The political economy of development in Africa

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Five research programmes that agree!

- **TD:** Why have SSA developed much slower than SEA in the past half century?
- **PEAPA:** How does emerging democratic politics affect policies for agricultural development?
- **EPP:** What motivates ruling elites to support productive sectors with well-implemented government initiatives?
- **DLP:** What is the role of developmental leadership and coalitions in development?
- **APPP:** What kinds of institutions and ways of exercising power work for development in Africa?
The importance of economic transformation for Africa

• To sustain pro-poor growth
• To cope with population growth and urbanization
• To improve global competitiveness
• To create conditions for better governance
‘Good fit’ for better outcomes

Ruling political elite

State bureaucrats

Sector actors (firms, farms and households)
Why developmental political settlements are not usually achieved

• Political elites are fragmented
• Economic ‘rents’ are needed to cement ruling coalitions
• They can’t be got from taxation because formal economies are tiny
• Good politics makes bad economics:
  – Firms and farms are plundered, not supported
  – Fragmentation and collective-action problems pervasive for sector actors too
Why democracy doesn’t help

• Typically, clientelism is competitive
• Multi-party elections sharpen the competition, and generate new uses for rents
• The effects on policy make it a mixed blessing:
  – big gestures
  – no consistent follow-up
  – resources too thinly spread
Big-picture exceptions

• East and Southeast Asia
  – Neither starting-points nor transformation processes as different from Africa as supposed

• Africa: love them or hate them, there have been regimes with a different sort of political settlement:
  ✓ Central mechanisms for developmental utilisation of rents
  ✓ Competitive corruption more or less controlled
Small-picture exceptions

• They matter, because change at the macro level may not be possible
• They exist, in productive sectors and social sectors
• The panels will be giving examples; here’s the summary ...
Productive sectors

• They get better support when:
  – The politicians think success in the sector will help them stay in power
  – Mutual interests develop between politicians and private producers
  – Pockets of bureaucratic capability get created

• ... whereas support is absent when
  – Competitive clientelism prevents elite consensus in favour of the sector
  – As a result, collective action by producers faces insuperable obstacles
Social sectors

• Public provision is better when:
  – Policies are reasonably coherent
  – Performance disciplines of provider professions and local governments are enforced (accountability upwards)
  – Local problem-solving and collective action are enabled

• ... whereas under competitive clientelism:
  – Politics + aid produces incoherent policies
  – Provider discipline relies on generally ineffectual accountability downwards, to users and voters
  – Parties compete to capture self-help bodies
In both types of sector ...

- Donor money and accountability rules undermine untidy but effective, capacity-enhancing, self-help
- Donor policy mantras can contribute to incoherence and rigidities which prevent problem-solving
- But there is another way ...
Another way

• Start by recognising the role of political incentives and pervasive collective action problems
  – Their importance relative to financing gaps
• Firmly adopt a good-fit, not best-practice, approach
• Work with the grain: support processes that show real promise based on an informed assessment of political and sector incentives
  – Get out of the office, or else support those who can
• Take the message about how development happens to voters and pressure groups in the North
Next steps

• None of this will be easy
• We have good evidence but it could get better
  – Further unpacking the content of the collective action problems to be solved in productive and social sectors
  – More comparative analysis of successful cases, to distil the principles at work
  – Better insights into leadership roles in reconstructing and sustaining political settlements
  – More fine-grained Africa/Asia comparative work
• Meanwhile, we need much more dissemination and debate
  – With academic and political communities around the world
  – In the North, into the wider world of political discussion about aid
Thank you!