hardly mitigated by the prevailing multi-party constitutions. The following chapters develop the points raised by this initial consideration of political regimes and economic transformation.





# 3

## **Political regimes and public goods: a local perspective**



The findings of APPP's Local Governance and State Bureaucracies research streams provide additional material for thinking about the role of political regimes in Africa's economic transformation. The aim of this research was to identify what works and what doesn't in overcoming the key bottlenecks to improving the quantity and quality of public provision in selected fields. A particular interest was in the wider enabling or inhibiting conditions of the solutions or shortcomings.

### 3.1 Concepts and scope

The Local Governance studies were concerned with the fields of water and sanitation; safe motherhood; public order and security; and the facilitation of markets and enterprise. The State Bureaucracies stream focused on forest and water services. Local field research was undertaken by supervised teams in selected areas of Malawi, Niger, Rwanda, Senegal and Uganda, with more focused studies (by PhD students) in Ghana, Sierra Leone and Tanzania. The findings were combined with the results of a substantial effort to review and incorporate other relevant empirical material and grounded theorising. Analysis of the fieldwork findings

worked back from evidence on the way key bottlenecks in provision are handled or neglected to draw conclusions about the wider enabling or inhibiting conditions.

To delimit the scope of the research, we used a broadened concept of 'public goods', following the lead of Leonard (2000). That is, the term was taken to embrace not just goods and services characterised by non-excludability and non-rivalry (see Box 3), but also the broader range of goods sometimes called 'merit goods'. These are goods with strong positive social externalities (or whose absence implies strong negative externalities). They share with public goods proper the tendency to be under-provided by private action. They are particularly important in the field of public health, where the effects of disease resulting from insufficient care or effort by individuals or households spill over and harm the wider community.

The adoption of a public goods focus signalled two things. First, we were interested in the performance of regulatory tasks and not just the delivery of services: the enforcement of public health standards, not just curative care, for example. Second, it was not practical to design the fieldwork around variations in the final outcomes that are sought by public policy (reductions in maternal or child mortality, growth in

#### Box 3: Public goods and merit goods explained

Public goods and 'merit goods' together define a large class of goods (including services) that tend to be under-provided by markets. Public goods are those, such as street lighting, which are **non-excludable** (people cannot be excluded from benefits once provided) and **non-rival** (consumption of the good by one does not reduce its availability to others). Unlike public goods proper, **merit goods** such as schools can be privately provided, but they too will tend to be underprovided because the incentives of private providers do not take account of the benefits to society, for example of having an educated population. Correcting the insufficient supply of both types of good is a key development challenge.



rural markets, etc.). In contrast, the presence or absence of actions to address key bottlenecks in service delivery or regulation was relatively easy to assess.

In emphasising public goods provision we were placing ourselves in the mainstream of development policy thinking, in that it is generally accepted that the state has a role in the supply of basic public goods (including merit goods) and that the quantity and quality of this provision is crucial to poverty reduction and other development objectives. This seemed justified even though the conclusions we presented in Chapter 2 agree with those of Khan in suggesting that the orthodox thinking is wrong in *limiting* the role of the state in the early stages of development to the provision of public goods.

The findings from this research strongly reinforce the hypothesis that the most relevant distinction among African regimes is between the developmental-patrimonial types and the others. In particular, the contrasts between local areas of Malawi, Niger and Uganda on the one hand, and Rwanda on the other, seem consistent with Chapter 2's emphasis on variations among regimes concerning the rent-management relationships within the political elite and between the elite and the bureaucracy. In contrast, we do not find support for the conventional assumption that performance varies with the extent of liberal-democratic constitutionality. Nor have we found that pressures exerted from the bottom up by service users play a significant independent role.

As the analysis of the fieldwork findings worked back from bottlenecks in provision to the wider enabling or inhibiting conditions, three strong themes emerged:

- the critical importance of whether the *de facto* policy regime in the sector is internally coherent or incoherent
- the extent to which the national political leadership motivates and disciplines the multiple actors responsible for the quality of provision, and
- the degree to which there is an enabling environment for problem-solving at sub-national levels of the delivery system.

We discuss findings under the first two headings here and consider the third in Chapter 5.

## **3.2 Policy incoherence and its drivers**

Under today's conditions of economic and political liberalisation, almost all public goods' provision in Africa takes the form of *co-production* by several actors, including both formal organisations and informal collaborations between individuals or groups (Joshi and Moore, 2004; Olivier de Sardan, 2009a; Titeca and de Herdt, 2011). Typical delivery configurations cut across the public and private sectors and involve some measure of formal or 'informal' privatisation of what was once public provision (Blundo, 2006; Blundo et al., 2006; Blundo and Le Meur, 2008; Olivier de Sardan, 2008a; Workman, 2011a). As a result, even official state providers are subject to multiple pressures and accountabilities, not just the bureaucratic type emanating from the state (Blundo, 2012).

An important determinant of the quality of the provision is whether the co-production in question is based on a real coordination of efforts among the actors, and on incentives that are consistent. While the possibility of state-society synergies in service provision has been recognised for a long time (Evans, 2009; Evans et al., 1996; Joshi, 2008; Robinson and White, 2001; Tripp, 2003; White and Robinson, 1998), it is not automatic that they are realised. A common pattern is one in which organisational mandates or jurisdictions are so (ill-)defined that they obstruct coordination and weaken the exploitation of complementarities. Staff in organisations face inconsistent incentives and pressures, because of the way these are bound up with institutions (e.g. of chieftaincy or local administration), policies or reform initiatives that have passed in and then out of favour without ever being fully implemented, properly wound up or comprehensively replaced.

In several fields of public goods provision, APPP fieldwork uncovered more or less serious examples of what we will call ‘policy-driven institutional incoherence’ or policy incoherence for short. In most places, efforts to address the key bottlenecks in public goods provision were obstructed not only by historical legacies but also by one or both of two types of policy incoherence: persistently ill-defined mandates or overlapping jurisdictions among some or all of the organisations concerned; and perverse incentives confronting actors within particular organisations as a result of the incomplete implementation of a policy or the simultaneous pursuit of several policies that are, for practical purposes, in conflict.

Summarising the findings of studies of forest services in West Africa, Blundo writes ‘[t]he coherence and the unity of the State is only apparent. State institutions are profoundly fragmented, continuously reconfigured, and often in conflict with each other’ (Blundo, forthcoming: 4). In Malawi, the researchers were struck by the fact that the boundaries of extension planning areas, agricultural development divisions, health departments and educational zones do not coincide.

*An important determinant of the quality of the provision is whether co-production in question is based on a real coordination of efforts among the actors, and on incentive structures that are consistent.*

The jurisdictions and mandates of parastatals, elected politicians, chiefs and city authorities overlap in ways that produce confused responsibilities and contribute to weak coordination. The fragmentation of responsibilities makes collective action in pursuit of a common goal (such as addressing a severe bottleneck in service access or quality) hard to achieve.

These complications are not inevitable. There were fewer during Malawi’s first two or three decades of independent government. At that stage there were fewer layers of complexity and Dr Banda’s regime provided a clearer

*In the large informal settlement of Ndirande [Malawi] ... it is close to impossible to address water and sanitation challenges because of a complex web of coordination and resource problems. In general, town chiefs are capable of providing other public goods in their jurisdictions. But they have only limited impact in the water and sanitation sector, where the agencies with the required resources, skills and authority have conflicting or overlapping mandates.*

(APPP Policy Brief 06).

overall policy vision. Even today there are local exceptions. Where there is a strong centralising authority (such as a Chief Executive Officer in Kasungu town or a strong chieftaincy in Rumphi) coordination and better collaborative problem-solving can happen. But in the absence of idiosyncratic conditions such as these, the effectiveness of public goods provision is severely constrained (Cammack, 2012a: 18-22; Cammack and Kanyongolo, 2010).

To take just one other example: in Niger, during the presidency of Tandja Mamadou (1999-2010), resources under the Highly-indebted Poor Countries (HIPC) initiative were channelled into a Presidential Special Programme, with infrastructure investments that were largely disconnected from other aspects of public provision. For example, the purchase of ambulances – a part of the solution to a key bottleneck in the improvement of maternal health – was not joined up to other parts of the solution: the fuel, maintenance and staffing of emergency evacuation services to move mothers to higher health facilities (Olivier de Sardan, 2012a).

Such issues form part of a wider pattern in which populist measures of infrastructure provision are de-linked from, if not in direct conflict with, the resource planning of line ministries. In Niger, primary health provision, including aspects related to mother and child health, has been undermined by unresolved contradictions between two reforms of health care financing. Paralleling what happened in many other African countries, a policy of offering 'free' primary health care to under-fives was adopted on a populist basis in 2006, without several of the preconditions for its success, including a budget.

*'In every area covered by our research [in Niger], the state lacks credibility with other players because of its inability to undertake effective measures in a sustained way, the sharp contrasts between its intentions and the reality on the ground, and a string of broken promises ... Health policy is a prime example of the incoherence and poor design of public policies'*

(APPP Policy Brief 04).

*'The Rwandan government's commitment to improving maternal health has been reflected in consistent national- and local-level objectives, and mutually reinforcing policy reforms and implementation strategies'*

(APPP Policy Brief 05).

This was superimposed on a functioning cost-recovery (health insurance) system inspired by the Bamako Initiative. The cost-recovery arrangements have continued to operate in principle for the minority of patients who are adults not covered by other exemptions, but they have been seriously undermined. Health units have lost their only reliable source of non-salary funding. The result has been a significant weakening of provider incentives in the public sector, severe shortages of drugs at the primary level and a considerable expansion of *de facto* privatisation (Olivier de Sardan, 2012b; Olivier de Sardan et al., 2010a: 2-3).

Synthesis work based on the APPP field studies identified policy incoherence as a key underlying cause of failure to make headway against major bottlenecks and blockages in the field of maternal health in Uganda as well as in Malawi and Niger. This applies not just to health funding options and provision for emergency transfers, but also to the cluster of issues relating to traditional birth attendants and incentives to give birth in health facilities (Cammack, 2012a: 35-41; Chambers and Booth, 2012; Sabiti and Kawooya Ssebunya, 2012).

Rwanda is the only current example among our research studies where, at least in the health field, the institutional framework has been rendered reasonably coherent. The APPP fieldwork suggests the importance of:

- a recent reform of boundaries and mandates covering the whole country and all line ministries
- a health care reform in which incentives appear consistent (affordable health insurance plus strong pressure to use it), and
- a donor coordination arrangement promoted by central government that seems to be working down to district level (Chambers and Golooba-Mutebi, 2012: 9-19; Golooba-Mutebi et al., 2010).

In summary: 'The regime's single-mindedness in pushing through policy reforms has created a favourable context for action to improve maternal health outcomes' (Chambers, 2012: 2).

Our findings converge with each other and with a much wider literature in singling out the same pair of remarkably persistent wider institutional factors as responsible for the problems itemised above, lying behind the particular details. These two common features, which are documented and discussed in the literature, appear to account for the vast majority of the particular problems encountered:

- the superimposition of successive waves of public sector reform, often under donor influence, without sufficient efforts to resolve the inconsistencies thereby created, and
- populist policy initiatives, especially by presidents before and during election campaigns, without consultation with the affected sector planners (or donors) and without consideration of the resource implications.

The 'piling up' of donor-inspired institutional reforms is a long-established theme for several sub-regions of Africa (Batley and Larbi, 2005; Bierschenk and Olivier de Sardan, 2003; Kayizzi-Mugerwa, 2003; Olivier de Sardan, 2009a: 8; Therkildsen, 2000). The increasing popularity of populist, on-the-campaign-trail, policy-making has also been a strong theme in recent work, although appreciations of it vary (Booth and Golooba-Mutebi, 2009; Cammack et al., 2007; Fjeldstad and Therkildsen, 2008; Hyden and Mmuya, 2008; Lawson and Rakner, 2005; van de Walle, 2007). There are two things that have not, perhaps, had enough attention in these previous discussions. One is the degree to which these two elements are linked and mutually reinforcing. The other is whether they form a pattern that is strictly inevitable, as opposed to a choice that has been made by national leaders and their international partners, and which could be reversed.

This section has described a very widespread and perhaps increasingly institutionalised pattern. However, it is not absolutely universal, even across the relatively small number of countries included in our study. In the context of what we described above as a developmental-patrimonial regime, Rwanda's governing RPF (Rwandan Patriotic Front) party has set its face against populist policy-making during elections, preferring to rely on its general record. It is sometimes reproached by those charged with implementation of promoting 'initiatives' at an excessively hectic pace. Nevertheless, the initiatives in question have been, in most cases, informed by the same basic vision. The Government has been slow to arrive at appropriate policies in some fields, notably agriculture, but it knows how to make corrections, and then re-impose policy coherence (Booth and Golooba-Mutebi, 2012a). Finally, a significant group of donors in Rwanda have been persuaded of the developmental benefits of leaving the Government to implement its vision, even if they harbour serious doubts about some of the policies.

### **3.3 Provider performance disciplines: what makes the difference?**

Difficulties in addressing key bottlenecks in provision in the study countries are almost always linked to general, and often extreme, resource shortages. However, our research uncovered many instances where these problems were compounded by weaknesses in either the allocation or the performance of the available human resources (technical and administrative staff). In many cases, unresolved problems in public provision could be connected directly with an absence of the disciplines expected within any hierarchically-ordered organisation: rules not being clearly laid down or enforced, instructions not being followed, vital jobs not being done, and so on.

It is no surprise, of course, that we have found major problems of this sort. A substantial body of research now documents in precise detail the ways in which behaviour in public sector organisations, including service-delivery organisations, fail to correspond to the officially expected pattern (Blundo et al., 2006; Blundo and Olivier de Sardan, 2007). For some countries, this includes a convincing historical narrative of how things came to be that way (Anders, 2001; 2009; Becker, 2009;

Golooba-Mutebi, 2007). These accounts portray a situation that is more complex than implied by the standard account of public sector deterioration underlying the original Washington Consensus (Blundo, 2011b; 2012; Crook, 2010; Olivier de Sardan, 2008a). However, they reinforce the appreciation that outcomes for those at the receiving end of public goods provision are abysmal in most places most of the time, for reasons that have much to do with the breakdown of vertical disciplines.

APPP has sought not just to add to this literature but to explore the previously neglected topic of whether and why there are exceptions and variations within the general picture. Two kinds of departure from the general pattern may be distinguished in principle. The first is what Crook (2010), Leonard (2010), Levy (2011) and Roll (2011) call 'islands' or 'pockets' of effectiveness within states that have weak governance – specific agencies or offices where, because of changes stopping short of outright privatisation, staff disciplines are maintained or enhanced in the face of the prevailing logics of behaviour within the public service at large. The second kind of departure from the general pattern involves variation between periods or across countries.

### **Pockets of effectiveness**

We have found some examples of pockets of effectiveness. However, they involve something close to privatisation: the mandating of private associations of the trade union type to provide public goods alongside a paid private service.

The most interesting examples of pockets of effectiveness emerging from the APPP fieldwork concern the franchising of the management of transport stations, cattle markets and slaughterhouses to corporate bodies of a trade union or business association type. We have examples of this from Niger, Senegal and Sierra Leone (Cissokho, 2012; Gómez-Temesio, 2010; Olivier de Sardan et al., 2010b: 26, 31; Workman, 2011b).

In these cases, the management tasks performed involve the provision of public or collective goods relating to time schedules, security and hygiene.

The arrangements are, in part, the solution to a problem of collective action among the immediate participants, drivers or vehicle owners and meat producers. However, they are also a result of the state's delegation of key public goods functions, including policing and tax collection, to a non-state body. The institutional arrangements remain quite imperfect (still, in important respects, corrupt and faction-ridden) but display a relatively high degree of discipline and, therefore, effectiveness in much of what

*The logics of appointment are varied ... The important or strategic jobs are distributed according to the classic clientele logics (classmates, trustworthy men, ethnicity, political militancy) ... Clientelism is, all the same, not the only criterion that dictates appointments ... The management ... tries to juggle apparently contradictory requirements: satisfy the pressures of clienteles and ensure a proper functioning of the service.*

(Blundo, forthcoming).

they do. In relation to tax collection, the examples are comparable with those provided by studies of 'associational taxation' in Ghana and elsewhere by members of the Centre for the Future State (Joshi and Ayee, 2008).

*... clientelistic undermining of bureaucratic functioning is a variable and not an unavoidable given.*

### **Variation between periods or across countries**

The APPP findings on variation between periods and across countries bring us back to the theme of Chapter 2, the differences among sub-types of neopatrimonial political regime. Across countries and periods, we have a predictably abundant crop of examples of highly clientelistic forms of political rule that, in practice, undermine the ability of the public administration to perform as it is 'supposed' to. On the other hand, from one current case (Rwanda), from relatively recent history (Malawi) and from somewhat more distant history (Côte d'Ivoire, Kenya, Tanzania, Uganda, etc.), we know that clientelistic undermining of bureaucratic functioning is a variable and not an unavoidable given. Furthermore, the secondary literature on Africa and Asia agrees with our own country studies in suggesting that where bureaucracies function relatively well in public goods provision, this is not necessarily because neopatrimonial logics of behaviour are absent from the national political system (Future State, 2010; Henley and van Donge, 2012; Kelsall et al., 2010).

APPP and other research in Niger by LASDEL has generated a particularly rich account of the way clientelistic appointments prevent a rational allocation of human resources in the health sector, and the enforcement of even minimal standards of performance. Throughout the sector, coherent management of staff postings is extremely difficult, with the result that rural health units are often understaffed and urban ones overstaffed. Efforts by managers to correct these anomalies are routinely undermined when midwives and medical personnel 'pull strings' in the capital to get them overturned. In one site, the level of incompetence and indiscipline among staff who play a key role in the treatment of maternity cases is extreme. This is well understood and there are regular complaints about it by more senior staff and users of the facility. In one notorious case, an especially undisciplined and ill-trained senior midwife is one of a

*[In Rwanda, the] upward accountability mechanisms have been accompanied by consistent incentives – moral and material rewards and sanctions – that ensure that actors are motivated and work towards the same goals ... local coordination and citizen participation have been important features of the Rwandan change model. Crucially, however, this has required top-down state policies to motivate and facilitate collective action in particular arenas.*

(APPP Policy Brief 05).

group of 'untouchables' maintained in post by the patronage of the local canton chief with the connivance of the sector hierarchy (Diarra, 2009: 7-15; Olivier de Sardan et al., 2010b: 20, 25).

Because some of its key transitions are relatively recent, Malawi provides a second good source of examples of differences across regimes and time-periods. The two presidential terms of Bakili Muluzi, which coincided with the advent of multi-party politics, provide a stark example of the breakdown of vertical disciplines under the impact of a new form of clientelistic political competition in a winner-takes-all electoral system. The preceding regime of Kamuzu Banda was a contrasting type of neopatrimonial regime, in a single party context. Finally, the recently deceased president, Bingu wa Mutharika assumed a political style in his first term in which vertical disciplines were restored somewhat, in a context that remained politically competitive and clientelistic. In his second term, however, and under a different set of political constraints and opportunities, both political and bureaucratic corruption returned to centre stage, and civil service morale deteriorated once again (Cammack, 2012a: 52; 2012c).

The Malawi example confirms that some kinds of neopatrimonial presidential system utterly undermine the discipline of the public bureaucracy, including the lower tiers of the hierarchy. By contrast, without ceasing to be fundamentally neopatrimonial, some historical regimes, such as Dr Banda's, allocate patronage in ways that do not destroy bureaucratic disciplines. In such instances, it is not necessary for authority to be rule-bound, and the bureaucrats do not need to be highly-trained, appointed purely on merit, well-remunerated or (in the jargon) well 'facilitated'. All that is needed is political drive.

### **Democracy: a help or hindrance?**

The evidence suggesting the possibility of bureaucratic effectiveness under regimes of a neopatrimonial type also raises questions about the possible contributions of 'democracy'. As we make clear later on, to ask this question is not to advance any hypothesis about the *general* superiority of bureaucratic

*In its current form, 'democracy' (national and local) is, at best, a weak source of pressure for performance if top-down disciplines are absent.*

or authoritarian regimes or forms of accountability over the democratic kind. In general, dictatorships have a poor record in public goods delivery. On occasion, such as under the military intervention of 2010 in Niger, appointed administrators have done a good job of dealing with problems that had defeated the former, elected local authorities. However, the reasons are to be found in the particular circumstances, not in any intrinsic advantage (Olivier de Sardan, 2012b: 7-10).



This caveat notwithstanding, the APPP fieldwork has generated several indications that, in its *current* form, 'democracy' (national and local) is, at best, a weak source of pressure for performance if top-down disciplines are absent. At worst, it has helped to excuse or legitimise rule-breaking by officials and/or non-enforcement of rules by officials.

For example, one Uganda field report tells us that 'for many rural dwellers in Uganda, democratic processes seem to mean freedom from civic obligations. This has detrimental effects on collective action efforts and the enforcement of laws to facilitate them' (Kawooya Ssebunya, 2010: 30). The introduction of downward accountabilities in the form of local competitive elections appears to provide only a poor substitute for top-down disciplines. It also weakens the ability of officials to provide the sort of public goods that mitigate the negative externalities associated with uncontrolled behaviour by individuals or households. These include formulating and enforcing rules or conducting public education campaigns to prevent outbreaks of disease or environmental disasters. Unlike appointees, elected officials such as Uganda's Council (LC5) Chairmen and the civil servants who report to the elected officials are, in general, reluctant to enforce by-laws that are unpopular with the population, because they expect this will lose them votes (Kawooya Ssebunya, 2010: 15, 16).

Evidence from case studies in Masaka and Rakai Districts and spot checks in other parts of Uganda indicate high levels of both under-staffing and absenteeism in state health facilities (Golooba-Mutebi, 2012). While staff complain of poor remuneration, comparison with private not-for-profit (e.g., Church-run) facilities suggests a different problem. The latter, which fund themselves partly from fees, find it hard to retain staff because the equivalent government units pay better, have shorter effective working hours and allow staff to have second jobs. Service users, for their part, have an exit option (including services provided privately by the same government staff), which weakens any pressure there might otherwise be from disgruntled service users. The supervision that might be expected to control these abuses is largely absent (ibid; Golooba-Mutebi et al., 2011: 31)

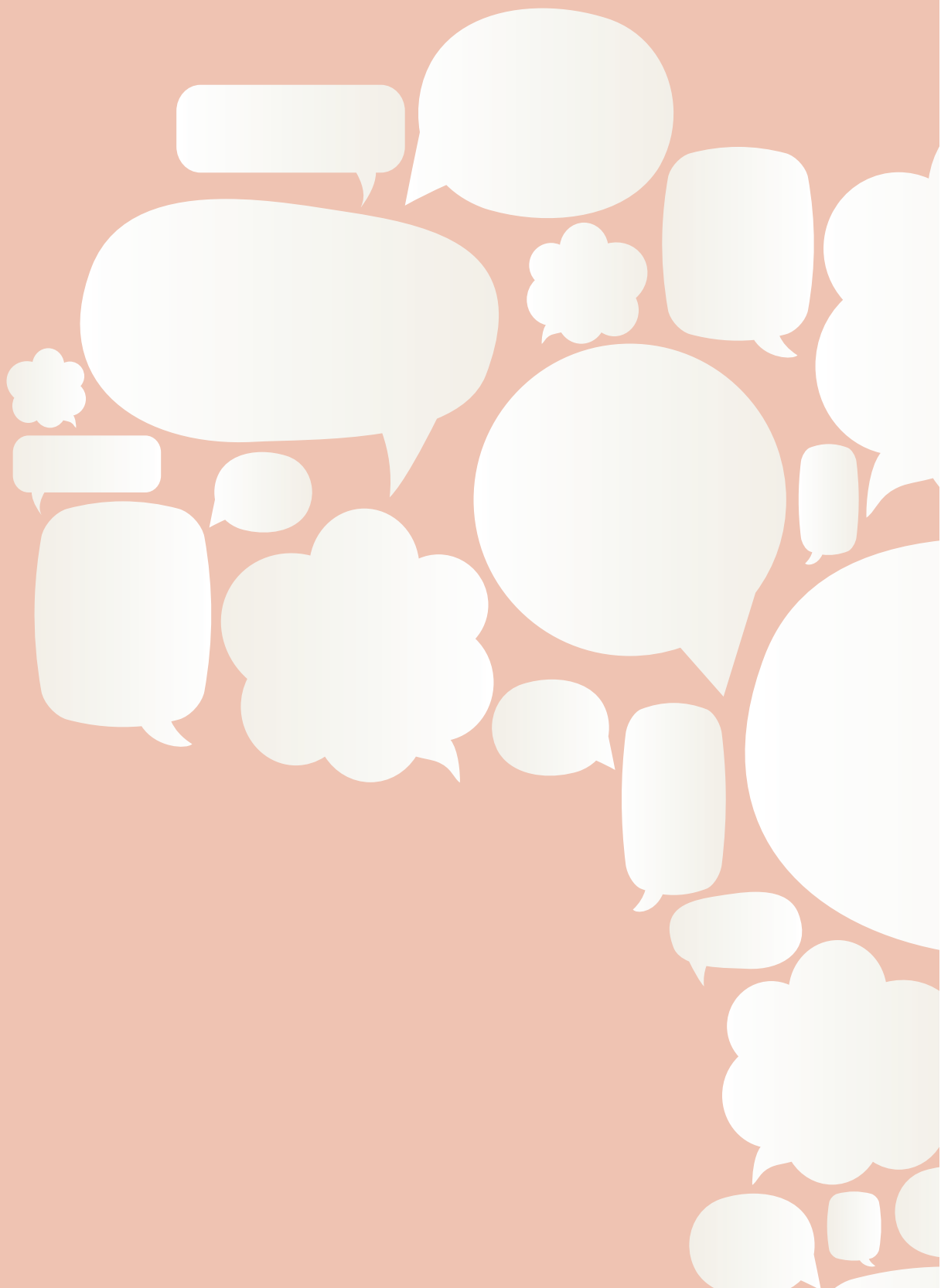
Once again, a contrasting picture emerges from the research by our team in Rwanda. Their findings indicate a situation in several different localities that contrasts sharply not only with Niger, but also with Malawi and Uganda, at least in relation to staff discipline and performance relating to safe motherhood. The official policy in all of our study countries is to get mothers to give birth with the assistance of trained professionals. But it is only in Rwanda that we have found this policy to be rigorously enforced. A combination of fines and active public education ensure that women come to clinics to give birth. Staff disciplines also seem to be effective, because supervision visits take place. Private side-businesses are prohibited. The pattern of abusive treatment in health centres observed nearly everywhere else is less common, so that the home birthing looks less attractive to mothers (Chambers and Golooba-Mutebi, 2012; Golooba-Mutebi et al., 2010).

### **3.4 Summing up**

This chapter has extended the argument of Chapter 2 about political regimes, drawing on fieldwork-based findings about the delivery of public goods (understood here as including the public provision of 'merit' goods). Evidence has been presented on two of the three main themes emerging from this research: policy coherence and incoherence, and the extent to which political leaderships motivate and discipline the multiple actors responsible for the quality of provision. The third theme – local problem-solving – is picked up in Chapter 5, after Chapter 4 assesses the challenges of 'big-picture' problem-solving.

This evidence seems to add strong support to the thesis that the key distinction is between neopatrimonial regimes with a developmental orientation and the rest. Furthermore, at both national and local levels, the current form of multi-party political competition seems, on balance, a negative factor for policy coherence and for the discipline of providers. In turn, these two variables seem to account for a large proportion of the variation in results, as judged by whether key bottlenecks in provision are addressed or not.





# 4

## Development as big-picture problem- solving



As we have seen in Chapters 2 and 3, differences among regimes within the broad panorama of neopatrimonial types have a major bearing on significant differences, not just in broad economic performance, but also in the local provision of public goods that play a critical role in national economic transformation. This raises an obvious question: is 'developmental patrimonialism', therefore, a model that can be applied directly in African countries that have, until now, followed different trajectories?

The answer we give in this chapter is definitely no. Analysis of developmental-patrimonial types sheds useful light on the feasibility of good second-best economic strategies under African political conditions. It helps to open up the black box of political leadership and illuminate elite incentives more broadly. However, there are two reasons why developmental patrimonialism cannot be a model.

- First, it represents a type of response at the elite level to historical circumstances that are unlikely to be repeated and no one would want to see repeated.
- Second, a practical approach to the politics of economic transformation in sub-Saharan Africa cannot avoid confronting what is today the modal, or most frequent, pattern across the region – one in which the generation of use of rents are largely decentralised and clientelistic political competition takes place under a liberal, multi-party, constitution.

## 4.1 The historical singularity of developmental patrimonialism

Research in APPP's Business and Politics stream concluded that in Africa a 'developmental patrimonial' regime has never emerged from an election under conditions of peaceful multi-party competition. It has only arisen under one or a combination of two particular sets of conditions:

- where a wartime or national liberation leader has been enabled by his popularity and personal dominance to impose his vision upon the political and military elite as a whole, and to sustain the associated discipline for an extended period (the cases of Houphouët-Boigny and Kamuzu Banda among others)
- where the elite in power has been galvanised into a degree of self-discipline, regulated by a dominant political party structure or other means, as a result of a major threat to its survival, usually involving large-scale internal violence or warfare (e.g. Rwanda under Paul Kagame and Ethiopia under the late Meles Zenawi).

Elsewhere, the literature on Asia has emphasised the importance of both types of factors in the advent of developmental regimes (Doner et al., 2005; Weiss and Hobson, 1995). In most of the Asian cases, it took both a major national shock or threat *and* a dominant leadership to overcome the obstacles that elite fragmentation and collective action problems would otherwise have put in the way of rent centralisation and the implementation of a long-term vision.

## *A major shock ... may assist national elites to overcome collective action barriers to developmental leadership.*

In a close comparison of the experiences of Indonesia after the violence of 1965 and Nigeria after the Biafra war, Peter Lewis (2007) has shown how in the first case the shock threw up a military regime committed to a national economic transformation, while in the second a different kind of national catastrophe worked in a different way. Elite fragmentation was overcome in the Indonesian case but remained the determining factor in Nigeria, preventing collective action on key national issues until this day.

In Africa, the Ethiopian and Rwandan cases support the hypothesis that a major shock, involving a particular kind of large-scale violence, may assist national elites to overcome collective action barriers to developmental leadership. However, shocks of the requisite scale and type have been fewer in Africa than in Asia (and we would not wish it otherwise). Civil wars have happened but have not been perceived as threats to national identities, partly because the legitimacy of national states has been weaker in Africa than in much of Asia, for the reasons explored by Pierre Englebert (2000).

The model of the personally-led developmental regime, for its part, also has inherent limitations. None of the cases in the initial APPP survey were able to sustain a developmental form of patrimonialism for as long as two decades. They were undermined by succession crises, exogenous shocks, intense pressures for decentralisation, and sometimes a combination of all three.<sup>9</sup> In any case, leaders of the kind that enjoyed the personal dominance of the 1960s as 'Fathers of the Nation' seem unlikely to emerge in the future.

Last but not least, multi-party systems are now well entrenched across Africa and, if survey evidence is to be believed, people like it that way. In seeking governance for transformation, we have to understand what might be possible under more typical conditions – where clientelism is decentralised and competitive, and now structured under a more or less established multi-party polity. Country reformers and development agencies, therefore, need to recognise the distinctive advantages of developmental patrimonialisms where they arise, as argued in Chapter 2. But they also need to be clear about how to work effectively for economic transformation in countries where some form of multi-partyism is established.

## **4.2 Facing up to the African modal pattern**

The relationship between democratisation and economic development is a notoriously tricky issue. In presenting the findings of APPP research, the principal pitfall to be avoided is a simple for-and-against debate in which empirically-grounded statements about the limitations of existing multi-party political systems are seen as attacks on democracy. The key thing on which all comers ought to be

9. This is one of several issues arising from APPP research that are being further explored within a project on Initiating and Sustaining Developmental Regimes in Africa hosted by ODI and funded by the Dutch Ministry of Foreign Affairs (see <http://www.institutions-africa.org/page/initiating-developmental-regimes>).

able to agree is that the institutions of formal democracy do not work in a vacuum. Their functioning is always shaped by the social and economic context. To resume the argument of Chapter 2, a fundamental contextual variable across African states is the way rents are managed and the shape of political clientelism.

### **Democracy in context**

As expressed in the 'Joint Statement' issued by five research programmes in April 2012,

'Clientelism in Africa is to a greater or lesser extent competitive under both authoritarian and more democratic regimes. Political elites are fragmented along economic, regional, ethnic, religious and other lines. Cooperation for the greater good is extremely difficult, so different members of the elite compete with each other to build and sustain winning coalitions. They do so by allocating private benefits to those groups on whose support they rely and targeting threats at significant opponents. Typically, multi-party elections formalise and sharpen this competition with often mixed results for development' (APPP et al., 2012: 9).

From the point of view of the standard advice on good governance, this last aspect is a paradox. Democracy is supposed to be the solution. It is supposed to be the means by which citizens make governments respond to their will and become accountable. In reality, the relationships observed on the ground correspond only in limited and problematic ways to this ideal.

In political science, studies of the causal relationships between democracy as measured by standard indicators and outcomes, such as economic growth rates or human development indices, have been taken as far as they can go. While the results exclude extreme views such as those that imply an incompatibility between electoral democracy and economic progress in poor countries, they are otherwise inconclusive and raise new issues (Doucouliagos and Ulubasoglu, 2008; Rocha Menocal, 2011). The inference, even from books dedicated to establishing the advantages of democracy (e.g., Halperin et al., 2010: Ch 2), is that there are core issues that cut across the formal characteristics of regimes, and that these are the issues that matter most when it comes to the governance of economic transformation. In other words, the focus now needs to be on particular variable features of broadly democratic systems and how these co-evolve with other variables in particular cases over periods of time (Gerring et al., 2011).

The trouble with democracy, as a substantive reality and not just as a concept, is that its effectiveness depends on social and economic conditions that may not be present and are not yet enjoyed in most developing countries. Competitive elections, checks and balances, and other elements of the typical liberal democratic constitution have undoubted advantages if they can be made to work. However, the evidence is clear that the formal arrangements of liberal democracy have radically different effects in different kinds of social and economic context. History teaches that some sequences are feasible and others not, because the economic, social and political dimensions of human progress are inter-dependent. More specifically, the evidence tends to support Teddy Brett's



*Where power is regularly changing hands through the ballot box, as in contemporary Ghana, there are strong incentives for political leaders to focus on short-term rent-management rather than plan for the long term*

**(APPP Policy Brief 02).**

(2012) thesis that open democratic processes have only ever been established in countries that have strong states, cohesive societies and liberal capitalist economies.

It is vital to be realistic about how to promote and support democracy in at least two ways. First, and most importantly, careless promotion of elections and economic liberalisation – the trappings of democracy and capitalism – in countries where inter-communal relations and political settlements are fragile can be very

costly in violence and human life (Auteserre, 2010; Kaplan, 2008; Lindemann, 2008; Putzel, 2010). Second, even if this danger can be overcome or does not apply, many young democracies are not particularly developmental, and we know from both theory and empirical case-research why this is the case.

Democracy works, when it works, by producing a battle of ideas between contending parties about what to do in the public realm. This is often messy and produces socially useful outcomes only after much trial and error – contrary to notions like ‘democratic ownership’ of development planning (Faust, 2010). In typical settings, clientelism (vote-buying in its various forms) is a much cheaper and more reliable option for power-hungry politicians than promises to improve policies for the delivery of public goods (Collier, 2007: 44-50). What wins elections is not sound development planning but a popular public policy gesture or two accompanied by targeted hand-outs to particular key clients and voters in swing constituencies (Whitfield, 2011a). Under normal conditions, politics typically generates policies that are the opposite of those required for successful economic transformation (Leftwich, 2000).

One reason for the persistence of this pattern is that, until economies and societies have substantial organisational capacity, it is genuinely hard to deliver on promises to improve the provision of public goods. It is not surprising, therefore, that politicians throughout history have shied away from campaigning on such a basis, preferring the clientelistic option (North et al., 2009). The only significant exception is where a policy gesture is judged to be cheap and risk-free – such as abolishing a tax or charge – in the confidence that donors or the

*Clientelism (vote-buying in its various forms) is a much cheaper and more reliable option for power-hungry politicians than promises to improve policies for the delivery of public goods.*

next incumbent will pick up the bill (Kjaer and Therkildsen, 2011; Poulton, 2012). Where more coherent and consequential policy action is concerned, coordination challenges and risks are not the only deterrent. There is also a collective action problem proper, in that any individual politician who considers such action will be put off by the likelihood of free-riding on any benefits by other members of the political class (Geddes, 1994).

Voters, for their part, rarely have any evidence of the actual provision of public goods by politicians, so any such promises are not considered credible. Voters too opt for the targeted benefits they believe 'their' candidate will channel to them (Keefer, 2007; Keefer and Khemani, 2005). That often means opting for the candidate with the right ethnic or regional credentials, even if the voter attaches little importance to ethnicity in other contexts (Posner, 2005).

Social movements that translate into political movements around programmatic issues have occurred on occasion in parts of Latin America and South Asia, as documented in the IDS-led research (Future State, 2005; Gaventa and McGee, 2010). However, in most African countries, including all of those studied by APPP, ordinary citizens face prohibitive collective problems from the outset because of their geographical dispersion and social fragmentation, as pointed out by Bates in relation to agriculture 30 years ago (1981).

It follows from this discussion that politicians who might have a personal inclination to stake their careers and reputations on addressing the big challenges of national development – from an efficient road network to effective support to smallholder farmers – will be triply discouraged from doing so. They will be intimidated first by the sheer difficulty of doing so, given the current capabilities of the state and the national private sector; second by the calculus of political costs and benefits; and third by the expectation that voters are unlikely to believe their promises. This does not mean that a new politics is not possible – the discussion of recent Latin American experience at the end of this chapter provides some reasons for

optimism. It does, however, underline the importance of being realistic about the scale of the challenge.

In summary, it is a mistake to believe that 'democracy', taken as centring on more frequent and cleaner elections, is going to be a reliable way to get better public policies in Africa in the near future. The more efficient electoral processes are, the more effectively they will transmit the negative incentive effects just described. Hedging political leaders around with reinforced institutions of horizontal accountability (parliaments, audit authorities, anti-corruption

*It makes no more sense to treat voters as development 'principals' – capable of 'calling political leaders to account' – than to treat leaders, in competitive clientelistic systems, in that way.*

commissions) is also unlikely to help if the objective is, as it should be, to produce leaders who want to 'get things done' for development (Blair, 2010). So, it makes no more sense to treat voters as development 'principals' – capable of 'calling political leaders to account' – than to treat leaders, in competitive clientelistic systems, in that way.

This applies even, and in some ways most clearly, in the country that is generally considered to have made most headway in consolidating multi-party politics and political liberalism, Ghana (Hyden, 2010; Lindberg, 2009; Whitfield, 2011a; 2011b). It also applies in Tanzania, a country whose dominant political party might seem to have offered a suitable framework for solving elite collective action barriers to the addressing of major national issues, but where elite fragmentation has assumed the form of acute inner-party factionalism (Cooksey and Kelsall, 2011; Therkildsen, 2012; Therkildsen and Bourgoignie, 2012). The situation is similar in Uganda (Kjaer and Katusiimeh, 2012) and several degrees worse, but not different in kind, in Tanzania's large neighbour, the DRC (Keefer and Wolters, 2011).

This is bad news for economic transformation. That in turn is bad news for democracy and political freedom. For without economic and social transformation, a genuine democratic deepening will stay off the agenda of the poorest countries for many years to come. If, as we agree, solutions to the problem of governance for economic transformation have to be relevant to countries that have multi-party systems and consider themselves democracies, then we have to be able to say how the consequences of elite fragmentation for developmentally significant collective action might also be mitigated in the context of multi-party political systems.

This is the fundamental question that needs to be answered if better advice than 'first get good governance' is to be given to African governance reformers and their allies. It is the unavoidable issue for any operationalisation of 'good fit' for contemporary Africa.

The elite-level collective action problems blocking effective support to economic transformation may be insuperable under current conditions in Africa. Alternatively, they may be capable of being overcome only within particularly favoured sectors as suggested by research in the Elites, Production and Poverty programme (Whitfield and Therkildsen, 2011) and the Political Economy of Agricultural Policy in Africa project (Poulton, 2012) as well as by APPP's research on Cotton Sector Reforms. Against that, it must be said that the perspective on political leadership that we adopt is not inherently pessimistic. In principle, problems of collective action and credible commitment are solvable, and history provides examples of progressive political change under conditions not unlike those of contemporary Africa.

*We have to be able to say how the consequences of elite fragmentation for developmentally significant collective action might also be mitigated in the context of multi-party political systems.*

We return to that more upbeat theme further on, but only after emphasising further the perils associated with a naive and formalistic approach to democratisation in Africa. In certain respects and in particular countries, the current form of multi-party electoral competition is not just a barrier to the big challenge of economic transformation. It is also a threat to the maintenance of even current levels of economic well-being and social peace. This concerns the infamous ‘winner-takes-all’ syndrome and the related phenomenon of single-party mentalities in a multi-party setting.

### Winner takes all

While the short-termist clientelism that elections tend to deepen is harmful in several ways, it is most damaging – and threatening to that most basic of public goods, the peace and security of the population – when countries are divided into big ethnic blocs, and the Constitution says ‘winner takes all’. Consider how this issue is posed in two countries whose trajectories influence disproportionately the fates of other countries

in their respective sub-regions: Kenya and Nigeria. In both cases, national politics remains extremely short-termist, almost entirely ideology-free and driven largely by jockeying for power ahead of the next election by the figureheads of ethno-political power blocs.<sup>10</sup>

There is much public debate among Kenyans and Nigerians about constitutions and the quality of electoral processes. There is almost none about the particular problem that we are emphasising. Under current arrangements, all of the contenders and their supporters face a significant risk of being completely excluded from the spoils of office under the next government. As a consequence, none of them can afford to suspend or moderate their pursuit of short-term gains. Those that might wish to mitigate the harm that is done to the public good in this process face a collective action problem that is insuperable under the current rules of the game.

*... countries like Kenya and Nigeria appear locked into a perilously short-termist kind of politics because of the absence of an inclusive elite bargain which would provide the major players with confidence in the long-term future ... If there is a role for external actors in addressing the challenges of developmental leadership and “country ownership”, it surely lies in helping to articulate this type of diagnosis and – directly or by funding programmes of the right type – nudging country actors towards addressing the identified problems’.*

(Booth, 2011a).

10. As vividly described for Kenya by, among others, Branch (2011), Branch and Cheeseman (2009), Khamisi (2011), Mueller (2011), Mutua (2009) and Wrong (2009); and for Nigeria by Lewis (2007) and Smith (2007).
11. It has been argued persuasively that current variants of democratic power-sharing, especially those originating in a flawed election, tend to produce the opposite of the outcomes we are looking for in this discussion (LeVan, 2011; Mehler, 2009). However, other studies where power-sharing is assumed to take the form of proportional representation and reservation of seats for minorities are more encouraging, at least on the effects on further democratisation (Norris, 2009).

Of course, it is not democracy, but winner-takes-all democracy within an ethnoregionally divided polity, that has this particular effect. All the same, the solutions are not obviously to be found in the standard repertoires of democratic constitutionalism. The hopes that are being pinned on improving electoral processes in Nigeria, and on the new constitution in Kenya, are legitimate, but they seem to miss the main point.

There is, of course, a literature that shares the concern of this report with issues of collective choice and that argues that constitutional choices are fundamental, particularly in ethnically fragmented societies (Kimenyi, 1997; Sabetti et al., 2009). However, the meaning this tradition gives to constitution-making seems close to the idea of a fundamental political settlement or elite bargain, and some way away from the rather formalistic way the issues are debated at present (on Kenya, see Nianjom, 2011).

There is, therefore, a continuing tendency in both countries to treat political institutionalisation superficially, as if the formalities of political competition were equivalent to the substance. The question that really needs to be posed is what, if any,<sup>11</sup> variant of power-sharing or compacted democracy, or what guarantees to losing parties, could liberate all contenders from the compulsion to sacrifice long-term national interests to short-term partial interests.

It would need a further step to move from this point to a dynamic developmental leadership based on an elite consensus about fundamental goals and rules – a step that could not be guaranteed. High-quality government as measured by a norm of impartiality (Rothstein, 2011: Ch 1-2) might be some way down the road of political development. But equally, it seems unlikely that the first step will ever be taken if there is no effort to moderate current styles of politicking. This is fundamental. If Kenyans and Nigerians are not capable of tackling this issue, the mood is certainly too complacent about the prospects for social peace and transformative development in these two key countries.

### **Single-party mentalities in a multi-party setting**

Another dysfunctional feature of democracy as it exists in Africa today is notable to a greater or lesser extent across countries: single-party mentalities in a multi-party setting. This is particularly striking in Malawi, a focus country for several APPP studies.

Malawi has experienced two electorally-endorsed changes of president since its multi-party transition in 1994, and to this extent may be said to have a multi-party system. However, not only are parties almost entirely personal vehicles, but incumbents have overwhelming power to build parties around themselves, by buying off the parliamentarians on the losing side and bringing them over to share in the benefits of office. This is good for political stability, but extremely bad for the development of programmatic political competition, not to mention the consolidation of Parliament as either a representative body or as a factor in a division of powers (Rakner and van de Walle, 2009).

The exceptional power of incumbents does not, of course, eliminate the risk of losing the next election, especially if there are presidential term limits. Incumbents,

therefore, do all they can to consolidate their hold on power, including extending the control exercised by their party or clientelist network on the associational life of the country down to the lowest possible level. As a result, in part, of a legacy of practices invented by Dr Banda's single-party regime, the idea that incumbent parties are bound to capture and control grass-roots social and self-help activities remains part of the political culture in Malawi. According to the APPP fieldwork, it represents a significant barrier to genuine collective action for development in several parts of the country (Cammack, 2012a; Cammack and Kanyongolo, 2010).

This is best exemplified by the public water outlets ('kiosks') and the market committees in the Ndirande neighbourhood of Blantyre. The water taps were installed mostly by NGOs, UN agencies or the Malawi Social Action Fund during Muluzi's presidency in the second half of the 1990s and early 2000s. At that time, they were seen as initiatives of Muluzi's United Democratic Front (UDF) party, and the management committees elected to run them and collect payments from the residents were UDF-affiliated. After the change of government and the creation of Mutharika's Democratic Progressive Party (DPP), the UDF committee was replaced by a DPP committee, but the former made off with the accumulated funds, leading the city Water Board to cut off the water supply. The upshot, at the time of the 2009 fieldwork, was that few kiosks were still operational. Many residents had reverted to using unsafe water sources (Cammack and Kanyongolo, 2010: 30-32). New initiatives based on the idea of Water User Associations have since been promoted but they have run into complex local disputes reflecting similar expectations about political control. These were unresolved as of early 2012 (Cammack, 2012a: 11-17).

Meanwhile, in the Ndirande market there was a DPP committee and a UDF committee. As the researchers wrote, 'the market master – a city employee – has a fine line to walk between what the city "assembly" perceives to be the legitimate committee and what the vendors feel is representative of their interests ... because it was elected by them' (Cammack and Kanyongolo, 2010: 34). In 2010, the leaders of the two

committees established a truce, but a new layer of politicisation and complex mis-coordination was introduced when an Independent politician was elected as the local Member of Parliament (Cammack, 2012a: 22-27).

This situation can be written off as a failure, a measure of the distance between Malawian practice and liberal-democratic norms. However, it is more realistic and more practical to regard it as a problem of elite-level collective action in search of a solution. Current political practice is not just a legacy of the past. It reflects, among other things, the fact

*The idea that incumbent parties are bound to capture and control grass-roots social and self-help activities... represents a significant barrier to genuine collective action for development.*

*[In Malawi today] the legacy of pro-ruling party bias ... causes local conflicts, wastes resources, and disempowers a part of the population – undermining capacities for collective action and reducing accountability, with harmful effects on developmental outcomes'*

(Cammack, 2012a).

that elite Malawians have access to few business or professional occupations that are as rewarding materially as politics. Parliamentarians who are not on the government side may be well rewarded by many standards but they profit less than those participating in the spoils of governmental office. Democracy does not work as it does under capitalism because Malawi does not have a capitalist economy. So long as that is the case, arrangements are needed that allow some sharing of political spoils, so the challenge is to do that in a way that allows the quality of policy-making to improve, so that development and transformation can take place.

### **4.3 Visualising some big-picture solutions**

In opening up the black box of political incentives, we have confirmed that the fundamental question is whether elites do or do not manage to resolve the collective action problems that prevent them from managing rents and running countries with a coordinated long-term perspective. This challenge cannot be wished away by assuming either that democratic elections naturally give countries development-oriented leaders or that a bit more informed citizen pressure will do the trick. Under typical conditions, citizen pressure (as distinct from donor pressure mediated by NGOs) will normally lead to more effective clientelism, not better public policies. So the normal form of 'democratic deepening' is not the solution.

Equally, however, the solution needs to be *about* democracy, because the conditions that triggered developmental patrimonialisms are unlikely to occur again, and Africans have come to appreciate the political freedoms that multi-partyism has brought. The issue, then, is how to mitigate the most harmful economic and social impacts that multi-party political competition seems to have under current African conditions. Chapter 5 of the Council on Foreign Relations book cited earlier (Halperin et al., 2010) is titled 'Making Development Safe for Democracy'. Without discounting the important issues discussed under that heading, we propose that it also needs to be turned on its head.

The challenge is most acute in countries like Côte d'Ivoire, DRC, Kenya and Nigeria, because the dysfunctionality of their form of democracy in their ethno-regional context is immediately and massively threatening. Here, we argue for a return to a concern with the design of democracy in societies divided along ethnic lines (Bastian and Luckham, 2003; Kaplan, 2008; Young, 1976), but with the addition of an economic outcomes dimension. Malawi-variant multi-partyism – and the similar variant found in Zambia – is also in urgent need of imaginative attention. But the challenge applies equally to Benin, Ghana, Mali, Niger, Senegal,

Tanzania and Uganda. The solutions that work will be country-specific of course, for obvious reasons and for additional reasons explored in the following chapters. What is generic, however, and what should be fixed in the minds of reformers and donor governance advisers across the continent is that Africa faces a large-scale collective action problem: that of finding and enforcing a way, or some combination of ways, of making democracy safe for development.

There are several possible ingredients of a new fundamental agreement or political settlement. In ethnically-divided societies, some element of power-sharing seems essential to take the heat out of the winner-takes-all and 'our turn to eat' syndromes. This might require the constructive adoption of the de facto Malawi syndrome, where governments co-opt supporters of the losing parties on a significant scale as a matter of course.<sup>12</sup> As footnoted above, however, current models of power-sharing have serious disadvantages. Some of the more robust proposals for forms of ethnic federalism as a basis for public service provision would probably merit further discussion (Kelsall, 2008a; Mbaku et al., 2001).

An alternative or complementary remedy would be a bargain among the main leadership contenders to ring-fence and exclude from current political competition and clientelist interference a small number of topics that are of vital importance for national development.

Such topics might include major infrastructure investments and their regulation, or food security and the challenging institutional arrangements needed to bring about the transformation of smallholder agriculture. Both rich and poor countries apply ring-fencing to monetary policy. Extending the same principle to the top issues in development planning would have compelling advantages. The immediate costs to the current players may be less than imagined, meaning that the collective action problems involved in moving to such a solution would be soluble in practice. At any rate, these are the kinds of issues that are central to the politics of economic transformation in 21<sup>st</sup> century Africa.

One element that is missing from this discussion is an indication from recent history of how such a seemingly daunting shift in the conduct of political leaderships might come about. The best such indications come from Latin America. In particular, they come from the recent experience of one large middle-income country (Brazil,

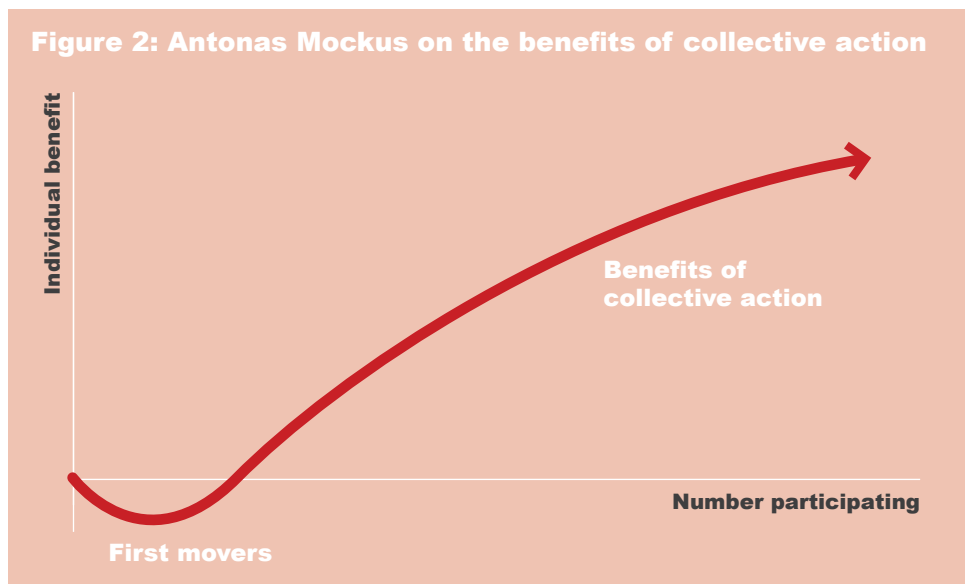
since Cardoso and Lula) and from the municipal politics of a number of Colombian cities whose populations rank with those of small African countries. In both instances, political competition has become markedly more programmatic and public policies have improved dramatically. While recent Latin American experiences are not transferable directly, for all the reasons explored in this chapter, the key preconditions are relevant to constructive thinking about African possibilities.

*Africa faces a large-scale collective action problem: that of finding and enforcing a way, or some combination of ways, of making democracy safe for development.*

12. A similar approach is a formal part of the Rwandan Constitution (Booth and Golooba-Mutebi, 2012a: 3).



First of all, the turnaround in Brazil and the impressive achievements of a number of city mayors in Colombia were the work of leaders who were, in one sense or another, outsiders to the prevailing clientelistic party system. They did not count the political costs of advancing a new concept of the rights and duties of citizens, or did not count them in the traditional way (Mockus, 2005a). They were prepared to take political risks for the sake of changing the agenda. Second, they worked less by changing the formal rules of the political game, and more by bringing informal social norms and moral sentiments into line with the high ideals articulated in national constitutions, making creative use of mass media and the power of example.



Source: Mockus (2005b) and Burleston (2009).

Antonas Mockus, who was Mayor of Bogotá (population 9 million in 2011) in 1995-97 and 2001-03, was responsible for a dramatic reduction in the homicide rate, the institution of a safe and efficient public transport system, increased respect for public spaces and higher municipal tax revenues, among other things. He did this by creating 'bandwagon effects' around a few powerfully symbolic initiatives in citizen self-regulation. There were initial costs, borne by the City Government, but uptake of the new concept of responsible citizenship led in the space of a three-year mayoral term to the growth of new social norms that reinforced the law and discarded the previously predominant culture of careless self-interest. As the bandwagon grew, allowing the authorities to take on new, and less predatory, roles, the net benefits per person exploded as illustrated in a rough and ready fashion by Figure 2.

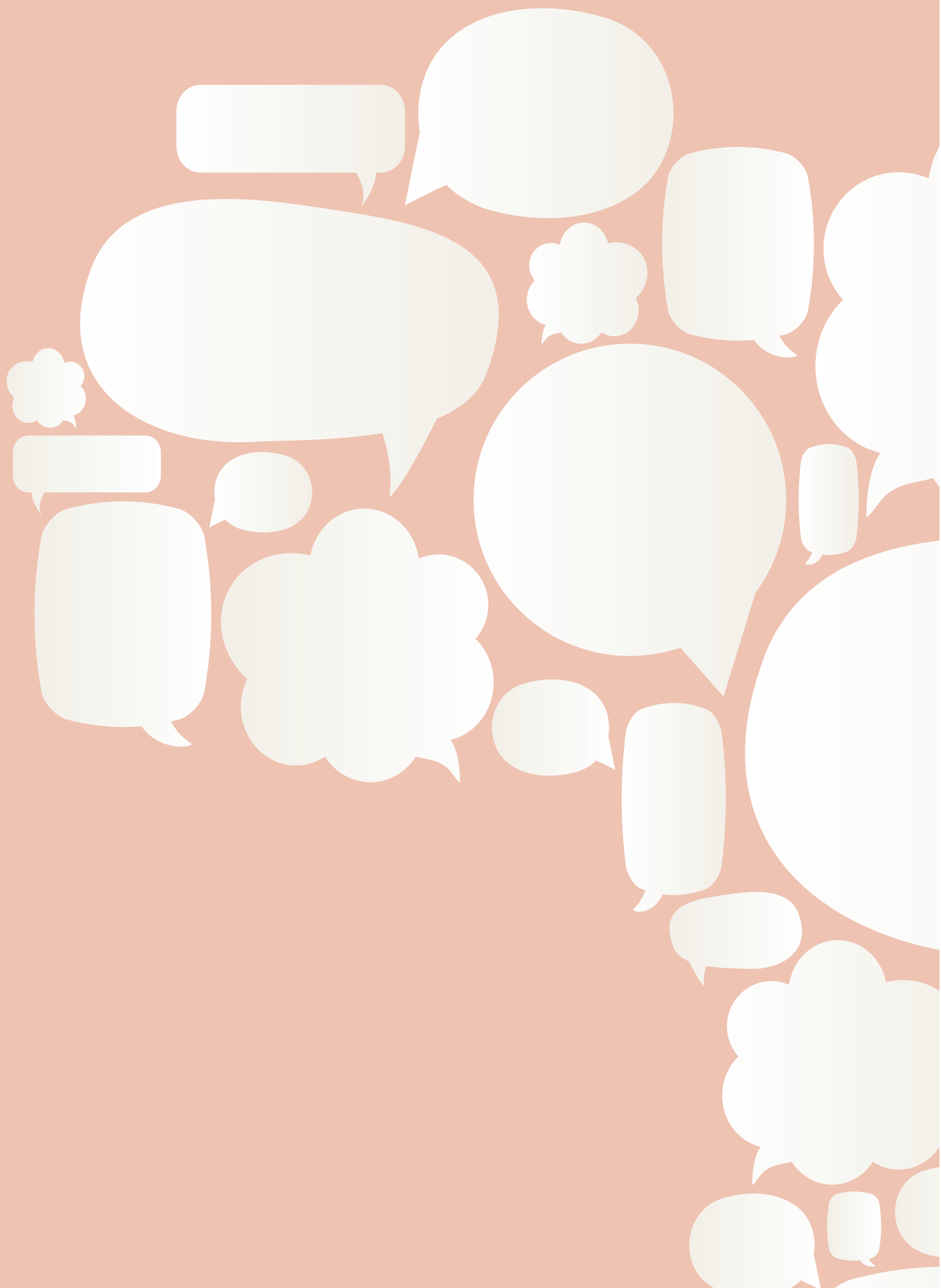
## 4.4 Summing up

We have acknowledged that developmental patrimonialism does not provide a model to be followed in the modal type of African country today. But thinking about the conditions that have sometimes given rise to such regimes helps to give the right focus to thinking about the sort of problem-solving that is needed in the typical African country. In existing democracies in Africa, both leaders and ordinary voters face problems of credible commitment and collective action that prevent the first from pursuing, and the second from rewarding, performance of the sort that leads to economic transformation. It makes little sense, therefore, to apply a principal-agent perspective to either leaders or citizens. This conclusion is a major challenge to most of the ways reformers and their international backers think about the constraints and blockages to progress in African governance at present.

The current political economy of multi-party competitive politics in Africa poses very large challenges indeed, and research focused on feasible change in *particular* productive or social sectors may, therefore, be the most promising from a practical point of view. However, as this chapter has suggested, the need to at least moderate some of the dysfunctions in existing country systems at the macro level is urgent and bears upon the maintenance of even current levels of prosperity and peace.

An elite pact to remove a small number of key topics from the sphere of electoral politicking is worth consideration alongside the established topics of power-sharing and ethnic federalism. For some broad upbeat messages about how such a turnaround might be achieved and what it would take, we ended the chapter with positive experiences from Latin America.





# 5

## **Local problem-solving versus magic bullets**



**T**aking often incoherent national policies and inadequate provider motivation as a given, APPP research has explored actual and potential avenues to manage or mitigate these inadequacies in a range of different local and sectoral settings. The next two chapters are based on this research. As in Chapter 2, we anticipate the ‘so what?’ question by placing the research findings in the context of what has been the dominant thinking among development agencies and country-based reformers on the topics of concern.

## **5.1 What are the issues?**

### **Public goods and socio-economic transformation**

As with economic growth and transformation, we start with a broad issue about the appropriate level of policy ambition. APPP research on public goods provision has been premised on the view that it is time for Africa and Africa’s friends to be less self-satisfied about recent progress and less content to carry on in a mood of ‘business as usual’.

There is no doubt that very significant progress has been made in recent years in improving certain social indicators as well as some measures of income poverty in some African countries. There is an understandable impulse in the development business to make the most of these gains, to underline that ‘Africa can’ (Chuhan-Pole and Angwafo, 2011) and that there are development successes in many poor countries that deserve recognition and support. Although sub-Saharan Africa as a whole is likely to miss most of the Millennium Development Goals, there are grounds for thinking that the MDGs were set in a way that was hardly ‘fair’ to Africa (Vandemoortele, 2009), and that what has already been achieved is unprecedented by many of the relevant historical standards (Clemens et al., 2007; Kenny, 2005).

The mood that ‘Africa can’ is a good thing for the continent. Documenting development successes is worthwhile (ODI/Development Progress, 2011). However, if we are concerned, as we are here, with elaborating a more adequate theory and practice for the governance of public goods provision, some other facts are also relevant. First, the progress on many outcome indicators is extremely uneven across countries and especially between urban and rural areas. Second, the sectors that have registered the biggest gains are those where a technical fix has been made available and where, after many false starts, the international agencies and national authorities have got their act together to provide a delivery mechanism that works.

These successes, mostly in the bio-medical field, have been promoted heavily, and not unreasonably, by those who believe strongly in technical fixes and coordinated international effort. But it does not follow that technical fixes are available for all major fields, or that what can be achieved by mobilising special organisational efforts provides a template to solve more routine and everyday troubles.

*... it is tempting to believe*

*that such and such a mode of governance will provide on its own a miracle solution ... Three successive forms of management ... have been put in place in Niger [for water well management] ... bureaucratic offices ... community management committees ... and privatisation ... None has succeeded ...*

*(Olivier de Sardan, 2012b).*

There are good grounds, therefore, for a new emphasis on the large outstanding challenges that exist in almost all fields of public goods provision, including both basic services and regulatory public goods such as enforcement of disease-prevention measures. The need for a focus on these problems is urgent and – in terms of the institutional or governance arrangements – it is *not* the case that the solutions are well-established and widely-recognised. And by the most relevant standard – namely what has been achieved by once very poor countries in Asia over the period since 1960 – Africa’s current progress is not particularly striking.

### **The magic bullet approach to the governance of public goods**

Is global thinking any better at providing advice on how to address this challenge than it is at specifying the governance conditions for economic transformation? Not really. One major difficulty has been that to give coherence to its own efforts, the development assistance business needs pithy, upbeat formulations that simplify complexity. It likes and needs panaceas, the silver bullets that can be counted upon to kill the vampire or werewolf when all else has failed. It is a familiar critique of the development enterprise that it is supply-driven, searching not for solutions to problems but for problems to which to attach known solutions.<sup>13</sup> The more reflective practitioners often conclude that in particular fields ‘the solution is the problem’ (Pritchett and Woolcock, 2008).

This weakness is relevant to the field of experience that interests us here. Therefore, for example, in Niger each one of a succession of modalities of provision, or modes of local governance, has been treated over different time-periods as *the* solution – the key that will open all doors. Following the first major setbacks to the bureaucratic efforts of the post-colonial state, there was a period in which participation was the watchword and a variety of community-based committees and associations became the standard remedy. Privatisation of service provision, democratic decentralisation and even restoration of chiefly authority have all had their enthusiastic supporters in more recent times. In reality, each of these modalities has had its serious problems.

To the extent that there are solutions, they are to be found in the fine detail of implementation, within and across the modalities. As argued by Olivier de Sardan (2012b: 10-12), enlightened reformers exist, to some degree, within each mode of local governance, and progress is more likely to be made by providing new opportunities to such people than by treating any one approach as intrinsically superior. APPP research provides evidence that fleshes out this idea – an idea that rests on a radical interpretation of the ‘good fit’ approach and, therefore, what it means to anchor institutions in country realities.

13. This phrase from the policy studies literature was used by Jean-David Naudet of AFD in connection with 20 years of aid to the Sahel (Naudet, 1999: quoted by Olivier de Sardan et al., 2010b).

## 5.2 Three magic bullets in the spotlight

As a first step, we should consider a little more the aspects of current policy thinking that are being challenged. We need to question this before there is a hope of getting acceptance for a radical concept of good fit based on local problem-solving. We take the three panaceas that remain influential or that are still in the ascendant today: democratic decentralisation, client power and social accountability.

### Democratic decentralisation

Devolution of power to elected district or municipal governments is often seen as a precondition for addressing obstacles to public goods provision effectively. The principal obstacle to this in developing countries is seen as being the unwillingness of central governments to implement the measure properly, by actually conceding decision-making powers and providing the necessary resources. Properly implemented, democratic decentralisation or a municipal (*commune*) mode of local governance is promoted as *the* solution.

Devolution of resources and decisions to democratically elected local governments, has been advocated on various grounds, some of them quite technical and carefully qualified (e.g., World Bank, 1997: Ch 7). Such devolution has been implemented by governments for other reasons, most of them highly political.<sup>14</sup> However, the most common argument among bilateral donors and NGOs starts from the assumption that the demand for public goods from service users and the general population is an important influence on provision. It then asserts that the physical distance separating the provider from the user affects the strength and effectiveness of user 'voice'. Putting the same argument more technically, the provision of public goods involves a principal-agent problem, where the principal is the client or service user, and the local authorities and service providers are their agents. The information asymmetry

problems that affect principal-agent relationships in general are, it is then suggested, reduced by proximity.

This is an odd situation because there is in fact no body of theory (other than the literature on fiscal federalism, which deals with a different set of issues) that underpins the claim that decentralisation is 'obviously' beneficial for the provision of public goods. Both parts of this argument are questionable. First, public goods' provision is only partly about services for which there is 'demand' and about which, to any degree, it is sensible to see local populations as clients or principals. Second, where the principal-agent

*The aid business, and as a consequence a great deal of in-country thinking, is not only addicted to magic bullets. It also labours under the impression that there is a strong evidence base behind some of the most influential panaceas.*

14. See for example, Andersson et al. (2004), Blundo (1998), Cammack et al. (2007), Eaton et al. (2010) and Poteete and Ribot (2011).



*... the conventional case for decentralisation has become a source of 'noise' that is unhelpful to the case for a more genuine localisation.*

concept may apply, the importance of physical distance on its own is highly questionable (Golooba-Mutebi, 2005; World Bank, 2003: Ch 10). Democratic decentralisation may be intrinsically desirable, but Treisman's (2007) critique of the theoretical foundations

of the decentralisation movement is comprehensive. He finds no valid theoretical argument for expecting decentralised governance to be more effective, or less effective, than a centralised system in terms of public goods performance.

As for the empirical research, it too points in a different direction. At the end of the first decade of intensive decentralising reforms, Richard Crook and associates (Crook and Manor, 1998; Crook and Sverrisson, 2003) concluded that the impacts of democratic decentralisation on outcomes such as the effectiveness of poverty reduction efforts are indeterminate. That is, the outcomes depend heavily on factors other than the decision to devolve powers and resources to lower levels of public authority. The context, including the political complexion of the central government and the interest that the regime or other forces have in capturing local power for its purposes, makes a vast difference. The bulk of the ever-expanding literature on decentralisation continues to be clear on this: the 'other' factors are crucial.<sup>15</sup>

The obvious implication is that the focus for policy research needs to be the nature of these 'other' factors. This implication has been followed up in one sense, with studies increasingly starting from what it takes to get better public services and working backwards to evaluate a large range of delivery institutions, as in the 2004 World Development Report, *Making Services Work for Poor People* (World Bank, 2003).

This shift on the part of the thinkers has, however, had little impact on the way decentralisation is promoted at country level and campaigned for at the global level. Democratic decentralisation has certainly lost some of its allure in international circles, partly because of the lack of decisive empirical support. Nonetheless, significant vested interests continue to surround the advocacy of district and municipal government, not least within African countries. In this context, bold claims continue to be made – and gain credibility by repetition – that local government has a 'comparative advantage', or at least a 'potential comparative advantage', in essential service provision. This is because of the 'potentially greater pressure for responsiveness and accountability on local development decision-making' or because '[l]ocal governments' proximity to the people they are intended to serve fosters accountability, better governance and democratic learning' (Bonfiglio, 2003: 68; Global Forum on Local Development, 2010: 4, 7).

This is unfortunate, because local anchorage of governance arrangements and scope for local problem solving – not the same issue at all – are vital topics that suffer by association with this type of reasoning. In short, the conventional case for decentralisation has become a source of 'noise' that is unhelpful to the case for a more genuine localisation.

15. See among others AGF-V (2002), ARD Inc. (2010), Ahmad et al. (2005), Bardhan (2005), Cabral (2011), Connerley et al. (2010), Crawford and Hartmann (2008), DeLoG (2011), Jütting et al. (2005), Ndegwa and Levy (2004), Olowu (2006), Saito (2008), Smoke (2003) and Yilmaz et al. (2010).

## Rediscovering 'demand': client power

Despite the important advances it marked, the above-mentioned 2004 WDR has itself become a source of magic-bullet thinking. Along with the Levy and Kpundeh publication referenced in Chapter 1, this WDR inaugurated a whole period during which all the innovative thinking about the governance of public services has been about 'demand'. Considerable World Bank lending and other donor funding has continued to go into so-called supply-side reforms, notably in the form of budget support and technical assistance to public sector management despite very mixed evaluation evidence on its effectiveness. However, the exciting stuff has been about finding new and better ways to stimulate the demand for better governance.

The WDR is a finely-documented study in which there is much of interest. However, it was also the fulcrum upon which the aid business turned on the issue of supply-versus-demand approaches to the governance of service provision. It was the influential exponent of an elementary *non-sequitur*: aid needs to become more politically attuned; therefore it needs to focus on stimulating citizen demand for services and accountability. Since 2004, political governance programming has become almost synonymous with voice, transparency and accountability projects and other demand-side interventions.

Like the opening contribution to Levy and Kpundeh (Levy, 2004), the 2004 WDR began with an argument for moving from managerial to institutional reforms. Like Levy, it offered path-breaking flashes of political realism, for example:

'Politicians often use the control of publicly provided services as a mechanism of *clientelism* – for both citizens and providers ... Services are allocated in ways that reward (or punish) communities for their political support. Sometimes the ministry is the servant of the providers, not the other way around, and providers *capture* the policymaking' (World Bank, 2003: 51-52).

However, the recognition given in this way to the lack of political interest in the provision of quality public services *per se* was not followed up. Nor were the reasons for weak citizen control over politicians further examined. Plenty of attention was given to the difficulties an assumed governmental 'principal' has in getting service providers (its 'agents') to be performance-oriented. Since this, like previous work in the same vein (e.g., Leonard, 2000), led to doubts about the feasibility of monitoring providers effectively, the authors were led to question the viability of the so-called *long route of accountability* (accountability of providers to citizens/clients via policy-makers and politicians) and to look for an alternative.

What then emerged as the principal policy innovation was the so-called *short route of accountability* – a range of devices to make providers accountable directly to clients by mobilising client and citizen 'demand' for better provision. Various examples were set out which, it was argued, support the feasibility of short-route successes on a significant scale. All involved stimulating demand and empowering citizens by providing them with information.

*... the flash of political realism that is used to shed doubt on the original supply-side version of the principal-agent story is not applied to the demand side.*

The weakness that the Levy paper and the WDR share, which has become a near-universal weakness of donor governance policy approaches, is that the flash of political realism that is used to shed doubt on the original supply-side version of the principal-agent story is not applied to the demand side. The limitations that clients and citizens face as principals/demanders of good public services and better governance are not entirely absent from the texts, but they are not pursued very far.

This tendency has been continued and extended since 2004. In our view, the results to be obtained from client empowerment through the promotion of information dissemination and transparency have been seriously over-sold on the basis of a partial reading of key bits of evidence. The selective dissemination of WDR 2004 itself is part of a wider problem of selective reading of studies and reports for the sake of sustaining some simple, upbeat message about the potential for 'bottom-up' initiatives.

There are several well-worn examples. One is the Bangalore citizens' score-cards experiment, which has been widely copied across the world, including in Africa. Others concern the claimed impact of publishing budget information on school funding in Uganda, and later work in Uganda in the same vein. A typical fault in the reporting of evidence, and one that is not necessarily reduced by the use of advanced randomisation techniques, is that an incomplete account is given of the contextual factors that contributed to the success of the highlighted intervention. The top-down pressures and activities that affect provider incentives, whose relevance is clear enough in the detailed description of the experiment, disappear from view when the results are summarised and disseminated. We have developed this criticism in the necessary detail in other published work (Booth, 2012).

### **Social accountability**

Social accountability (Malena et al., 2004) is undoubtedly the most engaging of the current mantras of the development business. A good deal of serious development work is being done under this heading, usually by local and international NGOs with official donor support. The flow of interesting writing on the subject seems set to continue. Unfortunately, however, the magic bullet mindset is alive and well in this field too. Social accountability is promoted as one single thing with well-understood common features. In the predominant discourse, the richness of the actual experience of working with citizen groups on public goods issues is reduced to a 'widget' (Joshi and Houtzager, 2012).

Once again, the common feature is assumed to be the mobilisation of citizen demand for accountability – citizens as principals, with national and local politicians and bureaucrats as their agents. The entry point is the enhancement of information-supply and transparency delivered by civil-society organisations and social movements.

The field of social accountability has been the subject of good previous research. The burden of this research is that client ‘voice’ is a weak source of results-based accountability unless accompanied by strong top-down pressures of some kind. What works is an effective combination of initiatives that change behaviour among *both* suppliers and users of services – the solution of a problem or constellation of problems of collective action across the government/citizen divide. This refers particularly to a long stream of work on social accountability at IDS, especially two phases of research within the Centre for the Future State<sup>16</sup> and the Development Research Centre (DRC) on Citizenship, Participation and Accountability.<sup>17</sup> Subsequent evaluation work by ODI and IDS teams reached similar and complementary conclusions.<sup>18</sup>

Inspired initially by the well-known Brazilian case study by Judith Tandler (1997), the Future State research went on to document examples of success in social accountability from various parts of the world that combine all or most of the following elements:

- emergence of a political leadership with an enhanced interest in winning elections on a public goods basis
- interest within the professional organisations of providers in improving their public reputation
- linkage of social movements to political parties, and
- client and voter interest in improved performance.

This is the combination that sometimes works. While the elements may not all be necessary, some sort of change in incentives on the provider side seems essential if user or voter pressure is to have any significant effects, and the whole process needs to be political. In this sense ‘social’ accountability is a misnomer – this is politics!<sup>19</sup>

The final synthesis on the Citizenship DRC, which is significantly titled *Blurring the Boundaries*, adds:

‘Research on successful cases of citizen action for national policy change confirms that social mobilisation and citizen demands from outside the state can provide opportunities for reformers to generate change from within. Still, civil society engagement in policy processes is not sufficient to make change happen’. (Citizenship DRC, 2011: 20)

It goes on to quote Gaventa and McGee (2010: 34): ‘Competition for formal political power is also central, creating new impetus for reform, and bringing key allies into positions of influence, often in synergy with collective action from below’.

What the research findings add up to is that it is a serious mistake to treat citizens and service users as ‘principals’ with an uncomplicated interest in better governance and better public services. Non-state actors are often far more complicit in current patterns of bad governance than the principal-agent framework would imply. They are complicit despite the fact that they are victims. On the other hand, service providers are also, to a

16. Goetz et al. (2001), Future State (2005: Ch 3), Joshi (2007), Houtzager et al. (2008), Future State (2010: Ch 4).

17. Citizenship DRC (2011), Gaventa and McGee (2010).

18. O’Neill et al. (2007), Rocha Menocal and Sharma (2008), McGee and Gaventa (2010).

19. For details on the most touted Latin American examples, see Goldfrank (2007) and Bräutigam (2004).

significant extent, victims. In both cases, the disjunction between current interests and real, long-term interests happens because individuals and groups face collective action problems.

By any standards, this is a telling body of evidence against the simple idea of building the demand side that has steered governance work by official donors and international and local NGOs over the past decade. There are signs that it has put a serious dent in the orthodoxy. The latest evidence summaries from World Bank researchers acknowledge not only that the big remaining question is about the incentives of higher-level leadership, for the reasons discussed in Chapter 3, but also that ‘the most important domain for greater accountability is via power and politics’; and that ‘generalized, “best practice” initiatives for greater civil society engagement are likely to fail’ (Devarajan et al., 2011: abstract, 34). In belated recognition of positions advanced a decade earlier (e.g., Brett, 2003), a comprehensive critique of previous Bank ideas about ‘participatory development’ is soon to be published (Mansuri and Rao, forthcoming 2012).

Meanwhile, however, an unabated flow of publications and blogs continues to document social accountability initiatives in Africa and worldwide for largely promotional purposes (McNeil and Malena, 2010; Odugbemi and Jacobson, 2008). Large claims are made in this literature about the potential of citizen demand and social movements, or about the mobilising power of information. Practical ‘lessons’ are drawn, but thinking through the implications of the best research findings is not a top priority. Nor is the generation of new evidence on effectiveness. Meanwhile, the World Bank has launched a new Global Partnership for Social Accountability, a mechanism to support beneficiary groups and civil society organisations operating on the demand side of service provision.<sup>20</sup>

One of the reasons for this contradictory state of affairs is undoubtedly the lack of an obvious alternative panacea. APPP does not aim to provide one. However, the programme is premised on the idea that researchers have a duty to provide more than negative messages and evidence of complexity. As discussed in Chapter 1, there needs to be a meeting point between researchers’ recognition of complexity and practitioners’ hunger for guidance, which is what we have called middle-range theory. APPP has such a theory, about local problem-solving and institutional hybridity. This is the subject of Chapter 6.

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20. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:23175490~pagePK:34370~piPK:34424~theSitePK:4607,00.html> <accessed 16/8/12>.

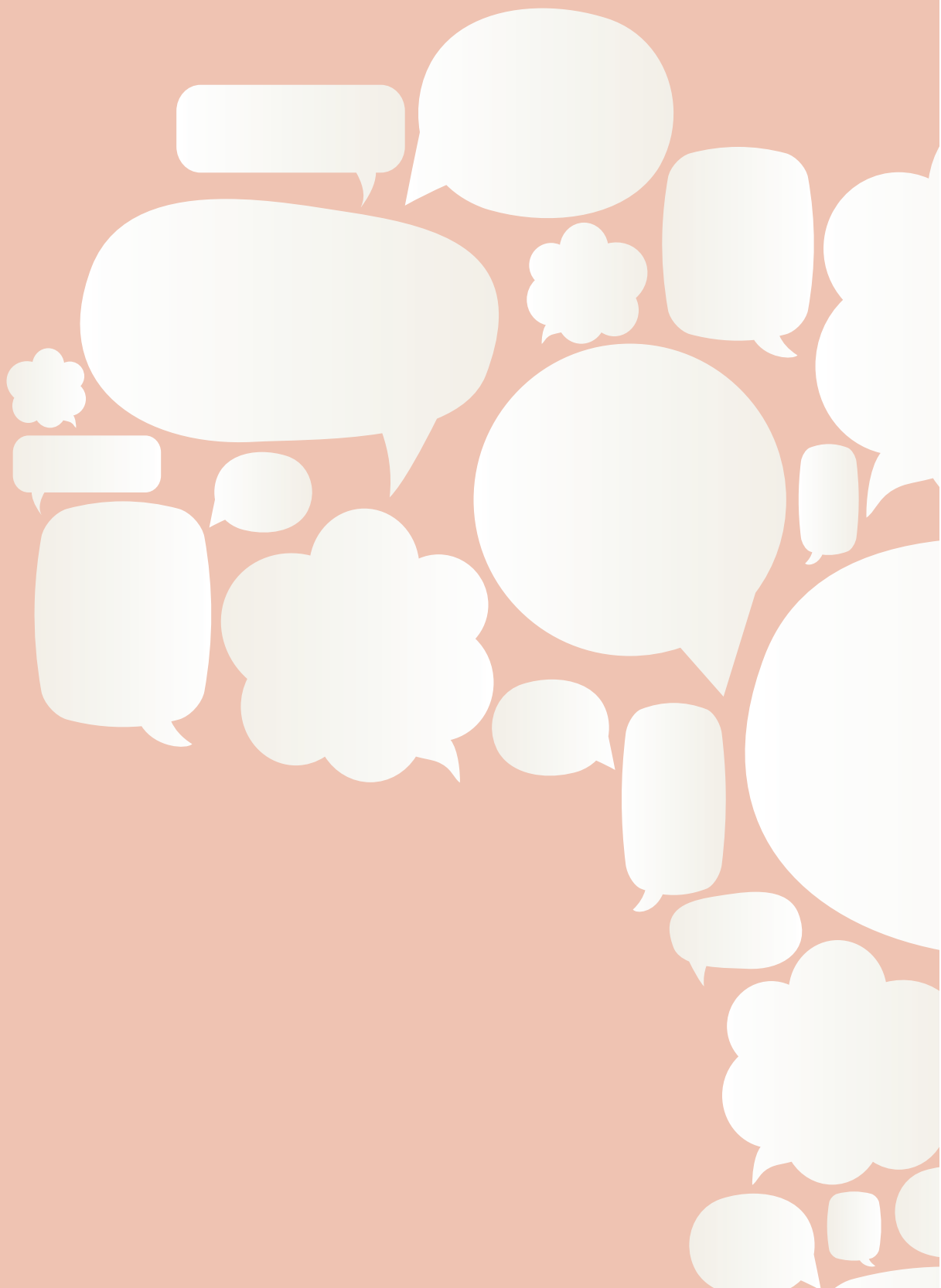
### **5.3 Summing up**

We began this chapter with the problem that while the quality of basic public goods provision remains deplorable in much of Africa, the policy response relies heavily on a series of questionable panaceas. Those that have remained prominent during the last decade – democratic decentralisation, client power and social accountability – rest on assumptions about citizen ‘demand’ that are empirically and theoretically questionable. They assume implicitly that ordinary citizens stand in a principal-agent relationship to governments and service providers, whereas the research evidence suggests that ordinary citizens face collective action problems, as do politicians and providers, and that the solutions that are sometimes found are both highly interactive and highly political.

In practice, some activity on the ground by donor-funded technical assistance staff and NGOs recognises these issues, and actually engages in the facilitation of collective action solutions in ways that cut across the divide between providers and clients, or officials and private citizens. Sometimes this happens in the context of projects that are formally committed to one of the above-named magic bullets or widgets – ‘demanding accountability’, citizen score-cards, etc.<sup>21</sup> There is no doubt that this hinders the work and, more importantly, prevents the accumulation of a reliable evidence-base on what has been achieved and how. If our argument is correct, it is time for greater consistency between what these projects are actually doing and the ‘theory of change’ to which they are formally committed. A useful watchword for the achievement of such a shift would be moving on from a principal-agent diagnosis to creating space for local problem-solving and facilitating collective action.

21. One example would be the Belgian technical assistant who played a role in initiating the ‘extra pennies’ reform in the Niger health sector described in Chapter 6. Another is the actual content of some of the work ‘supporting domestic accountability’ undertaken by the Dutch organisation SNV in several countries of Eastern and Southern Africa (SNV, 2011; SNV ESA, 2011). A similar interpretation has been given of the basis of the success of a community scorecard initiative sponsored by Plan in Malawi (Wild and Harris, 2012).







# 6

## **The choice: aiding or inhibiting local problem-solving**



**A** PPP research suggests that local problem-solving (e.g. to address the effects of policy incoherence or weak provider incentives) is by no means dead in local areas of rural and peri-urban Africa. This chapter presents the evidence on this and suggests how it might be theorised and adopted for policy purposes. It goes on to explore the reasons why successful initiatives seem likely to combine not just cooperative relations between different types of providers (or ‘modes of local governance’) but also *institutional* ingredients from different sources combined in ‘practical hybrid’ forms.

## 6.1 Collective action and the impacts of aid

In countries like Malawi, as discussed in Chapter 4, local collective action struggles to survive against the impulse to capture every local initiative or association for the ruling political party. In Kenya and Nigeria, problem-solving initiatives suffer the deadening effects of competitive clientelism on ethnic lines. In addition and more generally, the barriers take two particular forms:

- the distortions caused by the availability of donor money and organisational templates, now delivered to the remotest rural areas by local governments and NGOs, and
- mechanical application of donor-inspired policy guidelines by sector ministries in ways that not only contribute to policy incoherence but prevent local actors from coming together to provide their own solutions.

### Money and motivation

Local actors in the field situations studied by APPP teams face multiple problems of coordination and collective action. In peri-urban Malawi, for example, community members face difficulties in organising even the most elementary forms of self-help:

‘In places like Ndirande, the residents are “translocal” (their livelihoods require them to move between towns and farms) ... The creation of citizen groups that “bridge” to more distant groups and are effective over the long term will require organising skills, capacities to communicate over distances, getting to know strangers and learning to trust them. In the meantime, local problem-solving and self-help are likely to revolve around the quality of local leadership, especially “chiefs” (Cammack, 2012b: 3).

Officials in the multiple official and semi-official organisations that have some degree of responsibility for public goods provision also lack means of coordinating their efforts, as noted in Chapter 3 (Cammack and Kanyongolo, 2010; Olivier de Sardan et al., 2010b).

One factor that makes this situation worse is the general availability of supplementary donor funding for performance enhancement, training workshops and bonuses.

*When aid funds are seen to be received by leaders, this undermines this simple mechanism by which members are assured of their trustworthiness.*

This has had a corrosive effect on the willingness of countless individuals at all levels from the street cleaner to the Permanent Secretary to perform duties without special inducement. Particular distortions arise from the fact that enhanced remuneration and conditions are associated with the project modality of funding, helping to maintain a 'two-speed administration' (Blundo, 2011a). However, the problem is a more general one, with the 'hunt for per diems' coming to characterise the public service in general in many countries (Soreide et al., 2012).

At local levels, the reserves of volunteerism and dutiful community service that used to exist have given way to an almost universal hunger for ways to access different forms of 'development rent' (Olivier de Sardan, 2012b: 13-20). Elsewhere, the presence of development rent has contributed to the marginalisation of pre-existing forms of associational activity, with (for example) donor-promoted cotton farming cooperatives displacing viable local producer groups in Benin (Yérima and Affo, 2010). Our findings, in this sense, are fully consistent with the arguments of the path-breaking book by Masooda Bano (2012).

Bano starts from the empirical generalisation that, in Pakistan and elsewhere, civic groups that get funding from development assistance end up with no members. She then explains why this happens, drawing on collective action analysis in the Ostrom tradition.

The leaders of successful self-help organisations are normally motivated not by pure altruism, as donors tend to assume, but by psycho-social rewards, such as honour, prestige and fame. Members of such organisations know this and can monitor behaviour that signals that sort of motivation. This, in turn, enables them to overcome the mistrust that would otherwise weaken their willingness to join collective actions. When aid funds are seen to be received by leaders, this undermines this simple mechanism by which members are assured of their trustworthiness. The end result is that new members don't join and the original members tend to leave.

This powerful explanation reinforces the importance of viewing development through the lens of collective action problems and solutions. It may, on its own, account for a good deal of what follows in this section.

*The Western notion of 'active citizenship' (volunteering and demanding state accountability to citizens) offers only a weak basis upon which to build local-level development in contemporary Malawi ... Solutions need to be realistic about material and social constraints and build on local arrangements that are known to work.*

(APPP Policy Brief 06).

However, the political economy of trying to use aid to foster self-help is complicated in other ways too. Donor money, whether channelled through official projects or NGOs, comes with strings attached. These include organisational templates that are designed for donor accountability purposes, rather than for facilitating local problem-solving, and that, therefore, often do harm.

### **Aid-driven associational models**

The approach we propose to call ‘associational’ has been promoted strongly by official aid donors, who see it as the natural counterpart of building or rebuilding the legal-rational foundations of the state. It is central to the concepts of ‘civil society strengthening’ and building the ‘demand side of good governance’ that have informed governance interventions since the 1990s. It has been part of the core ideology of most Northern NGOs for even longer. These days, it is also very much part of the thinking and work practices of national and local governments and NGOs and has been thoroughly ‘appropriated’ by them, although in a more or less distorted form (Olivier de Sardan, 2009a: 16). Its centrepiece is the organisational model of the ‘voluntary association’.

Voluntary associations have members (and thus non-members), formalised rules (and thus formal sanctions), governance arrangements (and thus scope for the use and abuse of power) and funding needs (and thus a host of accounting and reporting problems). Even when they take the form of ‘community based organisations’, where, in principle, the membership includes the whole local population, these requirements remain.

The burden of a large case-study literature is that initiatives based on the associational model tend not to work, or not in the way their promoters intend. They create new forms of inequality, increase materialistic motivations and quite often promote corruption and clientelism among leaders. They are divisive from a social point of view, privileging those who

have the education and other skills needed to comply with the funder’s requirements. They tend to get diverted from addressing people’s real problems (pulled instead into the donor business of ‘finding problems for solutions’), and often end up weakening the members’ capacity for collective action, rather than strengthening it.

What Olivier de Sardan (2009a: 14-18) calls the ‘associational mode of local governance’ requires the recipients of financial assistance to organise themselves according to definite norms imported from the outside and laid down in some detail by the funding body. Norms that are supposed to ensure accountable management of aid permit social advancement by those able to

*Norms that are supposed to ensure accountable management of aid permit social advancement by those able to master donor ways of thinking, while demobilising communities and creating new sources of social exclusion.*

master donor ways of thinking, while demobilising communities and creating new sources of social exclusion. The literature on this point is substantial and growing.

For example, Swidler and Watkins' (2009) account of NGO-promoted self-help on HIV and AIDS in Malawi is very persuasive on the social downsides of the standard approach. Emphasising the way in which donor-funded projects become a source of social differentiation and exclusion, it echoes the arguments of Uvin (1998) about the negative social impacts of aid in pre-genocide Rwanda. Gugerty and Kremer (2008) studied external funding for women's community groups in Kenya using a quantitative impact assessment technique. The strongest effect they found was on group membership and leadership, these being skewed towards younger, better educated and better-off women. In this way, the groups gradually lost the characteristics that drew the funders to them in the first place.

Igoe (2003) has given us a detailed account of the effects of donor support to pastoralist land rights movements in East Africa, which involved turning them into NGOs. The energies of leaders were diverted into activities that could be justified in aid funding reports at the expense of the objectives and solidarities with which the movement started out. Several of the same themes recur in Dill's (2009; 2010) accounts of the lack of 'fit' between NGO-promoted community-based organisations and the local socio-cultural environment in Dar es Salaam and Blundo's (2009) study of NGO sanitation initiatives in a Niger town. Also relevant are Lange's (2008) and Manor's (2007: 21) findings on the destructive institutional side-effects of single-sector user committees or stakeholder committees, and Vajja and White's (2008) conclusions about World Bank Social Funds in Malawi and Zambia as users, not generators, of social capital.

APPP fieldwork was not focused on projects as such. Possibly for this reason, the field reports do not highlight social division or exclusion as being among the effects of the framing of self-help in an associational mode, although our research on Cotton Sector Reforms does show elite capture, which curbs the potential of newly-reformed groups of cotton farmers to contribute to better economic governance (Serra, 2012b). On the other hand, APPP field reports include repeated instances of NGO- or donor-initiated associations or committees failing to meet their intended or any other socially useful objective, and eventually collapsing, usually amid accusations of some sort of abuse of office.

Contemporary urban Malawi is a good source of examples. Using the distinction between 'bonding social capital' and 'bridging social capital', the country report characterises Malawi society as a particularly marked instance of the difficulty of the transition from the one type to the other. There is a relative abundance of small face-to-face cooperative arrangements based on some kind of shared identity, despite the fact that Malawi is rapidly urbanising and most communities in the cities are multi-ethnic. Collective action that goes beyond the confines of these groups is, on the other hand, quite rare, and the kinds of public or collective goods that could be generated by such action are, as a result, severely under-provided. For example, collective action by residents of the informal settlement of Ndirande to address

serious health hazards in the field of sanitation is non-existent, exacerbating the effects of the jurisdictional disputes among the relevant authorities discussed earlier (Cammack and Kanyongolo, 2010: 6-7, 24-29).

Donor-inspired efforts to address these kinds of problems have been rare. However, the Neighbourhood Watch committees set up in Ndirande and Kasungu are relevant examples. Here, the fact or expectation of donor funding attracted a kind of interest from would-be patrol-men that would be unlikely to be sustained for long. It certainly discouraged genuine volunteerism and willingness to make financial contributions (Cammack and Kanyongolo, 2010: 15-16).

In Niger, the 'committees' and other associational structures promoted by development partners tend to 'end up being dissolved or falling asleep' (Olivier de Sardan et al., 2010b: 15). With the single exception of the transport stations discussed in Chapter 3, sanitation and cleansing matters are seriously neglected, and the collective cleaning of public places that used to occur under the more authoritarian regimes of the past is now rare, a common view being that this is now the responsibility of local government. The neighbourhood committees for the management of household waste that were established by the municipal authorities in two of the three Niger study sites provide a rich illustration of the problems with the alternative 'associational' approach (Issa, 2011: 39-42).

The Niger report speaks in similar terms about the collapse of the market management committees established by the municipalities in two sites. The point is made that, even though these were all initiatives of the mayors' offices (with, in the case of household waste, support from the Dutch NGO SNV), the 'institutional engineering' was of the aid-funded project type, the municipalities having tended to adopt this organisational model and make it their own (Olivier de Sardan et al., 2010b: 18; Oumarou, 2011: 27-40). Therefore:

'Neighbourhood sanitation committees, borehole management committees for drinking water, market management committees, all present in all three municipalities, are good examples. End of the support, end of the committees! There may be exceptions to this maxim of course, but it was confirmed in our study sites'. (Olivier de Sardan, 2012b: 4)

### **Enabling local reforms**

Our fieldwork has not only provided negative examples of the kind outlined above. It has also given us a handle on various departures from the standard associational model of self-help that seem to work rather better. Alternative models do exist. As a rule, they are locally-anchored in that they address the collective action problems that the relevant stakeholders actually face in specific local or sectoral conditions. They do not, therefore, involve generic models of best practice derived from de-contextualised global experience.

Our Malawi research gives some pointers to what locally-anchored problem-solving looks like on the ground. Some of these involve the phenomenon of 'town chiefs', the local

*The only realistic solutions ... are solutions with a local character. When local measures become more formally institutionalised, if they are seen as contrary to official policy they may be blocked by the state, even if its own policy is not working ... In such contexts, development agencies contribute only marginally to the improved provision through direct intervention, but they can play a useful indirect role by supporting local initiatives*

(APPP Policy Brief 04).

leaders who are present in many urban neighbourhoods partly on account of the weakness of local government. Some town chiefs have historic roots in that they claim hereditary titles corresponding to rural areas that have been engulfed by the expanding city. Others have emerged spontaneously in the last 15 years in the context of accelerated urbanisation, the non-implementation since 2005 of the Local Government Act and the resulting absence of formal councils and councillors.

Others were appointed as block leaders under the decentralisation reforms of the 1990s.

The expression 'town chiefs' covers a number of different sorts of leadership role, showing affinities with 'royal' chieftaincy in some places and with party-political authority in others. Nonetheless, there seem to be commonalities, including some ability to mobilise collective action by town residents of different backgrounds and to claim a legitimacy that is not rooted in any specific ethnicity but in principles that are held to be common to the traditions of several of the Malawian 'tribes' (Cammack et al., 2009). The town chiefs phenomenon suggests what can happen when, for some reason, no 'universal' organisational model is implemented forcefully by the government, their donor advisers or NGOs.

The smaller urban areas covered in the Malawi study also give us some examples of critical public goods issues apparently being addressed by local cooperative effort in ways that are not observed in Ndirande. The instances of promising collective problem-solving that have been observed all seem to be associated with acts of initiative and imagination by local leaders who occupy official positions, a District Chief Executive Officer in one case and an officially-recognised paramount Chief in the other (Cammack and Kanyongolo, 2010: 29-30). As in the Niger experiences discussed below, it is not just legitimacy but unusual leadership qualities, even charisma, that seem to be an element in all of the more promising ventures. The other common institutional factors are not reducible simply to an absence of NGOs or aid funding. In fact, some of the promising experiences do involve NGOs as actors, and some involve the use of project funds. However, in no cases are they *primarily* NGO or project initiatives, or *driven* by the supply of ideas and money from the outside.

The Niger experiences to which the country researchers attach the term 'local reforms' or 'reforms from the inside' (Olivier de Sardan, 2009b: 116-118) are particularly suggestive. They distinguish these from merely palliative adaptations to the inadequacy of state provision. The latter are much more common and usually involve some form of informal privatisation of the service. Often involving illegal user charges or corruption, such adaptations may permit a service to be

provided that could not otherwise be provided (Olivier de Sardan, 2012b: 3-5). In the Sahelian forest services, for example, the collection of 'fines' is not entirely predatory. It sometimes funds a common fund or 'kitty' that serves, at least in part, to address the local team's otherwise severe shortages of transport and other equipment (Blundo, forthcoming: 13). However, it would be wrong to qualify this as a successful local reform.

A better example of a local reform in Niger is the initiative under which a number of districts began collecting 'a few additional centimes' (about 0.15 Euros) from all users of primary health care facilities to fund the fuel and staff costs associated with emergency evacuations of pregnant women. The new fund and the contributions it required were completely outside the national regimes of user charges and free care. They enabled a solution to the otherwise difficult problem, mentioned in Chapter 3, of dealing with emergencies, with the ambulances provided under the President's Special Fund (Diarra, 2009: 18-21; Olivier de Sardan et al., 2010b: 17).

Distinguishing features of the initiative included being relatively formalised, involving the collaboration of a range of local actors – including the official health service monitoring committees – and spreading spontaneously throughout the country on the basis of one local initiative. Unfortunately, although the initiative worked well to address a problem caused by incoherent national policy-making, the Ministry of Health saw fit to kill it as a result of a complaint that it infringed national policy on exemptions from user charges. It prohibited the extra charges without producing any other solution to the problem of maternal emergencies. Today, the bottleneck of timely transfers for pregnant women in difficulty is once again in place, helping to account for Niger's extremely poor record on improving maternal health (Chambers and Booth, 2012; Olivier de Sardan, 2012a).

As this example illustrates, one of the things that distinguishes a 'local reform' from reforms in general is that it is initiated

*'Engaging with local informal initiatives and helping them to become institutionalised would be a better strategy [in Niger] than ignoring them ... discreet and responsive support to local reformers and to institutionalisation "from the bottom up" should become more central to the official strategies of development agencies'*

(APPP Policy Brief 04).

*'The way the decentralisation policy has been carried out in Rwanda appears to have been reasonably effective in creating arenas where different actors come together to coordinate their actions ... A serious attempt has been made to build a collective vision of a common future by tapping into familiar or revived Rwandan cultural values'*

(APPP Policy Brief 05).



*More attention should be given to the enabling environment for initiatives that are both technically sensible and locally-anchored.*

locally and aims to solve specific problems. The particular circumstances that have enabled promising 'local reforms' in the cases we have considered all seem to include the posing of a problem to which national policies and leaders are not offering solutions.

They have also relied primarily, although, as mentioned, not always exclusively, on mobilising local resources, and they have, above all, *not* been driven by the availability of either government or donor funds. For this reason, organisational forms prescribed from the outside have not needed to be adopted, and it has been possible draw to on local views about what is important, proper and acceptable.

Another common feature of all of these examples is that the initiatives have been non-exclusive – directed at whole populations of local people. The country experience of Rwanda may, once again, be relevant here. Once a leading example of the negative effects of donor-inspired and government-enforced social engineering on the 'association' model (Uvin, 1998), Rwanda now appears to be a place where initiatives are routinely geared to whole populations, with strong incentives to local problem-solving transmitted through the state apparatus (Chambers, 2012; Chambers and Golooba-Mutebi, 2012). Though this may surprise some readers, Rwanda today may exemplify the kind of balance between corporate bureaucratic discipline and local participatory processes that is lacking in our other present-day country cases.<sup>22</sup>

The common threads running through all of these examples include being 'locally-anchored', where this means being driven by local problem-solving – whether at the community level or within the multi-stakeholder environments that are a feature of so much public goods provision in Africa today. Unlike the usual project-inspired initiatives, the more promising initiatives do not require beneficiaries to sign up to principles of organisation of which they have little experience or understanding. On the contrary, there is an enabling institutional environment for local problem-solving initiatives that involve whole populations, use local resources and build on existing formal structures as well as informal relationships.

This already has some clear implications for donor-financed and NGO-delivered support for self-help at the local level. Direct funding of groups and organisations means, inevitably, specifying institutional templates, for control and accountability purposes if nothing else. This can have very negative effects on capacities for genuine self-help. More attention should be given to the enabling environment for initiatives that are both technically sensible and locally-anchored. Is it possible to give this a somewhat more generic or theoretical formulation, so that the need for evidence-based practical guidance is more fully met? We think so.

22. It is interesting to compare this finding with the following finding from Malaysia: 'Malaysia's recent experience suggests that where electoral competition gives politicians an incentive to listen to voters' programme preferences, participatory initiatives are most effective when they are yoked and subordinate to top-down reforms ... [T]hose candidates will honour the instruction best where they can rely on a capable bureaucracy; are not afraid to borrow management technologies from the private sector and from abroad ... and allow themselves to be informed but not instructed by "restrictive" civil society. To the extent that these conditions do not exist in other developing countries, then the implication is that it is worth working towards them' (McCourt, 2011: 1, 18).

## 6.2 Theorising local problem-solving

To be effective, local self-help and coordination of effort have to overcome the obstacles to collective action first identified by Olson (1965) and then elaborated by institutional theorists such as Ostrom (2005). As noted in Chapter 1, the ability of groups of individuals to overcome collective action dilemmas varies considerably from situation to situation. Devising solutions without local knowledge and the ability to draw on previous experience in addressing the same problems is, therefore, likely to be unhelpful.

There are two ideas here that are worth distinguishing. One is the simple proposition that successful institutions of collective action are those that are arrived at locally and that address specific local obstacles. This might appear almost tautological but for the fact that it is common, and even normal, that the institutions applied to local collective action problems do not solve them because they employ generic formulas that are not tailored to the actual context<sup>23</sup> – that is, to the actors in the situation, the extent and nature of the free-rider problem, and the alliances and other resources that may be available. Shivakumar (2005) sums up the general view of the Ostrom school on this point in this way:

‘Development is always a local phenomenon, where local refers to the relevant problem area. Human development and economic progress are rooted in the enhanced ability of individuals – brought together within specific contexts and in light of some encountered collective action problem – to adapt by developing the institutional contexts needed to deal with their situation. To be effective, therefore, institutions must refer to a particular context of a collective action problem and may ramify to other domains’ (2005: 105).

Here we have one element for a concept of what it means for an institution to be ‘locally-anchored’: the extent to which it involves behaviours that are, consciously or otherwise, problem-solving *in the context*. The other concerns the aspect of drawing on previous experience or making use of institutional elements that have been employed in the past. Shivakumar alludes to this when he writes:

‘[T]he future of effective development through good government does not lie in coaxing particular constitutional models to work in transplanted settings ... [I]t depends instead [on] advancing systems of interaction ... that simultaneously draw strength from and build upon prevailing institutional understandings’ (2005: 66).

However, Shivakumar’s formulation ‘drawing strength from prevailing understandings’ remains a little too metaphorical. Can we do better? Further evidence and analysis from APPP suggests we can.

## 6.3 Working with the grain: practical hybridity

If there is a genuinely universal truth about governance for transformation, it is that pre-existing institutions need to be treated as a potential resource for reforms that improve development outcomes, not swept aside regardless of their perceived

23. For example, user committees in the associational mode, or Neighbourhood Watch teams based directly on UK experience rather than tailored to the local context, as documented in APPP research in Mwanza, Tanzania (Cross, 2011).

*Policy should ... focus on developing “hybrid” institutions that can combine the legal authority and enforceable remedies of the formal system with more informal procedures ... [but it] should not be assumed ... that popular beliefs ... are based on ... “customary” or neo-traditional institutions*

**(APPP Policy Brief 03).**

ability to contribute. Successful institutions draw on the popular concepts of what is right and proper that are contained in local cultural ‘repertoires’.<sup>24</sup> Typically, however, they do so in a way that requires adaptation by, but not a supplanting of, the practices and standards of the modern state. They are practical hybrids. In APPP, we expressed this general idea initially by using the metaphor of ‘working with the grain’ of African societies. We are now in a position both to put more content into this notion and to explain theoretically why it is so generally true that successful institutions are practical hybrids.

### **Practical hybridity in local justice and dispute resolution**

The provision of accessible justice and dispute resolution is recognised as a fundamental duty of the state in Africa as elsewhere. However, throughout the region the institutions of state justice are struggling with problems of overload, perceived corruption and public distrust. Current policy prescriptions for improving access and trust are dominated by the belief that these will be better provided by non-state arrangements, including customary (chiefs’) courts and informal arrangements of Alternative Dispute Resolution (ADR). APPP research in Ghana has challenged this point of view, drawing on a large-scale multi-method comparative study of three types of current provision (Crook, 2011; Crook et al., 2010).

The conclusion from this research is that ADR-type accessible justice is available at local level in Ghana and it owes its legitimacy, accessibility and effectiveness to its alignment with popular beliefs and expectations. However, the vehicles that deliver this service most reliably are not the neo-traditional Customary Land Secretariat courts but the mediation services attached to the first-instance Magistrate’s courts and, in particular, those provided by the Commission on Human Rights and Administrative Justice (CHRAJ), a constitutional body established in 1992.

An initial survey provided some empirical insight into citizens’ opinions about what makes a dispute settlement fair and morally acceptable. Both the Magistrate’s Courts and the CHRAJ were rated as highly congruent with these beliefs. CHRAJ mediations, which are run by full-time, specially trained, professionals, scored very highly for accessibility. The magistrates also did relatively well by conducting procedures informally, using local languages and drawing on a variety of legal codes including customary law and cultural principles such as respect for the elderly. The customary land courts were very formal in their procedures and seen as intimidating to women and immigrants. On effectiveness, as measured by litigant satisfaction, CHRAJ procedures were rated as best, and the chiefs’ courts as lowest, for speed and cost, while the enforceability of the remedies of the overloaded Magistrate’s Courts was seen as a countervailing strength.

24. Much of the following discussion has strong affinities with Frances Cleaver’s (2012) discussion of successful institutional *bricolage* in local natural resource management.

All three types of local justice service covered in this research could be considered hybrid institutions. However, what emerges strongly from the findings is that the form of hybridity matters. The arrangements that are rated highest for legitimacy, accessibility and effectiveness are those that combine congruence with local values and expectations with the motivation and skill-sets provided by a specialised state agency. This practical hybridity seems a more likely formula for success, applicable in many other countries that share Ghana's English common-law tradition, than either civil or neo-traditional mechanisms disconnected from the state.

In Malawi, for example, there is an evident need for local courts that are cheap, accessible and swift, and that 'use laws and procedures [that are] understood by residents, and promote a form of justice that fits within society's conception of fair-mindedness'. The current options, including chiefs' *bwalo* courts, Magistrate's Courts and a new Local Court (the result of controversial legislation by the late Mutharika), do not quite meet the need, especially when it comes to legally and socially difficult cases such as those prompted by witchcraft accusations (Cammack, 2012a: 31-32)

### **Practical hybridity in the design of public education**

Similar conclusions were reached independently in APPP research on religion and educational reform experiments in the Sahel (Villalón and Tidjani-Alou, 2012). The research explored the sources and implications of reforms to the public education systems of Mali, Niger and Senegal (Villalón and Bodian, 2012; Villalón et al., 2012). These reforms attempt to address the unpopularity and poor educational performance of the government school systems by incorporating elements that reflect Muslim values and expectations while also ensuring training for employment. The findings suggest that incorporating religion into programmes has been highly effective in encouraging parents to send children, especially girls, to public schools. The main

risk is that of overburdening students and stretching curricula too thinly.

*... the 'grain' of popular demand in contemporary Africa is not a desire for 'traditional' institutions, but rather for modern state structures that have been adapted to, or infused with, contemporary local values.*

The researchers conclude that, in the Sahelian educational context, building institutions that work with or tap into prevailing moral orders and cultural values shows real promise as a means to address some deeply entrenched obstacles to better educational and, therefore, development outcomes. This is consistent with Kelsall's (2008a) proposition that development efforts have a greater chance of success when they stop treating cultural factors as a problem and try instead to harness them as a means to channel behaviour in more positive ways.

*In the Sahelian educational context, building institutions that work with or tap into prevailing moral orders and cultural values shows real promise as a means to address some deeply entrenched obstacles to better development outcomes*

(APPP Policy Brief 07).

Strikingly, however, while the cases suggest the importance of local values, they do *not* suggest a rejection of the state as a primary actor in development. Significant popular demand for education in the Sahel takes the state model as its point of departure, but asks that it be adjusted to local values.

Again, therefore, the 'grain' of popular demand in contemporary Africa is not a desire for 'traditional' institutions, but rather for modern state structures that have been adapted to, or infused with, contemporary local values.

Other research carried out with APPP support in the DRC suggests interesting parallels (Leinweber, 2012a; Leinweber, 2012b). Provision of education by Christian churches in a nominal partnership with the Congolese State is long-established and its recent contribution to a form of negotiated state-building has been well documented (Titeca and de Herdt, 2011). Less familiar is the process whereby the Muslim minority under a reformist leadership has overcome its former fragmentation and quiescence in order to participate more fully in the liberalised political system. In this context, it has been organising its own schools. Like the Catholic schools, these are part of the formal structure of public education, regulated in principle by the Government, but benefiting from the support of a faith-based community.

## **6.4 Theorising practical hybridity**

In his inaugural contribution to APPP's discussion of the possible meaning of 'working with the grain', Tim Kelsall (2008a) provided a strong literature-based argument for recognising a limited number of long-term continuities in African social and political life. Drawing on his own fieldwork and other studies (Kelsall, 2004; 2008b; 2009; Kelsall et al., 2005), he argued that development efforts need to pay more serious attention to ways of harnessing the notions of moral and social obligation and inter-personal accountability that are among these elements of continuity. Since even today these notions tend to be bound up with ethnic, familial or religious social identities, it is likely that self-help efforts that build on shared identities or pre-existing organisational templates will be more successful than those that do not.

Of course, it is important not to overstate homogeneity of values and norms among and within African societies and organisations. It is easy to exaggerate the extent to which people's actual behaviour corresponds to the 'traditions' they espouse formally (Olivier de Sardan, 2008b). However, taking this warning seriously does not entail dismissing the whole idea of cultural commonalities, or indeed the importance of ethnicity.<sup>25</sup> We certainly need a different view of culture and cultural

25. There is evidence that collective action for the provision of public goods is easier in communities where ethnic or some other identity is shared (Miguel, 2004; Miguel and Gugerty, 2005). At the same time, there seem to be ways to explain this that do not involve the hypothesis of a strong moral commitment to the group or that individual behaviour is typically value-driven (Habyarimana et al., 2007; Habyarimana et al., 2009; Kelsall, 2009).

explanation than the one espoused by the anthropological functionalism and sociological modernisation theory of the 20<sup>th</sup> century. Such an alternative view may be found in Olivier de Sardan's account of the moral economy of corruption in Africa (1999) and in another form in Kelsall's (2009) contribution about what is left unexplained by game theory and social-mechanism concepts.

But perhaps the best assistance to theorising the APPP concept of practical hybridity is that provided some time ago by Swidler (1986). Swidler argues that the causal role of culture lies 'not in defining ends of action, but in providing cultural components that are used to construct strategies of action'. Therefore, culture does shape action, but only in the sense that 'the cultural repertoire limits the available range of strategies of action' (1986: 273, 284).

This view of the role of culture is consistent with the demands of empirical rigour. What 'resources' are suitable for adoption from the repertoire inherited from the past depends on what is in that repertoire and the particular action choices that are being made. These are all things that have to be investigated (for example with a separate survey, as in the justice research above). But Swidler also helps to answer the question: why should new institutions be stronger and more effective when they adopt elements of the local culture, hybridising them with elements drawn from the resources and traditions of the state?

Swidler's answer is both simple and practical. At least in settled periods, culture is drawn upon 'because of the high costs of cultural retooling to adopt new patterns of action' (1986: 284). In other words, it is too costly in social terms to invent all

parts of a new institution from scratch, so successful innovations tend to draw on elements inherited from the past. A more elaborated argument of the same type is incorporated into Avner Greif's (2006) game-theoretic study of institutional change.

Drawing on Swidler in this way to elaborate the findings of Ostrom and Shivakumar, we may summarise the findings of the conceptual parts of this chapter in the following way. The provision of some types of public goods will be enhanced by institutions that are locally anchored, in two senses. First, they will be problem-solving, in a collective action sense, in the relevant context. Second, they will be hybrids that make some use of local cultural repertoires.

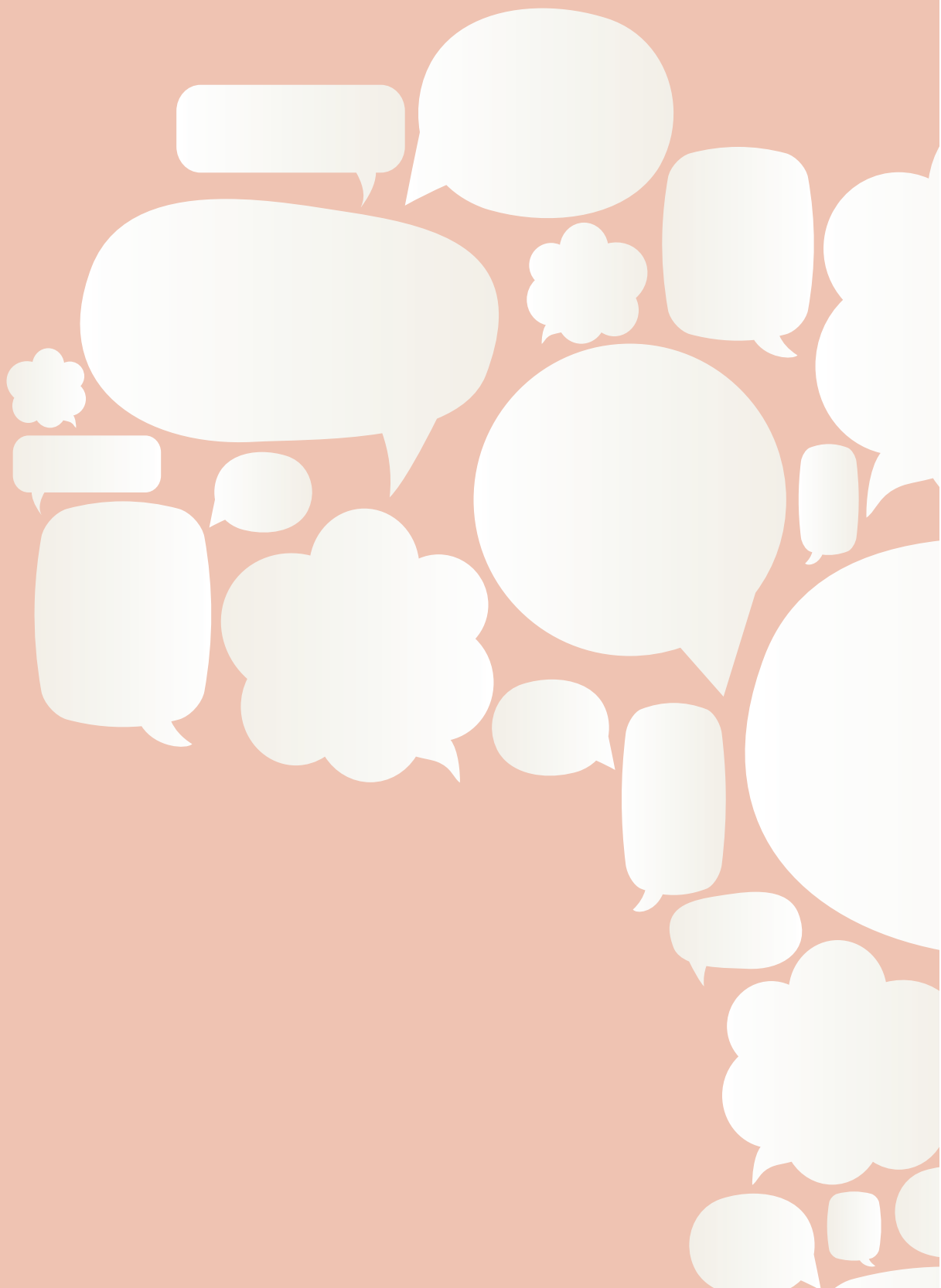
*The provision of some types of public goods will be enhanced by institutions that are locally-anchored, in two senses. First, they will be problem-solving ... in the relevant context. Second, they will be hybrids that make some use of local cultural repertoires.*

## 6.5 Summing up

APPP research confirms that, in spite of everything, local problem-solving does exist. The factors that constrain it include donor money and donor associational templates. Generic templates fail because good institutions solve the collective action problems that are actually posed in particular contexts. Approaches that are imported from a generic concept of good practice are unlikely to work unless there is a serious effort to adapt them to local circumstances. As a rule, arrangements that work borrow institutional understandings from local society – they are practical hybrids, marrying up modern professional standards or scientific principles with the moral economy or established practices of the area.

The implications of these findings are far-reaching for reformers in Africa and for international development agencies alike. Much of the evidence we have considered may seem simply 'anti-aid'. However, it is more complicated than that. Aid can and does do harm, but particularly when it takes the form of a transfer of funds and ideas based on the false premise that the constraints being faced are some sort of principal-agent problem. With few exceptions, they are more likely to be problems of collective action.

That may mean that people should be left alone to find their own solutions. But, at the very least, external actors have a duty to contribute to the creation of an enabling environment for local problem-solving. Because collective action problems are not always soluble by those directly involved, there may also be some scope for a third party to facilitate useful change. But this is only possible if the nature of the problem has been well understood and the intervening agent has the flexibility, learning capacity and intellectual modesty to undertake such a task successfully. Several of these qualities are in short supply in the development assistance business as it stands, partly because of the way aid is currently led and financed in the North. But this is not inevitable, as we show in our final chapter.





# 7

## **What this means for African reformers and the global agenda**



**A**frica needs economic transformation, not just accelerated growth. It therefore needs not only appropriate policies, such as a workable formula to revolutionise smallholder agriculture, but developmental governance, at the national level and within sectors and localities. The challenge is to pin down what that really means. The good governance ideology does not do the job, premised as it is on unrealistic assumptions about what is both feasible and necessary to enable transformation. It involves too much 'isomorphic mimicry' and not enough of the creativity shown in other parts of the world in recognising and responding to the real institutional challenges of development, especially in Northeast and Southeast Asia.

There is an expert consensus on much of this. At the World Bank, rejection of one-size-fits-all remedies, and the will to replace 'best practice' with 'good fit' approaches to institutional design, is at least a decade old. For almost as long, economists and political scientists have appealed for approaches that distinguish form and function, allow governance to be 'good enough', or to start from country context. Yet, we have argued, the new thinking still looks a lot like the old thinking. So far, 'good fit' has meant careful studies of each country context, followed by suggested remedies that remain well within the terms of the good governance philosophy, albeit with a different vocabulary, point of entry or timescale.

## **7.1 Old thinking disguised as new thinking**

The principal mechanism by which this evasion has been disguised is the shift from so-called supply-side to so-called demand-side approaches to governance reform and advocacy. The mainstream of thinking, led by senior advisers at the World Bank, took a turn a decade ago that averted the need to recognise, and therefore pursue the roots of, non-developmental political leadership on the African continent. The principal-agent perspective, which had guided public sector reforms up to that point, was judged to be no longer sustainable, with its managerialist and apolitical assumptions. But rather than taking the logical step of interrogating the sources of elite political attitudes, the new, more 'political' approach just turned the principal-agent framework on its head, assuming that if government leaders were not reliable principals for development, voters, parliaments and civil societies could be taken as viable alternatives.

The reality revealed by research and country experience is that neither political leaders nor ordinary citizens can be counted on as development principals, since both face collective action problems when it comes to acting in ways that contribute to development. The precise content and dimensions of these collective action problems is the most relevant question for researchers. It ought also to be the central concern of governance reformers and donors. To some extent it already is. We have given some examples where 'accountability' projects are in fact addressing collective action blockages. In such cases, a useful step would be to make this explicit, so that an evidence-base can be built up around what works and what doesn't.

## 7.2 A realistic take on collective action

APPP's findings provide a more realistic take on the incentives of political elites and the constraints under which leadership operates in today's African polities, complementing and reinforcing the findings of previous and other current research. The real situation is more diverse and less one-dimensional than assumed by the original good-governance template. More surprisingly, it is also important and interesting in ways that cannot be captured in the still rather uncomplicated concept that prevails in the most common forms of 'good fit' thinking.

Many of the perverse development outcomes observed by researchers can be explained in terms of unresolved collective action problems. This applies both at the level of local communities and at meso level (e.g. in district governance) and at the level of political elites. Where positive outcomes are achieved, the reasons are almost always that circumstances have permitted a collective action log-jam to be overcome, usually at several levels simultaneously and interactively.

At the level of national regimes, something of this kind underlies the differences we have found between more and less developmental forms of neopatrimonial regime. We have argued that reformers and their supporters need to become more attentive to such differences. They should recognise the strengths of 'developmental-patrimonial' regimes when they arise, while acknowledging their exceptional character. They should be prepared to support promising second-best solutions to complex reform challenges, such those in the cotton sectors of West Africa. And they should contribute to opening up a new debate about making Africa's democratic politics less inimical to economic transformation or making democracy safe for development.

## 7.3 Tapping into local problem-solving

Our research also points to the conditions under which less perverse outcomes could be achieved in particular areas of public goods provision, with or without a major change of orientation at the national level. Levels of policy coherence and provider motivation differ systematically between developmental-patrimonial and competitive-clientelist systems, with critical effects on provision, and in this sense national regimes matter. But local problem-solving and 'local reforms' exist. They are to be distinguished from the panaceas that have preoccupied the development business during the good governance era: democratic decentralisation, client power and social accountability. These phrases identify institutional spheres in which solutions may be sought; but they are not solutions in themselves.

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and what doesn't.*

Indeed, to the extent that they involve injections of donor funds and associational templates, they can be positively harmful. Local problem-solving is about addressing the collective action problems that stakeholders face in specific local contexts. Solutions are likely to involve local reformers coming together in new ways to deal with specific bottlenecks, to the extent that national policy regimes permit.

They are likely to draw on existing local practices and normative frameworks, because it is always too costly, in social terms, to invent everything from scratch – another reason why universal organisational templates do not apply and potentially do harm. For similar reasons, government initiatives that work will tend to take the form of practical hybrids, in which modern bureaucratic and professional standards are adapted to people's values and ways of thinking. Development partner support will be particularly valuable if it helps to create spaces and provide opportunities for these things to happen.

## 7.4 Moving on from principal-agent thinking

This general argument, about the need to overturn conventional principal-agent thinking, of whichever type, and embrace a diagnostic approach based in the theory of collective action, is addressed to a wide range of stakeholders in African development. African reformers embedded in country environments need to hear this message. At the same time, international development organisations, from the World Bank and the official bilaterals to the international NGOs and new foundations, are important audiences for APPP, as they do much to set the agenda, regionally and in each country. Therefore, there is a reason for ending with some reflections on how the argument might be taken up by the international community.

The critique of principal-agent, demand-supply, thinking can and should become the central idea for the next generation of governance specialists in development agencies. The obstacles to uptake at this level are relatively few. All that is at

*The critique of principal-agent, demand-supply, thinking ... should become the central idea for the next generation of governance specialists in development agencies.*

stake is the 'common-sense' ideology and simple morality that constantly feed the good-governance approach. This way of thinking is, of course, not restricted to official donors or Northern NGOs, but is widespread and largely 'internalised' within African countries. The way the 'good fit' idea so quickly lost its sharp edge when 'demand for good governance' was discovered points to its resilience. Nonetheless, it is only an ideology, and one that governance advisers are already becoming accustomed to questioning.

They will need support and encouragement, however. The incentive effects of large and possibly increasing volumes of 'country programmable' aid both on development agencies and on individuals and organisations in aid recipient countries provide a more serious set of obstacles. The abundance of aggregate aid flows has the effect that neither donor organisations nor recipients have an interest in taking the time, making the effort and taking on the risks associated with genuine institutional adaptation.

*... the official agencies should probably be concerned to do more things 'at arm's length', delegating assistance to organisations that have demonstrated an ability to work in the ways that are required to make a positive difference.*

## **7.5 Turning the ship around**

Working in a context-sensitive, best-fit way is a challenge for aid agency personnel as well as for country reformers. On the one hand, they are under pressure to disburse funds and demonstrate results, often with fewer staff. On the other hand, adapting programming to individual country contexts takes time, local knowledge and specialist skills, and it can imply deciding not to spend. It is much simpler, as well as more congenial ideologically, to adopt standard institutional formulas. It is hard to visualise a situation in which agency incentives would change without a substantial reduction in aid flows or a radical shift in understanding of the purpose and limits of aid, which although well advocated (e.g., Glennie, 2008), seems politically unlikely.

Even if it were possible to reduce the perverse effects of aid pressure, there would remain a set of issues to do with the accountability requirements which are intrinsic to aid as a transfer funded by Northern taxpayers. This particularly affects the ability of agencies to accept what we have argued about supporting self-help and other problem-solving at local levels. It is not realistic to expect Northern politicians to be unconcerned about accountability to parliaments and taxpayers. Unfortunately, this implies that funding for community-based organisations and other local initiatives which use aid money are highly likely to involve the imposition of rules and regulations which make it impossible for these organisations or initiatives to meet the criteria for real success that we have identified.

In the final analysis, however, it is the aid business that has to change to meet the needs of development, not the other way round. Some recent evidence from the UK suggests that Northern voters may be more open to realistic accounts of how change happens and aid can help in developing countries than political leaders suppose (Glennie et al., 2012). However, donor and NGO staff cannot effect such a change in attitudes on their own. The challenge is to convince ministers, parliaments and the voting public in the North that development problems are as much about institutional blockages, usually underpinned by collective action problems,

as about funding gaps. External assistance is certainly relevant to helping institutions to change, but the diagnostic and design work this entails is intensive in skilled labour. Getting the right skills to the right places is therefore one of the better uses of development assistance budgets.

Working on institutions calls for serious local knowledge. It also requires project designs that are adaptive – oriented to learning rather than the implementation of a blueprint – as Andrews et al. (2012) have usefully reminded us. There are serious doubts about whether official development agencies will ever achieve the quality of understanding and the management flexibility that this implies. As well as becoming less centred on delivering funds, therefore, the official agencies should probably be concerned to do more things ‘at arm’s length’, delegating assistance to organisations that have demonstrated an ability to work in the ways that are required to make a positive difference.

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