esid

Effective States and
Inclusive Development

identifying routes to social justice

Effective States and Inclusive Development

An introduction

The Challenge of State Effectiveness and the Promise of Inclusive Development

The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is the largest social security intervention in the world, covering over 50 million households in India. It is a centrally-mandated but locally-implemented programme that guarantees 100 days of work to every rural household that demands it, at a stipulated minimum wage that is the same for women as for men. And yet the proportion of households that seek and achieve NREGA assistance has varied wildly across states in India. Why the significant shortfalls in states like Bihar or Maharashtra? Is the capacity of local government to blame? Or is it perhaps that local elites are not really committed to working with the local poor?

Across India's eastern border, Bangladesh has achieved steady economic growth and significant improvements in human development over the last two decades despite being poorly governed. This seeming 'paradox' has not prevented the significant extension of access to basic social services to many of the country's poor and disenfranchised. But the expansion of access has not guaranteed a corresponding increase in the quality of public services: in secondary education, for instance, there has been a significant rise in enrolment but a marked decrease in completion rates, especially among women and the very poor. *Why is increasing the number of enrolled students a policy priority while the quality of the education they receive is not? Are the incentives for quality provision so different from those for quantity?*

On the other side of the Indian Ocean, many African economies are welcoming the prospect of income from oil flows. In countries like Uganda the expected benefits of oil production and export are likely to match the volume of foreign aid funds on which the government has relied over the past decade. However, capacity and transparency deficits in parts of the state, coupled with civil society's limited power to demand accountability, raise questions about the government's ability to manage the expected natural resource boom in a transparent and developmental manner. *Given that aid funds have been misused in the past, what prevents the same political settlement from turning oil revenues into political rents? What will it take to build the state capacity required to manage these new resources?*

These three examples illustrate some of the dilemmas that developing-country governments and donors face. They all begin with technical propositions, about social provisioning or revenue management, but in the end each policy dilemma comes down to a question of politics.

The **Effective States and Inclusive Development Research Centre (ESID)**, an international partnership of research institutes centred at the University of Manchester, seeks to address such questions:

1. *What capacities enable states to help deliver inclusive development?*

2. *What shapes elite commitment to delivering inclusive development and state effectiveness?*

3. *Under what conditions do developmental forms of state capacity and elite commitment emerge and become sustained? In particular, what is the role of power relations and ideas?*

ESID's approach is predicated on the reality of the developing world in the 21st century, with an ever growing number of countries where some measure of economic growth and democracy have been sustained for some time, and yet economic and political inclusion remains elusive for a significant number of poor and disenfranchised citizens.

In recent years a new political economy of development has come to shape how the public and governments think about development. Daron Acemoglu and James A. Robinson's *Why Nations Fail* (2012) has popularized the notion of inclusive institutions as an engine of development. *Violence and Social Order* (2009) by Douglass North and his co-authors has singled out the most basic factors that make open economies and politics so successful. And some aid agencies, following researchers like Mushtaq Khan, are increasingly framing development challenges through the conceptual lens of 'political settlement', understood as the balance or distribution of power between contending social groups and classes on which any state is based.

These basic concepts and typologies all highlight the political foundations of development, but they tend to be silent on the specific dynamics that bring about transition from limited access to open access political orders, the political and social outcomes of economic development, and the specific policies that promote and ensure social justice, including from within otherwise unpromising contexts. That is where **ESID** comes in.

DEVELOPMENT BEYOND ELITES: EFFECTIVENESS AND INCLUSIVENESS

Almost everyone agrees that 'politics matters' for development, but there is little consensus about what this actually means. One of the latest versions of this statement – which has gained some acceptance in development agencies – relies on the idea of 'political settlements', broadly understood as institutional patterns resulting from bargaining between elites. At **ESID** we are pursuing a similar conceptual agenda by bringing power relations to the forefront, but we are also expanding it by investigating the role of ideas in defining interests. In particular, we aim to understand the specific ways in which **state capacity** and **elite commitment** arise from these relations and ultimately contribute to policies that lead to **inclusive development**. It is the 'how' – and not so much the 'what'– of development that interests us.

Learn more

- Working Paper 1: Thinking about the politics of inclusive development: Towards a relational approach; by Samuel Hickey.
- Working Paper 2: State capacity and inclusive development: New challenges and directions; by Matthias vom Hau.
- Working Paper 10: Measurement and evolution of state capacity: Exploring a lesser known aspect of governance; by Antonio Savoia and Kunal Sen.
- Working Paper 17: Methods in governance research, A review of research approaches; by Lawrence Sáez.
- Working Paper 23: Political settlement dynamics in a limited-access order: The case of Bangladesh; by Mirza Hassan.

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This basic conceptual framework serves as the map in our analytical work, the lens through which we closely examine the politics of four crucial areas of inclusive development:

- Economic growth;
- Service provision;
- Inclusion and recognition; and
- Transnational influences.

AN INTERDISCIPLINARY AND TRANSNATIONAL PARTNERSHIP

ESID's research is carried out by a diverse group of scholars and policy researchers coming from development studies, economics, sociology, political science, international relations, development administration, development economics, social policy, public policy, law and development, and geography. This diversity encourages us to move beyond disciplinary biases, instead using the most useful analytical toolkits for any given development question; it also enables us to search for synergies between seemingly disconnected theoretical approaches and methodologies.

Our intellectual diversity is mirrored in the multinational character of our research network, which spans some of the most prestigious universities in Europe and North America: *University of Manchester, University of Sheffield, University of Sussex, University of Birmingham, School of Oriental and African Studies, The Open University, Institut Barcelona d'Estudis Internacionals, Erasmus University - The Hague, Harvard University, Johns Hopkins University, Clark University, and International Development Research Centre – Ottawa*.

RESOURCES AND ACCUMULATION: THE POLITICS OF ECONOMIC GROWTH

Despite decades of economic research into the cross-national determinants of long-term economic growth, we know surprisingly little about the **dynamics of growth** within countries: why it accelerates and decelerates, what are the political drivers that sustain it, and how can policymakers ensure that its benefits are shared in an inclusive manner by all. **ESID** researchers are finally 'unpacking' the idea of economic growth, analysing transitions between crisis, stagnation, stable growth, and miracle growth. Through cross-national as well as within-country cases of Bangladesh, Cambodia, Ghana and Uganda, they are investigating the politics of growth dynamics, testing such potential factors as political settlements, state capacity, elite commitment, or state-business relations.

The **politics of natural resources** is the second major focus of **ESID** research on inclusive economic growth. One of our projects is revisiting the notion of the 'resource curse' through the lens of political settlements, comparing the evolution of oil governance in Ghana and Uganda. Another project is conducting a comparative analysis of natural resource governance in Latin American and African countries in order to investigate the impact of ideology, political settlement, and sequencing dynamics on taxation, corporate social responsibility, and accountability mechanisms.

Learn more

- The Dynamics of Economic Growth: A Visual Handbook of Growth Rates, Regimes, Transitions and Volatility; by Sabyasachi Kar, Lant Pritchett, Selim Raihan and Kunal Sen.
- Working Paper 5: The political dynamics of economic growth; by Kunal Sen.
- Working Paper 16: Developing the guts of a GUT (Grand Unified Theory): Elite commitment and inclusive growth; by Lant Pritchett and Eric Werker.
- Working Paper 21: Natural resource extraction and the possibilities of inclusive development: Politics across space and time; by Anthony Bebbington.

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CAPACITY AND COMMITMENT: THE POLITICS OF SOCIAL PROVISIONING

One of the premises behind **ESID**'s approach is that states can be engines of inclusive development by providing public services to the poor and those who are generally sidelined by markets and politicians. In that sense Northern welfare states may serve as guides towards inclusive development: the problem is that we are not really sure how they got where they are. Was it just a matter of enacting the right laws and building the bureaucratic capacity needed for implementing them? Or was it the evolution of a new kind of **political commitment** that enabled social provisioning for those who were not economically or politically powerful?

ESID researchers are exploring the determinants of the quality of social provisioning by mapping out the relations between the overall political settlement and service delivery in countries like Bangladesh, Cambodia, Ghana, Rwanda and Uganda. At a cross-national level, they are studying the role of mass mobilization and state-business relations in bringing about inclusive development. At a country-level they are analyzing specific pro-poor programmes like India's NREGA and the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Learn more

- Working Paper 3: Developmental states: A review of the literature; by Laura Routley.
- Working Paper 6: The politics of what works in service delivery: An evidence-based review; by Claire Mcloughlin and Richard Batley.
- Working Paper 9: Delivering effective social assistance: Does politics matter?; by Armando Barrientos and Sony Pellissery.
- Working Paper 11: The politics of what works for the poor in public expenditure and taxation: A review; by Paul Mosley.
- Working Paper 14: Co-producing ineffective states: Social knowledge, social policy and social citizenship in Africa and in development; by Maia Green.
- Working Paper 15: The political economy of implementing the National Rural Employment Guarantee Scheme in India; by Abhiroop Mukhopadhyay.
- Working Paper 18: Institutions, incentives and service provision: Bringing politics back in; by Brian Levy and Michael Walton.
- Working Paper 22: Are service-delivery NGOs building state capacity in the global South? Experiences from HIV/AIDS programmes in rural Uganda; by Badru Bukenya.

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WORKING WITH SOUTHERN PARTNERS

One of **ESID**'s core objectives is to strengthen the links between Northern and Southern research institutions, making sure that our work is informed by the best in-country knowledge and expertise, and trying to level an international academic playing field which has so far privileged Northern authors. The list of our Southern partners includes some of the most reputed institutions in their respective countries: *University of Dhaka and BRAC Development Institute at BRAC University in Bangladesh; Cambodia Development Research Institute (CDRI); Jawaharlal Nehru University, Indian Statistical Institute, Institute for Economic Growth (Delhi), Institute of Rural Management (Ahmedabad), and National Institute for Urban Affairs in India; Center for Democratic Development in Ghana; Centre for Policy Dialogue and University of Zambia; the University of Malawi; and the Centre for Basic Research and Economic and Policy Research Centre, Makerere University in Uganda.*

Our collaborative research and institutional support has a particular emphasis in facilitating access by senior Southern researchers to Northern peer-reviewed journals and publishers, and stimulating the fieldwork and writing capacity of promising young researchers. The ultimate goal is for Southern partners to develop independent capacity for the analysis of their countries' most pressing development challenges.

GENDER, SPACE AND EQUITY: THE POLITICS OF RECOGNITION

The themes of inclusion and equity pervade the entire **ESID** agenda: our research projects ultimately seek to understand how to bring about **social justice**. But some of our projects focus more specifically on the politics of recognition of those individuals and communities who are often left out because of their gender, identity, disability or the region that they call home.

Our research project into JNNURM seeks to illuminate how the urban poor in India organize, mobilize, and develop a political agency of their own in the pursuit of better infrastructure and social services in their informal settlements. An upcoming **ESID** project will explore how the gendered nature of political settlements affects women's political participation and the implementation of gender equity policies. Another one is exploring the role of regional elites in perpetuating political settlements that lead to spatial discrimination in public provisioning.

Learn more

- Working Paper 8: The politics of rule of law systems in developmental states: 'Political settlements' as a basis for promoting effective justice institutions for marginalized groups; by Deval Desai and Michael Woolcock.
- Working Paper 13: Gendered politics of securing inclusive development; by Sohela Nazneen and Simeen Mahmud.

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AID, IDEAS AND MARKETS: TRANSNATIONAL POLITICS

Foreign aid has long been the source of heated debates in the development community. The most fundamental question is whether it helps or hinders in the pursuit of inclusive development, whether it can act as a helpful and temporary crutch toward self-sustaining growth or instead whether it merely generates a political economy of dependence. The effects of aid on political incentives are still unclear. And the rise of new donors like China who are less concerned about policy reforms calls into question the very role and aims of traditional – that is, Northern-donor agencies. **ESID** is exploring whether China has a particular influence on the politics of natural resource governance in relation to oil in sub-Saharan Africa.

At a purely analytical level, **ESID** is interrogating the concepts and indicators that allow us to make claims about aid effectiveness and its repercussions for institutional capacity and pro-poor policy. At a more practical level we are working with DFID and the World Bank on a comparative study of how they use **political economy analysis (PEA)** in their aid relations with Ghana, Uganda and Bangladesh: our objective is to help donor agencies determine whether they have in fact become more politically savvy over the last decade, and if so whether this translates into greater aid effectiveness. At the moment ESID researchers are also refining our understanding of public sector reform as a transnational agenda, and will soon put these ideas to the test in a comparative study.

Learn more

- Working Paper 7: The politics of aid revisited: A review of evidence on state capacity and elite commitment; by Arjan de Haan and Ward Warmerdam.
- Working Paper 12: China in Africa: Impacts and prospects for accountable development; by Giles Mohan.
- Working Paper 19: Donors, development agencies and the use of Political Economic Analysis: Getting to grips with the politics of development?; by Laura Routley and David Hulme.

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MAKING A DIFFERENCE

ESID's ultimate aspiration is to change how development scholars and practitioners think about inclusion, capacity and commitment. That is why most of our research engages directly with Northern and Southern policymakers, not just as subjects of study, but also as stakeholders. By involving them in the design, conduct and oversight of our research we hope to ensure that our work has tangible benefits for them, but also to empower advocates for a more politically nuanced and analytically sophisticated approach to inclusive development.

Some of our projects involve a close relationship with governance advisers at aid agencies like *DFID* and the *World Bank*. More importantly, much of our research involves the direct participation of Southern partners, both governmental and non-governmental. In Uganda we are working with the *National Planning Authority* in the design of the next National Development Plan. In Ghana and Bangladesh we are supplying capacity-building assistance to leading think tanks like *CDD* and the *BRAC Development Institute*. For our JNNURM research project we are working with the NGO *SPARC (Indian Alliance of Slum Dwellers International)* as well as with the *National Institute for Urban Affairs*. And the NREGA study has sought to build close links with state and civil society '*policy champions*' through a Policy Reference Group which will serve as a major conduit for dissemination of our findings.

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