

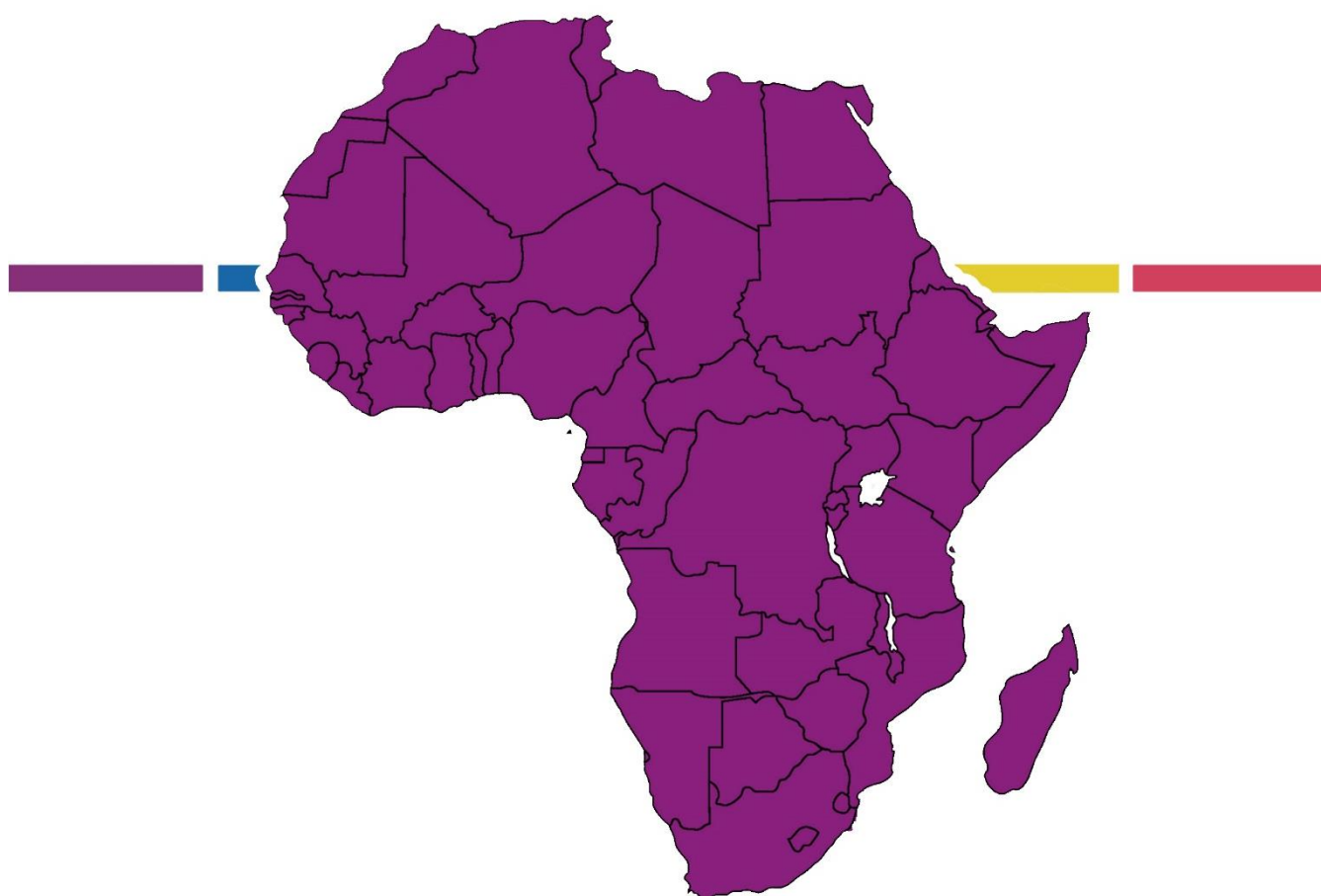
SOCIAL PROTECTION

STRATEGIC ACTORS

PRODUCTIVE  
EMPLOYMENT

# STRATEGIC ACTORS FOR INCLUSIVE DEVELOPMENT IN AFRICA

Synthesis report series



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**INCLUDE**

KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

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## Acronyms

APD	African Policy Dialogue
CBO	community based organization
COPORWA	Community of Potters of Rwanda
CSO	civil society organization
DfID	Department for International Development (United Kingdom)
DLP	Developmental Leadership Program
ECDPM	European Centre for Development Policy Management
ESID	Effective States and Inclusive Development
IDS	Institute of Development Studies
INCLUDE	Knowledge Platform on Inclusive Development Policies
IP	Innovation Platform
NGO	non-governmental organization
NWO-WOTRO	Netherlands Scientific Organization – Science for Global Development
ODI	Overseas Development Institute
PPP	public-private partnership
RIDSSA	Research on Inclusive Development in Sub-Saharan Africa
SDG	Sustainable Development Goal

## 1. Introduction: why focus on strategic actors for inclusive development?

While most African countries have registered high growth in the last decade, a large number of people remain excluded from the benefits of this progress. The Knowledge Platform on Inclusive Development Policies (INCLUDE) envisages that more inclusive development requires policies for economic transformation, productive employment and social protection to ensure that vulnerable and poor groups, especially young people and women, benefit from growth. However, such inclusive policies can only be realized if they are supported by coalitions of strategic actors across state and society that can overcome resistance to change among the ruling political and commercial elite. This vision is the core of INCLUDE's knowledge agenda laid down in the Netherlands Scientific Organization – Science for Global Development (NWO-WOTRO) programme '[Research for Inclusive Development in Sub-Saharan Africa](#)' (RIDSSA), commissioned by the Dutch Ministry of Foreign Affairs. This programme consists of three themes: productive employment, social protection and strategic actors for inclusive development. One of the objectives of the platform is to synthesize existing and new knowledge on inclusive development to 'make knowledge work' for policymakers and practitioners.

High-level African institutions like the African Union and the African Development Bank have identified youth employment as the continent's top priority for the near future. They have recognized that only when Africa's labour markets are able to absorb the growing numbers of youth entrants can its development be considered inclusive and long-term. Realizing this economic dividend requires the formulation and implementation of policies that structurally transform the economies, both within Africa and globally. This is a daunting task as those in power are likely to either be benefiting from the status quo or confronted with institutional or political barriers. Effecting change requires encouraging strategic actors to push for transformational policies and aligning those actors who do not (yet) possess the political influence to do so.

Although Africa's economies are growing, not everyone is benefiting from the enhanced wealth. While average poverty rates in Sub-Saharan Africa have decreased substantially, roughly 40% of the population [still live below the poverty line](#) of USD 1.90 a day (World Bank, 2018). In addition, six of the top ten countries with the highest inequality rates in the world are African.<sup>1</sup> Africa's high inequality stems from the fact that its economic growth has not gone hand-in-hand with sufficient increases in productive employment opportunities for new labour market entrants. Many, especially young, Africans have no formal job and even more young Africans are

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<sup>1</sup> These are South Africa (1), Namibia (2), Botswana (4), the Central African Republic (6), Zambia (8) and Lesotho (9) (World Bank, 2017).

underemployed, meaning that they do work, but do not earn enough to make a living. Furthermore, they lack social protection. Hence, tackling inequality in Sub-Saharan Africa means, above all, tackling these high rates of un- and under-employment.

Such high inequality is of concern not only to African policymakers. The European Union has increasingly drawn its attention to Africa's development in light of the recent influx of African migrants. In 2015, African and European policymakers [agreed](#) to install a trust fund to curb migration flows to Europe in exchange for additional development support (Traynor, 2015). This '[European Union Trust Fund for Africa](#)' aims to "address the root causes of destabilization, forced displacement and irregular migration by promoting economic and equal opportunities, security and development" (European Commission, 2015). Many initiatives under the umbrella of this objective focus on addressing unemployment, particularly for [Africa's youth](#) (European Commission, 2016). This is also a key objective of the Dutch Ministry of Foreign Affairs, which, in its [Policy Document on Foreign Trade and Development Cooperation](#), states that: "The rapidly expanding youth cohort in these countries needs the prospect of a future that includes employment, education, equal opportunities and security (Ministry of Foreign Affairs, 2018, p. 10). Improving the position of women and girls also plays a crucial role in this regard. The government is, therefore, investing in programmes that specifically target these groups.

### 1.1 Inclusive development rather than economic growth

A question that is the subject of hot debate currently is will more development reduce migration flows. In answering this question, it is important to remember that migration (both interregional and international) is a continuous phenomenon in African history, and rising incomes may increase, rather than decrease, migration as more people will be able to afford the associated costs. Historically, countries rising from low to middle income status initially experience increased emigration rates, a phenomenon commonly known as the '[migration hump](#)' (World Bank, 2018). Hence, the expectation of European policymakers that migration flows can be curbed through policies specifically aimed at income enhancement is questionable. When aiming to curb migration through development, [Theo Rauch](#) argues that it is crucial to take into account the entire system (Rauch, 2018). He stresses that poverty reduction and development in African countries can reduce migration pressures in the whole migration system, only if policies tackle poverty in both urban and rural areas. As he puts it: "If the migration pressure in rural regions is reduced, the pressure transmitted to better-off people competing for limited income opportunities in urban regions will also be reduced". This is also underscored in the [policy note](#) of the Ministry of Foreign Affairs, which states that irregular migration to Europe from Africa is "induced by a combination of instability, great differences in prosperity and the absence of national or regional prospects for

the future” (Ministry of Foreign Affairs, 2018). Hence, if increases in income are not accompanied by higher social and political inclusion (for example, through healthcare, welfare schemes and political stability) for all societal groups in all geographical areas, people might feel compelled to use their increased wealth to find a better and more sustainable future elsewhere.

Hence, for development to reduce migration pressure, it needs to be inclusive. INCLUDE was initiated in 2012 with the primary objective of contributing to evidence-based policy making to make Africa’s development more inclusive by ensuring that everyone, including youth and women, benefit from Africa’s economic growth. In practice, this involves identifying and implementing measures to fight Africa’s high inequality (not just poverty) rates, in terms of income, but also in terms of people’s social and political wellbeing. Productive employment and access to social protection have been identified by INCLUDE as key prerequisites for inclusive development. However, it is not only the quantity of jobs, but also the quality of these jobs that needs to be enhanced (also read INCLUDE’s synthesis report on *‘Boosting Productive Employment in Africa: What Works and Why?’*: Dekker et al., 2018). In addition, for everyone to benefit from enhanced economic growth, people must have adequate access to social protection schemes, which can function as a safety net when temporary or long-term work is unavailable (also read INCLUDE’s synthesis report on *‘The Business Case for Social Protection in Africa’*: Van Kesteren et al., 2018).

## 1.2 Scope

Inclusive development is not only about the macro- and micro-economic policies and outcomes that transform economies in Africa and globally. It is also about the social and political processes that underlie this transformation. Inclusive development policies are often designed, but seldom implemented effectively. This is generally because those in power benefit from the status quo. Hence, effectuating inclusive development involves addressing the underlying power structures that enable economic and political elites to keep inequality intact. It requires recognition of the actors that are in a position to bring about change, and shifting the incentives and constraints that withhold them from doing so. In other words: the structural economic transformation required to reduce inequality can only take place when policies are not hindered by economic or political elites.

INCLUDE’s thematic policy areas ‘productive employment’ and ‘social protection’ are, therefore, interrelated with the ‘strategic actors’ and cannot be discussed in isolation. Keeping in mind the European Union’s objective to address the root causes of irregular migration, employment creation alone is not sufficient. Making sure that

all people in Sub-Saharan Africa have hope for a better future in their countries of origin requires three things: structural transformation in promising sectors like agriculture and manufacturing in order to create productive employment for Africa's growing population; macroeconomic policies to enhance productive employment accompanied by social protection schemes; and strategic actors must be convinced and enabled to implement policies in favour of marginalized groups. Only when these three factors are adequately addressed can the goal of reducing poverty and inequality be realized.

### 1.3 Objective

Four years after the initial INCLUDE [Concept Note on Strategic Actors in the Implementation of for Inclusive Development](#), it is useful to see to what extent INCLUDE's research findings align with state-of-the-art knowledge on inclusive development (INCLUDE, 2013). This review was undertaken to update of the Concept Note in order to: consider the relevant broader contextual changes since 2013 that are particularly relevant for the work of INCLUDE; update the key ongoing research work streams identified in the 2013 Concept Note (i.e. progress achieved, impact, evolution); examine evolutions in the major policy themes underpinning the concept of inclusive development used by INCLUDE; assess changes in the two perspectives on strategic actors; and explore evolutions in the uptake of this type of knowledge. The update of the Concept Note also fits within a broader objective – to produce an aggregated body of knowledge for both policy and academic stakeholders. This includes collating the existing state-of-the-art literature (section 2), as well as integrating knowledge gathered by the RIDSSA research projects conducted in the framework of INCLUDE and findings from the APDs (section 3). Such 'integration' of the knowledge produced from the research projects will facilitate uptake of the findings by practitioners and facilitate discussion of the results at a higher level. It will also pave the way for considering the next phase of INCLUDE's life cycle and related work focus.

### 1.4 Methodology



This review is built on a literature review, publications from the RIDSSA research consortia and evidence from African Policy Dialogues (APDs):<sup>2</sup>

- **Literature review:** A literature review on strategic actors for inclusive development in Sub-Saharan Africa, based on [INCLUDE's Concept Note on Strategic Actors for the Implementation of Inclusive](#)

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<sup>2</sup> The INCLUDE platform is grateful to all contributors to the resources outlined above, including the researchers and other members of the five research consortia, the authors of the literature review, the participants in the African Policy Dialogues, and the Dutch Ministry of Foreign Affairs and NWO-WOTRO for their funding and support.

[Development Policies](#) (INCLUDE, 2013). It briefly outlines the main concepts, as introduced in the Concept Note and presents an update. It outlines the broader political changes since 2013, such as the formulation of the Sustainable Development Goals (SDGs), the migration issue, and the globally-decreased space for civil society. It also discusses the broader research that has taken place on strategic actors, focusing on trends in research programmes, the evolution in thinking about INCLUDE's priority policy domains, changes in relation to both the institutional and agency perspective on strategic actors, and dynamics in the uptake of research on inclusive development. Although the review has covered various types of programmes in different countries, this review should not be read as a systematic review.

- **Publications of five RIDSSA research consortia:** The findings of these consortia, under the RIDSSA call for proposals for research on '[Strategic actors for Inclusive Development](#)', stem from the different academic and policy outputs of the research groups, including policy briefs, (interim) findings, presentations, interviews and input provided during the [INCLUDE writers' workshop](#) in September 2017. An overview of the projects and programmes studied by these consortia is provided in Table 1 (see also Annex 1 for an overview of the RIDSSA research projects on strategic actors). Throughout this review, the publications of the RIDSSA research projects are indicated by the INCLUDE logo  (for example,  Van Paassen, 2018).



**Table 1. Five research projects on strategic actors**

Project title	Country	Topic
<a href="#">Inclusive Business Strategies in Africa</a>	Ethiopia, Kenya, Mozambique, Rwanda, Uganda, Tanzania	Investigates the contribution of inclusive business strategies to inclusive development in Sub-Saharan Africa and assesses how Dutch multinationals can achieve inclusiveness with the involvement of non-market actors and generate indicators for inclusive business
<a href="#">Barriers to Batwa Inclusion in Rwanda</a>	Rwanda	Investigates why attempts to remedy Batwa marginalization have not been successful
<a href="#">Informal Workers' Political Leverage</a>	Benin, Ghana	Investigates the role of trade unions (organizing formal sector workers) and informal workers' organizations in the textile trade and construction sectors (Ghana) and taxi and private security sectors (Benin)
<a href="#">Agricultural Partnerships</a>	Ghana	Analyses the outcomes and functioning of partnerships in three value chains in Ghana: a mature export value chain (cocoa); an emerging value chain (palm oil), and a domestic food chain
<a href="#">Economic Empowerment and Sex Work</a>	Kenya, Ethiopia	Analyses of the role that strategic actors can play in the economic empowerment of sex workers

- African Policy Dialogues:** In addition, this synthesis includes evidence from the APDs. APDs are funded by INCLUDE, initiated by platform members and driven by local policy actors, researchers, practitioners and other stakeholders. The stakeholders collaboratively identify research evidence gaps in current policies and new research needs, gather the evidence, synthesize it, and share it with stakeholders for use in policy making and implementation. The information on APDs in this paper derives from the documentation generated by five APDs, namely:
  - [Entrepreneurship Development in Rwanda](#)
  - [Wage Employment Creation in Nigeria](#)
  - [Youth Employment in the Extractive Industry in Mozambique](#)
  - [Youth Employment in Ghana](#)
  - [Employment Creation in Kenya](#)

More information about these African Policy Dialogues can be found in Annex 2.

### 1.5 Structure of the report

The report is divided into two main parts, in addition to this introduction (section 1). The first part (section 2) contains the literature review. It discusses the state-of-the-art literature on strategic actors based on the INCLUDE Concept Note of 2013 and the research updates since then. Section 2 concludes with a discussion of

the implications that these research updates have for both policy and research, as well as for INCLUDE’s knowledge agenda. The literature forms the framework for the second part of this synthesis report (section 3), which contains a discussion and synthesis of the results of the five RIDSSA projects on strategic actors. This section also links the findings from the research projects with the outcomes from the African Policy Dialogues. The overall conclusion of this synthesis report is presented in section 4, which summarizes the main synergies between the research projects and APDs against the background of the existing literature, and outlines the new research insights drawn from INCLUDE’s knowledge agenda in the form of 10 messages.

Box 1 outlines the sets of questions around which the synthesis is structured.

**Box 1. Guiding questions for synthesis strategic actors**

- 1. Which actors are strategic in promoting inclusive development in Sub-Saharan Africa, and what are their specific roles?**
  - What are the roles and strategies of private companies, partnerships and civil society organizations representing marginalized groups like the Batwa, smallholder farmers, informal workers and sex workers? Are these actors strategic in promoting inclusive development in Sub-Saharan Africa?
  - Which institutions or institutional arrangements affect the power dynamics between different actors, and how?
  
- 2. Which incentives and power dynamics prevent actors from formulating and/or implementing inclusive development policies?**
  - Which incentives and power dynamics prevent the private sector from promoting inclusive development?
  - Which incentives and power dynamics prevent the economic and political inclusion of marginalized groups like the Batwa, smallholder farmers, informal workers and sex workers, as well as the civil society organizations that represent them?
  
- 3. What works to ensure that strategic actors promote and implement inclusive development policies?**
  - How can progressive private sector actors be supported to promote inclusive development? How can non-progressive private sector actors be nudged to promote inclusive development?
  - How can the economic and political inclusion of marginalized groups like the Batwa, smallholder farmers, informal workers and sex workers, as well as the civil society organizations that represent them, be supported, and how can they be linked to strategic actors?

## 2. State-of-the-art literature on strategic actors for inclusive development policies

This first part of the synthesis provides an overview of the state-of-the-art literature on the topic. It looks at the concept and scope of strategic actors for inclusive development, before examining changes in the global political context that relate to strategic actors. It then provides an overview of existing research. Finally, it looks at the implications of the research for INCLUDE and identifies the challenges for future action.

### 2.1 Concept of strategic actors for inclusive development: institutional versus agency perspective

INCLUDE considers ‘strategic actors’ from two perspectives. Firstly, the institutional perspective, which coincides with the traditional (Western-dominated) governance approach, and focuses on a state’s strengths and its ability to promote inclusive development as a function of the capacity of its formal institutions. This perspective looks at which institutions need to be strengthened to achieve inclusive development. Secondly, the agency perspective implies a more gradual approach to development that is less attached to the Western blueprint. It sheds light on how and why change happens, or does not happen. It tries to grasp the dynamic of the power connections between different actors to deduce which of them are strategic at a certain time and in a certain change process, and what incentives can be used to influence their behaviour. This perspective by no means excludes or diminishes the necessity or value of institutions, but it allows the analysis to go beyond the formal aspects of institutions to the incentives that drive agents’ behaviour. Strategic actors are thus actors who: have formal decision-making power and are, therefore, in a position to exercise leadership (institutional perspective); and/or have the legitimacy and power to influence ‘decision-making’ (agency perspective).

While most research adopts either an institutional or agency perspective, INCLUDE believes that both perspectives are important in understanding structural change. Therefore, when analysing strategic actors, the challenge is not to choose between the two perspectives, but to interweave them. That means paying attention not only to dominant institutions and actors, their ability to exercise leverage on policy processes, agents’ goals and tactics, and their motives for doing so, but also to the strategies they adopt to influence state authorities.

In defining strategic actors, it is also important to look at the concept of ‘inclusive development’. Inclusive development has become a new buzzword in development jargon. It has been used at international conferences and in major development reports, research programmes, national vision documents produced by African countries, and regional policy documents. However, the prevalence of its use has not been accompanied by

conceptual clarity. Inclusive development proves to be an elusive notion with no single authoritative definition. It is often poorly differentiated from concepts that have been in circulation for a longer period of time, like sustainable development, human development, and pro-poor growth. More importantly, inclusive development is often used interchangeably with inclusive growth, despite their inherently different meanings.

However, inclusive development implies more than just poverty eradication; it also encompasses reducing economic, social and political inequality. While inclusive growth refers to economic growth that is accompanied by low income inequality, inclusive development also takes into account dimensions of wellbeing beyond income, like education and health. The essence of inclusive development is that it implies fighting inequality, not just poverty. Inclusive development embraces both the income-related and social and political inequalities that determine people's opportunities and wellbeing. Above all, inclusive development may also imply challenging existing power structures.

The politics of policy making can make or break a country's advance towards inclusive development. The implication here is that research should focus on the political dimensions of implementing structural policy reforms, rather than solely on the technical aspects of policy and capacity. Conducting such research, therefore, involves not only questioning how authorities can make government budgets and policies more inclusive, but also why they often do not do so and why political elites have a clear stake in maintaining the status quo. For example, reforms to tackle the negative effects of informal economic activities (in terms of collecting taxes, improving working conditions, and providing social protection) can prove difficult to implement, as political authorities tend to have a stake in these activities as well (economically through benefits or politically through votes). Moreover, global economic forces can also present an obstacle to structural reforms, for example, tax system reform or employment reform.

## **2.2 Scope of strategic actors: three policy areas**

INCLUDE focuses on strategic actors in three important policy areas. These areas currently act as drivers of inequality, but could, through strategic action, be transformed into triggers for inclusive development. The first policy area is economic growth. There is a strong need for structural transformation in African economies. Countries need to diversify their economies if they are to offer economic and social opportunities to a growing and increasingly young population. This means strengthening opportunities in the primary sectors, while fostering industrial development and achieving a structural shift to high value products and services.

The second policy area is territorial development and spatial differentiation. The geographical distribution of income and poverty is skewed in many African countries. There are persistent concentrations of poor people in specific regions, even in countries with high growth. For example, the APD in Mozambique reveals that when it comes to budget allocation for technical education, Northern Mozambique is worse off in terms of quality educational facilities than the Southern region. In addition, the APD stresses that low budgetary allocation to education partly explains the inadequacy in skills and competencies among graduates, which limits their chances of successfully competing for jobs in labour markets. This difference in wealth distribution, thus, affects youth in Northern Mozambique more than youth in Southern Mozambique.

The third policy area is the quality of governance. A substantial number of people in Sub-Saharan Africa, especially those in conflict or post-conflict situations, live outside the protection of the law and have very limited ability to influence institutions, legal reforms and socioeconomic policies. This situation especially affects women, the ultra-poor and minorities, and perpetuates national and local political institutions that are not transparent or accountable to their citizens. For inclusive development to be achieved, such governance landscapes need to be structurally transformed.

In identifying strategic actors for inclusive development, it is crucially important to look beyond the ‘usual suspects’, i.e. central government (especially elites) and traditional civil society actors (with a particular focus on non-governmental organizations [NGOs]). INCLUDE takes a broader perspective that also considers institutions and actors operating within the wider political society (such as parliaments, political parties and oversight bodies), other realms of civil society (such as trade unions, consumer organizations, social movements, and youth and farmers organizations), the increasingly vocal local government sector, the development-oriented parts of the private sector (both formal and informal), and ‘unusual suspects’ or non-traditional actors (including the informal sector, religious movements, the armed forces, insurgents and even criminal organizations) (Making All Voices Count, 2016).

### **2.3 Changes in global political context**

The need to update INCLUDE’s 2013 Concept Note on *Strategic Actors for the Implementation of Inclusive Development* has been induced by several changes in the global political context, including the launch of the SDGs, the migration issue, alternative approaches to development policy, the shrinking space for civil society organizations (CSOs) and the emergence of ‘post-truth’ politics (INCLUDE, 2013). From a development perspective, the adoption of the universal 2030 Agenda for Sustainable Development, with its 17 SDGs, is the

core evolution in this space. Several SDGs are related to inclusive development: [SDG 16 \(target 16.7\)](#), for example, calls for building more ‘effective, accountable and inclusive institutions at all levels’. The term ‘inclusive’ is narrowly used here to mean fair representation in decision-making (United Nations, n.d.).

Security and migration have become far more important for European Union countries and these issues increasingly influence development policies and resource allocation in external action. Citizens who are (or feel) excluded, young people with ambitions to improve their lives elsewhere and economically vulnerable people are all prone to migrate.

Although the traditional approach to development as social engineering is still mainstream in practice, alternative approaches such as ‘Doing Development Differently’ have gained increased recognition and adherence (DDD Manifesto Community, 2014). This approach combines several elements such as a greater role attributed to politics in development processes, recognition of the unpredictability of development processes and, hence, the need for development interventions to be adaptable, and the focus on solving concrete problems, rather than transplanting solutions (often labelled ‘best practices’ or the ‘right’ policies).

Other phenomena have also become more visible in the global context, with potential impacts on inclusive development processes. A case in point is the trend of ‘closing space’ for civil society that has become apparent, even in countries with relatively open governance systems (CIVICUS, 2017). Beyond reducing the space for democratic expression and domestic accountability, a closing of civil space drastically jeopardizes the possibility for actors to openly discuss and sort out how complex economic, governance and societal problems can be solved at various levels.

Another related trend is the emergence of ‘post-truth’ politics,<sup>3</sup> following BREXIT and the US election, which reflects on how ‘facts’ have become less influential in shaping public opinion than emotions and personal belief. This apparent shift away from facts makes it harder to pursue evidence-based decision-making as it influences opportunities for the effective ‘uptake’ of knowledge and research findings by policymakers (European Commission, 2014). In such a climate, the production of independent sources of knowledge may also come under threat, as power holders are primarily interested in (funding) research that confirms their own policy agendas. A Similar trends can be observed in the domain of public policy evaluations (e.g. the move towards

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<sup>3</sup> ‘Post-truth’ was named 2016 word of the year by Oxford Dictionaries.

‘policy-based’ evidence). The continued production and effective communication of objectively verifiable knowledge is the only possible dam to contain and counter the bidding of unfounded beliefs in the medium to long term and to promote ‘evidence-based’ (or at least ‘evidence-aware’) public policies and initiatives.

## 2.4 Update of existing research

### 2.4.1 Trends in research programmes

Several research programmes, considered as highly relevant to INCLUDE’s work, stopped between 2013 and today. Notably the ‘Africa Power and Politics Programme’ of the Overseas Development Institute (ODI), the Danish ‘Elites, Production and Poverty Research Programme’, the Dutch ‘Tracking Development Project’ and the ‘Participation, Power and Social Change’ programme of the United Kingdom-based Institute of Development Studies (IDS). Furthermore, there have been no new major initiatives. The [Concept Note 2013](#) still stands as the best available long-term ‘meta-analysis’ (one of the three categories of research in the 2013 Concept Note)<sup>4</sup>, as there has been no new meta-level analysis on inequality and economic growth since then (INCLUDE, 2013).

There has been more movement in ‘middle-level theory’ research (the second category in the Concept Note). The two most relevant research programmes in this area for the analysis of strategic actors for inclusive development are the Effective States and Inclusive Development (ESID) programme and the Development Leadership Program (DLP). In 2012, much was expected from a [Joint Statement](#) of five major research programmes on the political economy of development in Africa (Different Take on Africa, 2012). Although this statement has produced few tangible outcomes, some elements have been taken further in ESID and DLP research.

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<sup>4</sup> ‘Meta-level research’ has a strong historical character and produces fundamental insights into development processes, but does not focus exclusively on change in the contemporary developing world and does not provide practical advice and policy prescriptions for development practitioners. ‘Middle-level theory’ concerns large and ambitious research projects that are often funded by donor agencies and aim to produce evidence-based knowledge that can inform the policies and interventions of donors, governments in developing countries and civil society actors. It specifically aims to make the development efforts (the actions) of the different actors more strategic. The third category is not theoretical, but rather is ‘empirical and action-oriented’. It produces knowledge that helps to improve an existing, concrete situation. Often it is the learning dimension of donor-funded programmes.

In the field of ‘action-oriented’ research (the third category in the Concept Note) there has been notable work by Andrews, Pritchett and Woolcock on *Building State Capability* using Problem-Driven Iterative Adaptation (Building State Capability, 2018). Oxfam’s Duncan Green has published guidance on *How Change Happens* (Green, 2018). These publications are action-oriented in the sense that they focus more on the practical ‘how’ of development, and less on the ‘what’. This means that they can be of indirect importance as they may help to further understand how interventions that promote inclusive development can best be approached, but they do not specifically or exclusively focus on actors for inclusive development. At the action-level there has also been an effort to introduce new instruments like the adaptive logframe (ODI) and the ‘searchframe’ (Harvard), which facilitate iteration and adaptation during the implementation of programmes (Wild, Booth, & Valters, 2017). The World Development Report 2017 (World Bank, 2017) also provides practical guidance by introducing the ‘policy effectiveness cycle’ (see Box 2).

**Box 2. Policy effectiveness cycle**

The policy effectiveness cycle begins by clearly defining the objective to be achieved and then following a series of well-defined steps:

- 1. Diagnose:** Identify the underlying functional problem (commitment, coordination, cooperation)
- 2. Assess:** Identify the nature of power asymmetries in the policy arena (exclusion, capture, clientelism)
- 3. Target:** Identify the relevant entry point(s) for reform (contestability, incentives, preferences and beliefs)
- 4. Design:** Identify the best mechanism for intervention
- 5. Implement:** Identify key stakeholders needed to build a coalition for implementation (elites, citizens, international actors)
- 6. Evaluate and adapt**

**Source: World Bank, 2017**

**2.4.2 Evolutions in thinking on the priority policy domains**

**Inequality** has become a major research theme and some influential work has been produced in this area over the past year. Piketty’s seminal work on *Capital in the Twenty-first Century* (Piketty, 2013) paints a gloomy picture of increasing inequality in the long term and explains the structural reasons why inequality has grown. The evidence used, however, is limited to advanced economies and does not address developing countries. Piketty’s recent work is based on Brazil, South Africa, the Middle East, India and China. Preliminary findings from his research on Brazil, South Africa and the Middle East has shown that the traditional household surveys that serve as evidence to calculate inequality systematically underestimate it because these surveys miss the mega-rich. For Brazil, amply praised for its efforts to reduce inequality over the past 15 years, he finds that access to basic services (education, health) has indeed become more inclusive, but at the same time income inequality has



increased. Post-apartheid South Africa has also seen an increase in school enrolment, but this seems to have had no effect on the reduction of inequality as only the top 5% have seen their income increase since 1993 (lecture by Piketty at London School of Economics in May 2016, cited in Green, 2016).

Angus Deaton followed in 2014 with an equally grim picture, that growth and progress are accompanied by rising inequality, which is not necessarily a problem as long as the elites do not block 'catch-up' further down the line (Deaton, 2014). In 2014, the International Monetary Fund issued a surprising discussion paper that diverted from the traditional line that sufficient growth eventually erodes inequality (Ostry, Berg, Tsangarides, 2014). This paper explains that inequality can actually be bad for growth, that equality-enhancing interventions can stimulate growth, and that lower inequality is robustly correlated with faster and more durable growth.

More recently Branko Milanovich published his influential work on global inequality (Milanovich, 2016). Taking a long-term perspective, he concludes that growth, differentiation (the introduction of new production methods) and the elite capture of politics have a negative effect on inequality while war, welfare policies and progressive politics reduce inequality. He examines progress at the global level, but does not look at differences within countries or regions. From that perspective, he (contrary to Piketty) sees an overall reduction in inequality, mainly due to the rise of the Chinese middle class. Milanovich considers an open migration policy (worldwide) as a measure that could have a largely positive impact on global inequality. His thesis has not always been received warmly by development practitioners, as it overlooks the importance of gender, race and class in the struggle against inequality. The finding that war has made important contributions to the redistribution of wealth is equally hard to swallow for peace-loving development experts. Milanovich's thesis has been explored further in a recent book by Walter Scheidel (Scheidel, 2017).

Some further research that has particular relevance for economic growth and inclusion is related to industrial policies. In 2016, ActionAid published a study suggesting that African countries should act as countries like South Korea have done and learn from industrialized countries to identify policies that will allow them to support the emergence of a profitable manufacturing sector (ActionAid, 2016). The ActionAid study also emphasizes paying particular attention to high-value services like design and marketing, which are essential for maximizing manufacturing earnings. Formulating such policies would allow African countries to create more and better jobs. Ha-Joon Chang expands on this by stating that the South Korea's progress is not only the result of adopting the right policies, but also the result of strong political will and elite collaboration (Chang, 2017). So, simply adopting the same policies will not necessarily produce the same economic transformation for other countries. Mushtaq

Kahn adds another element to policy and agency (political will), by emphasizing the importance of capable institutions (Kahn, 2013). Kahn sees a strong interdependence between agency (elite cooperation, political will, leadership, vision, policy) and structure (institutions, capacity, autonomy). The key to success is alignment between power structures (political settlements) and growth strategies. He advises countries to focus on a certain sector or product where both agency and institution(s) reinforce each other.

Research findings on how economic growth influences inclusion are not always comfortable for development practitioners and do not always fit easily with more traditional analytical frameworks and assumptions on what constitutes positive change, i.e. inclusive development. The successful realization of inclusion requires an open mind and the courage to rethink and unlearn.

**Territorial development** is another concept that is rapidly re-gaining growing attention among policymakers, international agencies, civil society actors and researchers in many parts of the world (European Commission, 2016). Spatial blindness – or the tendency to conceive development strategies without taking into account territorial dimensions – no longer seems an appropriate way forward. A more transversal approach that factors in the various levels of intervention (i.e. global, continental, regional, cross-border, national and subnational) is required to better apprehend the transformation dynamics and development potential at stake (OECD, UNDP, & AfDB, 2015). The [2030 Agenda for Sustainable Development](#) includes 17 SDGs whose achievement will largely depend on the ability to ‘localize’ implementation through an effective, multilevel system of governance in which (autonomous) local government authorities can be active players (United Nations, 2018). Several key factors contribute to the enhanced prominence of territorial development:

- **Urbanization:** Rapid urbanization, particularly the rise of secondary cities and towns, has transformed the rural world in the last two decades. Rural areas still exist, but they no longer consist of a multitude of small and disconnected villages. They are now surrounded by a growing number of expanding towns and cities that are increasingly a key engine of growth and employment. These new ‘rural spaces’ are composed of a mix of towns and small cities and their rural hinterland. For this process of rural diversification to be profitable to most there is a need to address the development of urban and rural areas in a more connected way. This can be achieved by fostering place-based development at the rural-urban interface (also called ‘functional territories’), which reflects the linkages between both rural and urban areas and optimally exploits the related network of interdependencies.
- **Growing inequality (the core of INCLUDE’s concern):** As globalization advances, national development policies in most developing countries are framed by efforts to connect the national economy to the

global one, promoting its ‘outward orientation’ and competing for the investment of global capital and access to world markets. As the connection between domestic and global economies is made primarily through major (capital) cities – where the required human, financial and logistic resources are typically concentrated – the spatial model associated with an outward oriented economy tends to be one of growing imbalances between the globalizing cities and the rest of the country. A consensus seems to emerge that social and spatial inequalities may not only result in high social costs and political risks, but may also compromise the prospects of accelerated and sustained growth in both developed and developing countries.

- **Limits of centralized approaches:** Previous attempts to correct territorial disparities have generally been conceived by government officials and donor agencies in capital cities. They have tended to follow a top-down and sectoral logic based on the allocation of resources to targeted geographic areas and for narrowly defined domains of intervention, rather than starting from available local potentialities and adopting a more integrated perspective. The interventions have often focused on ‘administrative jurisdictions’, instead of looking at functional territories where social and economic activities actually unfold.

Realistic attempts at correcting territorial disparities will need to rely on a shift from sector-based, top-down spatial redistribution policies to policies that more selectively fit local development strategies and help localities. This will be particularly important for smaller cities and their rural hinterlands to emerge as competitive nodes of the global economy and respond to opportunities offered by both domestic and global markets. In addition, diffusing economic growth and preserving or enhancing basic social services will require a smarter, more strategic and more locally-responsive use of limited central state resources, as well as the mobilization of additional local resources from communities and the private sector. Yet, none of this will be possible without the emergence of sub-national development authorities empowered with a meaningful degree of autonomy and embedded in effective networks of accountability relations.

In relation to the **quality of governance**, no new insights have been produced. The ‘Thinking and Working Politically’ crowd clearly favours ‘good enough governance’ (ESID explicitly refers to this concept), moving away from comprehensive public sector reforms to more focused approaches (Thinking and Working Politically, 2018): solving manageable problems; connecting actors to form alliances that can work together; and identifying ‘islands of effectiveness’ (Grindle, 2002). In terms of **citizen participation**, research shows that increased participation or the participation of more actors does not automatically lead to more inclusive development

(DLP, 2018). Effective coalitions seem to have more impact. So again, a more nuanced view is needed on political inclusion.

### 2.4.3 Changes in relation to the two perspectives on strategic actors

A major conclusion from the first phase of ESID's research (2012–2016) is that 'good things' (democracy, good governance, development) seldom come together in developing countries and that trade-offs need to be made among the 'good things' and in terms of sequencing (ESID, 2015). Opting for more inclusive development is one (but not the only) option. However, inclusive development can also be partial; for example, it can involve political inclusion without economic development or inclusion in social service provision).

This links to a discussion in INCLUDE on whether inclusive development can be either an intended or unintended result of policy choices (INCLUDE, 2017). There are different views on when actors can be considered strategic in pursuing inclusive development. One line of thought is that strategic actors consciously, or intentionally, strive for more inclusiveness. This is particularly pertinent in relation to the private sector. One argument is that inclusive business is more sustainable when it is the result of a conscious strategy. Another line of thought is that one should look at the results of an actor's intervention, rather than the intention, to determine whether or not an intervention advances inclusive development. Actors may not intentionally seek inclusive development, but may nevertheless make a valuable contribution to it (e.g. by creating jobs or expanding services).

ESID research (Hickey et al., 2014) confirms that new approaches to understanding the politics of development, including work on 'limited access orders' and 'political settlements' offer powerful insights into how power relations shape elite behaviour and institutional performance. However, these approaches need to be supplemented by broader and more critical forms of political theory to grasp how the politics of development is shaped by a range of factors, including ideas and incentives; popular as well as elite forms of agency; transnational as well as national and local factors; and dynamic as well as more structural paradigms. Current theoretical propositions need to be thoroughly and critically tested. However, at this stage there is simply not enough evidence to affirm which approach is the best.

Thus far, ESID has essentially found that state capacity and elite commitments are critical for progress and that both are, to a large extent, determined by political settlements. Political settlements are made up of power relations, incentives and ideas and can either be unipolar (e.g. Rwanda, Uganda) or multipolar (e.g. Ghana, Bangladesh). The way a political settlement plays out is of critical importance for inclusive development,

because it determines the development trajectory. ESID identifies three trajectories: the dominant development trajectory (which is characterized by elite cohesion, a long-term vision and a capable state); the competitive development trajectory (which has elite fragmentation, a politicized bureaucracy and is strongly influenced by ideas/paradigms); the predatory trajectory (which has a cohesive elite, a weak state and an arbitrary (or no) rule of law). The way(s) in which inclusion can be supported depends largely on the prevailing trajectory. Generally, ESID research suggests focusing on ‘good enough governance’ by supporting public organizations that are relatively effective, despite an unfavourable environment, and supporting coalitions for change at multiple levels.

DLP finds that broadly inclusive political settlements matter, but the process of reaching them is complicated: “the path is likely to be rocky, non-linear, and to entail tensions and trade-offs between equally worthy but competing priorities” (Menocal, 2015a). There are various possibilities as to who is included (all elites or some; large parts of the population or some) and how inequalities between groups are used or abused for state building (correcting or excluding).

Nevertheless, the research by DLP highlights the centrality of inclusion in two ways: in the short to medium term, more inclusive political settlements at the elite level are crucial to avoid the recurrence of violent conflict and to lay the foundations for more peaceful political processes and, over the long term, states and societies with more open and inclusive institutions, where inclusion goes beyond elites to encompass the population more broadly, are more resilient and tend to be better governed (Menocal, 2015b). Inclusive states and societies tend to be more democratic, more legitimate, wealthier and less unequal. However, the fundamental question of how a political system that has narrow elite inclusion can become more broadly inclusive over time remains open.

In reality, states that try to become more inclusive face several transformational challenges, from war/conflict to peace; from elite rule to participation; from group thinking to ‘nation thinking’; from personalized interaction to impersonal rule of law; from narrow accumulation to broad growth. These transformations do not necessarily reinforce each other, but rather tend to generate tensions, dilemmas and trade-offs.

Development trajectories will always be messy and non-linear, but some factors emerge more clearly that help foster transitions to more inclusive development:

- Security and stability
- The rule of law (first among elites and then across the population)
- Basic state capacity
- Processes of deconcentrating power
- Leadership and vision
- The possibility to form alliances and coalitions
- Forms of political organization (parties, movements)

The scope for these factors to really bring about more inclusive development differs from case to case and is influenced by power relations and historical path dependency.

Tim Kelsall proposes a 3-D framework that can assist development practitioners to better understand the type of political settlement they are working with (Kelsall, 2016). The three dimensions are:

- The degree of elite inclusion (from inclusive to exclusive)
- The means of inclusion (from spoils to coordination)
- The bureaucratic culture (from personal to impersonal)

Based on some diagnostic questions, a certain type of political settlement appears. The variations are infinite, but typical cases are: inclusive, coordinated, impersonal settlements (e.g. South Korea, Mauritius); exclusive, spoils-driven, personalized settlements (e.g. Democratic Republic of the Congo); and hybrid settlements (e.g. Cambodia, Uganda, Kenya). Identifying the type of settlement in a given place can inform the kind of measures that should be taken to promote inclusive development. In the first type of political settlement (inclusive, coordinated, impersonal), major reforms can be supported with funds and technical assistance. In the second type (exclusive, spoils-driven, personalized), this approach makes no sense and one rather has to look for islands of effectiveness.

The World Development Report 2017 explores why ‘good policies’ fail to achieve their desired outcomes, why ineffective policies can persist and why potentially effective policies are not adopted (World Bank, 2017). The report concludes that in order to bring about inclusive and sustainable development processes, policies must guarantee sufficient elite commitment to make them credible, must support coordination between sectors and must promote cooperation from citizens (i.e. no free-riding). Commitment, coordination and cooperation are essential institutional functions for making policies effective, but they can only be fulfilled under certain

conditions. Power asymmetries can undermine policy effectiveness, because unequal distributions of power can lead to: the exclusion of individuals and groups; the capture of policy benefits by a narrow group; and clientelism (exchanging material goods for electoral support). The law is a key tool to overcome these malfunctions and to shape the policy arena: not only the rule of law (the impersonal and systematic application of rules), but also the role of law (law as a signpost to guide people on how they can act when they have several options; law as guarantor of contestation) needs to be considered. In spite of all these challenges and complexities, the World Development Report 2017 affirms that positive change is possible and that incentives, preferences, beliefs and contestability are appropriate levers of change. The drivers of change are elite bargains (setting and enforcing the rules), citizen engagement (voting, organization, contestation to change the rules) and international influence, as well as the interplay between these three drivers. In terms of operational guidance, the World Development Report 2017 suggests three principles or rules of thumb:

- Think about the functions of institutions and not only about the form
- Consider power asymmetries
- Think about both the rule, as well as the role, of law.

The World Development Report 2017 argues that policy effectiveness cannot be understood only from a technical perspective: it is also necessary to consider the process through which actors bargain about the design and implementation of policies within a specific institutional setting. The consistency and continuity of policies over time (commitment), the alignment of beliefs and preferences (coordination), as well as the voluntary compliance and absence of free-riding (cooperation) are key institutional functions that influence how effective policies are.

The World Development Report 2017 brings few new insights, but is seen as an important endorsement of approaches like ‘Doing Development Differently’ and ‘Thinking and Working Politically’, and endorsements such as this will further facilitate the consideration of power and politics in fostering inclusive development (DDD Manifesto Community, 2014; Thinking and Working Politically, 2018).

An IDS reflection on building inclusive and secure societies exposes the less visible contradictions that lie at the heart of the development-security nexus. Ensuring that security is inclusive is fraught with difficulty (Luckham, 2015). There are local historical contingencies at play, but also important changes in the global balances of profit and power, including the increased privatization of military and security sectors, technology that allows access

to information, but also increased control and political authority that is undermined by persisting fragility and citizen disengagement.

Collective action around shared objectives to minimize human insecurity is essential, but this is blocked by powerful vested interests (market forces, national and group interests). Rigorous historical analysis is needed to examine the ruptures that tip countries and localities into cycles of violence and the critical conjunctures that can enable them to break free from these cycles (several of these critical conjunctures are identified in the IDS report, Luckham 2015). We need to be able to ‘read the grain’ of history in order to learn what has and hasn’t worked.

DLP research also emphasizes the importance of security for inclusive development. The IDS report confirms this, but stresses the deep tensions between democracy and security provisions in all states. Democratizing the dominant discourse and practice of security (states protect; citizens are protected) is required, however, further effort is needed to develop a vernacular or citizen perspective as a point of departure for security policy (including the perspectives of marginalized and vulnerable groups). A citizen-centred approach would both empower local-level policing and justice institutions and ensure they are accountable to those they serve. It would also recognize the role of informal or hybrid forms of security provision and seek to control entrenched social inequalities and gender biases. Inclusive security will not depend on the state but on the citizens mobilizing for change. Somaliland’s decentralized peace process is presented in the report as a positive example (Luckham, 2015).

#### **2.4.4 Dynamics in the uptake of research on inclusive development**

Learning from practice seems to be highly concentrated in organizations based in the United Kingdom. The ODI report on *Adapting Development* identified three rules of thumb that make development interventions more inclusive: the need to work in problem-driven and politically informed ways; the need to be adaptive and entrepreneurial; and the need to support change that reflects local realities and that is locally-led (Wild, Booth, Cummings, Foresti, & Wales, 2015). The ODI report shows that putting into practice one or more of these rules fully or even partially is no easy task and in fact requires an overhaul of how aid is currently delivered.

Another ODI review of how the United Kingdom’s Department for International Development (DfID) is ‘doing development differently’ shows that they have been able to include political economy analysis and power analysis into the process to prepare interventions, but it has been far more difficult to adopt more experimental



and iterative approaches and to allow ‘learning by doing’ (Wild et al., 2017). It has become acceptable to admit uncertainty about context, but it remains difficult to admit uncertainty about intervention. To ‘think politically’ is encouraged, but it is difficult to implement the implications of such analysis. There is a continued tendency to fall back on ‘best practices’ for interventions, rather than ‘best fit’ or locally-appropriate approaches. The ODI review suggests thinking in portfolios rather than projects, allowing for some level of experimentation and a mix between adaptive and non-adaptive approaches.

This broadly confirms the findings of a 2016 internal review on how DfID has adopted a politically-informed approach (Piron et al., 2016). The report acknowledges that policies and strategies increasingly take politics into account and that the internal enabling environment has become more favourable (for example, through the introduction of new diagnostic tools like ‘Inclusive Growth Diagnostics’). However, in spite of these positive developments the review could not find evidence that a politically-informed approach was systematically influencing DfID interventions. Better analysis did not find its way to all policy areas and did not seem to lead to different interventions. The translation of an improved political understanding into politically driven interventions remains difficult.

A recent stocktaking exercise for the ‘Thinking and Working Politically’ network learnt that stocktaking itself is very challenging (Green, 2017). The reality of implementation is messy and shows mixed trends. More development practitioners are embracing politics, but as politics enters development more forcefully there is also a rising awareness of the need to go ‘beyond aid’, to get out of the silo, and to think of how other areas of government can be influenced, rather than solving problems solely through aid-based interventions.

The day-to-day reality that people living with inequality experience requires change, but donors continue to foster inclusion in terms of both process (participation in decision-making) and outcomes (services), by focusing on changes in the form (policies, institutions) rather than the substance of politics (the exercise and distribution of power). There is no easy answer, but one starting point could be to better understand where pressures for and against greater inclusion in a given setting come from and which forms of inclusion should be most encouraged. It is clear that a more nuanced understanding and solution is required than has been previously applied.

## 2.5 Implications for INCLUDE's knowledge agenda

Recent analytical findings promote the idea that 'inclusive' development is better development (Menocal, 2015a,b). Although 'exclusive' elites can still produce inclusive development outcomes in the short to medium term, there is a broad consensus that inclusive development with competitive actors is more stable and resilient in the long term. Inclusion in decision-making processes tends to make producing prosperity for many more difficult. Countries that opt for 'inclusion on outcomes' tend to perform better in terms of wealth accumulation and service provision.

There is also broad consensus that 'politics matters' for development, but there is no emerging consensus yet on what this means in practice, nor is there agreement on what exactly needs to be done to get more inclusion and more inclusive settlements and how these bring about development (Hickey et al., 2014). Research over the past few years has focused strongly on the role of elites as strategic actors in fostering or hampering more inclusive development, and less so on the role that excluded or marginalized groups (and the organizations that represent them), can play in the struggle to bring about more inclusiveness. In this respect, one of INCLUDE's primary focuses has been to identify 'unconventional' actors and influence their strategies. In this respect, three research groups within the RIDSSA programme examined the role that marginalized groups (and the organizations that represent them) play in effectuating change, be they informal workers' organizations in Ghana and Benin, the Batwa community in Rwanda or sex workers in Kenya and Ethiopia. As will be argued in the next section, a key finding from these projects is that marginalized groups, and the organizations that represent them, can indeed be strategic actors in effectuating change.

The next section will outline in more detail how INCLUDE's research projects seek to respond to the insights presented in the 2013 Concept Note (INCLUDE, 2013). However, the following policy and research questions for INCLUDE can be drawn on the basis of the existing research presented in this section:

- To what extent has the current 'results-focus' that dominates development interventions influenced INCLUDE's choices? From the outside it seems that the 'institutional perspective' (the belief that institutions can be created and resourced to bring about desired and tangible changes) has been far more prominent than the 'agency perspective' (which focuses on incremental processes resulting in changes that are all or not planned). Could this be because a focus on 'institutions' is expected to bring about faster and more tangible results?

- The 2013 Concept Note, as well as this update, strongly emphasize the need to think and act politically – to incorporate politics into decision-making. How was this done in practice in the different projects? During progress reviews of the projects, an observation was made that context analysis or local political contexts were often not sufficiently considered. Why was this the case?
- The 2013 Concept Note strongly emphasized the need to support traction in local actors. Where was the origin or initiative of the research projects? For example, was there local traction to form partnerships in the agriculture sector of Ghana? Did INCLUDE think such partnerships were necessary or were the ‘right thing to do’?
- Further to the above point is the question of whether the projects tackled ‘manageable problems’ and avoided what could be call ‘principled over-reach’ (i.e. did the research projects give priority to perceived importance rather than to feasibility?). The need to focus on ‘manageable problems’ is emphasized in the concept of ‘Problem-Driven Iterative Adaptation’ (Andrews, Pritchett, & Woolcock, 2017). It urges devising action on the basis of a solid problem analysis, combined with a good analysis of one’s own “ability, authority and acceptance”. In practice this often results in addressing the part of a problem considered important (and a high chance of making progress).

### 3. Synthesis of the findings from the RIDSSA projects on strategic actors and the APDs

As outlined in the [NWO-WOTRO call for proposals on ‘Strategic Actors for Inclusive Development’](#), the key aim of the RIDSSA programme on strategic actors is to investigate “the underlying power structures and incentive systems that explain why sound policies systematically fail to be effectively implemented and [to investigate] how strategic actors that have the power and capacity to overcome the many political and institutional obstacles to implementing inclusive policies can play a role in nudging ‘unwilling’ governments into carrying out effective reforms”. Based on this call, the INCLUDE Secretariat and Steering Group, with input from the Dutch Ministry of Foreign Affairs, formulated three broad categories to guide the synthesis report: the identification of (strategic) actors that promote inclusive development; the evaluation of incentives and constraining power dynamics that prevent inclusive development; and the formulation of directions for policy that will encourage inclusive development (i.e. how to incentivize actors that have the power to change and how to support actors that currently don’t have this power; see Box 1). To answer these questions, this second part of the synthesis collates the findings from the five RIDSSA projects that deal with strategic actors. These findings are linked to the findings from the APDs, as well as the broader state-of-the-art literature discussed in the preceding section. Hence, section 3.1 identifies the actors involved in the formulation and implementation of inclusive development policies in Sub-Saharan Africa, section 3.2 outlines the constraints that they face in doing so, and section 3.3 discusses the lessons learnt from the RIDSSA research projects and APDs.

#### 3.1 Identification of strategic actors

As outlined in section 2.1, INCLUDE considers strategic actors from two perspectives: institutional and agency. The RIDSSA programme aims to go beyond the traditional governance-strengthening approach that considers a state’s strength – and its ability to effectuate inclusive development – as a function of the capacity of its formal institutions. Instead, research projects were invited to follow both an institutional *and* an agency approach, and to identify the dynamic power relations between different actors and institutions in order to assess who is strategic in a certain change process. Such analyses of power start with identifying the actors involved in the formulation and implementation of inclusive development policies and assessing their ability to effectuate change. The ‘usual’ actors that promote (or constrain) inclusive development are governments and government actors, national government agencies (such as the ministry of agriculture, the ministry of labour and social affairs or the ministry of youth affairs), as well as local government agencies, parliaments and other political and decision-making elites. When it comes to ‘unusual’ actors, the five RIDSSA projects on strategic actors focused

on four groups of actors that have a role to play in inclusive development: the private sector, public-private partnerships (PPPs), marginalized groups, and CSOs. In addition, some of the projects and the APDs focused on the role played by research institutions. This sub-section identifies which of these actors are strategic in pursuing inclusive development and why (or why not). It also evaluates which institutions or institutional arrangements affect the power dynamics between different actors and how.

### 3.1.1 Having the power to change

According to INCLUDE's 2013 Concept Note on strategic actors, actors can be strategic in two ways: when an actor has formal decision-making power and is, therefore, in a position to exercise leadership, and when an actor has the legitimacy and force to influence decision-making (INCLUDE, 2013, point 36). Strategic actors for inclusive development are, thus, actors that manage to trigger progress on one or more of the dimensions of inclusive development. According to this definition, not all four groups of actors studied in the five RIDSSA projects are strategic. Governments and government actors are, obviously, strategic because they have the formal decision-making power to initiate or effectuate change. However, especially in the African context, strategic actors can also be found outside the government. In their work *Entrepreneurship in Africa*, Akinyoade et al. (2017) show that the role that African entrepreneurs and multinationals play in creating employment opportunities is substantial. Such private sector actors are strategic, not because they have formal decision-making power, but because they (are assumed to) have the financial resources and, therefore, the power to influence decision-making. As argued in the same publication, such actors are increasingly involved in think tanks like the African Development Bank and the African Union and, as such, are becoming a separate 'pushing power' next to government-based actors.

In contrast, based on INCLUDE's initial definition of strategic actors, marginalized groups are not considered strategic, as they have no formal decision-making power and often no power to influence policy. Yet, as will be discussed later in this section, a key observation of the various RIDSSA projects is that when marginalized groups are organized (for example, in farmers' organizations or cooperatives, informal workers' organizations or community-based-organizations) and when they are aligned with actors that do exercise power, these actors can indeed exercise power to influence policy making. Hence, a key insight from the RIDSSA projects is that actors can be strategic in pursuing inclusive development when organized and when they are able to form successful alignments with actors in power. This will be discussed in more detail in section 3.3.

A focus on strategic actors should, however, include analysis not only of ‘hard’ power, but also ‘soft power’ (i.e. the influencing of people’s minds about what is right and wrong and what is ‘decent’ (economic) behaviour). In Africa, ‘soft power’ is very much vested in the religious authorities. These include faith-based organizations, but also their NGO development branches (and their international sponsors), like the Islamic Council, Roman Catholic Church, and a whole range of Evangelical and Pentecostal movements. As such, these organizations should also be considered when examining strategic actors. In addition, the APDs specifically focus on the role played by research and knowledge institutions, such as the Centre for Parliamentary Studies and Training (CPST) in Kenya, Kenya Institute for Public Policy Research and Analysis (KIPPRA), Centre for African Bio-Entrepreneurship (CABE), the Tegemeo Institute of Agricultural Policy and Development (incorporated with IDS), Kenya Agricultural and Livestock Research Organization (KALRO), Africa Center for Economic Transformation (ACET) in Ghana, Economic Policy Research Centre (EPRC) in Uganda, University of Rwanda in Rwanda, and Eduardo Mondlane University in Mozambique.

### 3.1.2 Intention or outcome?

As described in the Concept Note on strategic actors, strategic action is: “an intervention undertaken with a long-term goal of contributing to political, institutional and social change in mind” (INCLUDE, 2013, point 40). Following this definition, strategic action for inclusive development is not only about being effective in promoting and implementing inclusive development policies, but also about the intention to do so. As outlined in the introduction of this synthesis, policies can be considered inclusive when they tackle economic, social or political inequalities, both in their outcome (for example, improvement of income or political representation) and the opportunities they create (for example, education and improvement of employability through successful implementation of social protection schemes). The act of pursuing such policies is strategic either when intentionally strived at or when effective in terms of outcome.

The RIDSSA projects and APDs address different policies for inclusion, be it financial inclusion (i.e. the case-study on M-Pesa within the [‘Inclusive Business Strategies’](#) research project), political inclusion (i.e. the [‘Informal Workers’ Political Leverage’](#) research project), economic inclusion (e.g. through employment or social protection, as described in the research projects on [‘Economic Empowerment and Sex Work’](#) and [‘Agricultural Partnerships’](#) and in the APDs on (youth) employment creation in Kenya and Mozambique and on social protection in Kenya), or social inclusion (i.e. the research project [‘Barriers to Batwa Inclusion in Rwanda’](#)). However, the actions of actors involved in such policies are not always strategic, either because inclusiveness in

opportunities and outcomes is not always intentionally strived for, or because the actions they undertake are ineffective.

As an example, governments or government agencies have the power to effect change, but their actions are not always intentionally aimed at promoting greater inclusiveness. Often, their choices are geared towards short-term gains (in terms of revenue collection, for example) rather than long-term inclusive development. As argued in INCLUDE's synthesis paper on Productive Employment, governments of many Sub-Saharan African countries choose to invest in export-based commodities or extractives value chains – which can yield immediate macro-economic returns, but do not necessarily generate productive employment – rather than labour-intensive sectors such as agriculture, the off-farm food system, manufacturing and processing - which could boost structural productive employment creation - (Dekker et al., 2018). This was also revealed in the APDs '[Utafiti Sera on Employment Creation in Kenya](#)' and '[Utafiti Sera on Wage Employment Creation in Nigeria](#)', which stressed that the shortage of productive jobs in both countries is, to a large extent, due to lagging public investment in agriculture and agro-processing and the persistent high costs of 'doing business' in agriculture (INCLUDE, 2016; Ogunleye, 2017).

The same principles for promoting greater inclusion apply to companies, which, despite having the power to influence policy, often do not have political, institutional or social change as their primary or secondary goal. There are, however, examples of companies involved in strategic action for inclusive development. As defined by the research project '[Inclusive Business Strategies](#)', inclusive businesses are those that not only generate financial returns to their shareholders, but also explicitly include the objective of 'social value creation' in their core operations (Lashitew & Van Tulder, 2017). Societal value creation is, thus, defined as those activities that address: "a) the fundamental needs of consumers and communities, b) who are otherwise disadvantaged or excluded from participating in market exchanges, c) through collaborative and participatory approaches of value (co)creation" (Lashitew et al., forthcoming). The RIDSSA research team on '[Inclusive Business Strategies](#)' developed a framework that contains three broad components of societal value creation: consumer value; producer value; stakeholder value. A business that seeks to maximize societal value can do so by increasing one or all of the three constitutive components of societal value creation.

For companies, building inclusivity into their business model as an objective provides them with the opportunity to give a social face to their operations, as well as to seize new opportunities in new markets (Lashitew et al., forthcoming). The motives of private sector actors in adopting pro-social business strategies are often mixed – in

addition to the intrinsic, ethical motivations for creating positive social change, businesses also know that they will benefit from the goodwill and reputation created in the process. The success of M-Pesa is due to the fact that it was created deliberately to enhance financial inclusion: in other words, it had an inclusive business strategy and an inclusive outcome: ensuring that more Kenyans became financially included, especially poor Kenyans without an existing banking in rural areas (Gurbuz, 2017).

Often, however, change is an unintended outcome rather than an intentional strategy. For instance, societal value creation can be geared towards specific aspects of inclusiveness (employment creation, hiring youth and women, financial inclusion, etc.), without necessarily striving towards inclusive development in society as a whole. Yet, such inclusive outcomes can indeed have a spillover effect. For example, companies might be successful in creating jobs for youth, despite not consciously having an inclusive business strategy. As evident from the [Mozambique APD](#), due to a lack of adequate skills and competencies, gas and oil firms found it necessary to initiate skills- and competence-development programmes for local youth to enable successful business operation (Miroro, 2016). Consequently, firms provide scholarships and sponsorship to selected youth to study extractive sector skills out of the country, and some have established vocational training centres aimed at developing graduates with requisite skills in particular sectors. Some of the extractive sector firms are also collaborating with government departments to address skills shortages in the extractive sector. Another example comes from one of the RIDSSA projects on productive employment, '[Dutch Multinational Businesses in Africa](#)'. This project also found that in the Kenyan flower sector, workers get paid above minimum living wage, while gaining access to savings schemes, housing and skills training (Uche, 2018). These deliberate steps subsequently impact upon society as a whole, without inclusion being an explicit business objective.

Most actors studied in the RIDSSA projects on strategic actors, however, lack the power to bring about inclusive outcomes, either for themselves or for the people they represent. Marginalized groups such as the Batwa, (smallholder) farmers, informal workers and sex workers lack sufficient agency to improve their situation in the long term. The organizations that represent them often have more agency, but their activities are not always successful or even have a (unintended) counterproductive effect. For example, the research project on the Batwa people in Rwanda reveals that their characterization as an indigenous people by NGOs and international institutions from the global North has an aggravating effect on their economic and social inclusion. This perception is held both by national strategic actors and by Batwa community members themselves. The Batwa are considered as one of the most vulnerable social group in Rwanda, and they are marginalized with respect to housing, health, access to education, labour and land. Yet, by framing this marginalization as based on ethnic



grounds, international and national NGOs have encountered resistance from the centralist Rwandan state, thereby complicating interventions that are designed to help them (see section 3.2).

In summary, to assess whether actors are strategic in pursuing inclusive development implies identifying: which actors have the intention to pursue inclusive development and whether these actors have the power to effectively do so. Of equal importance is: the identification of actors that have the power to effect change, but no intention to do so and the actors that achieve inclusive development, despite having no immediate intention to do so.

### 3.2 Constraints on strategic actors

Strategic action for inclusive development also requires an assessment of the constraints actors face in the formulation and implementation of inclusive development policies. Some of the challenges stem from dynamics in the political economy. For example, governments may hold a disparate interest in trade and export-based value chains, rather than local food value chains. Such interests may also affect the choices that governments make in educational investment. Moreover, for private sector actors, commercial interests largely prevail over local interests. Other challenges for inclusive development stem from weak or even restrictive governance structures, such as lack of accountability, weak enforcement of labour policies and regulations, and lack of alignment of interests of the various government departments. Electoral and party politics may also affect an actor's ability to bring about change. Other challenges are at the micro level and include financial, management or cultural constraints.

#### 3.2.1 National versus local interests

Governments are not always primarily concerned with promoting inclusive development. Trade interests and local economic needs do not always convene, with the former often prevailing over the latter. As argued above, governments tend to invest in sectors that create immediate revenue for the state, such as the extractive sector. Such investments, however, do not necessarily create productive jobs (see also Szirmai et al., 2013). The '[Utafiti Sera on Employment Creation in Kenya](#)' provides an example of how investment choices affect productive employment (INCLUDE, 2016). Using Kenya as an example, this APD states that agriculture is not sufficiently prioritized, thereby preventing structural job creation. Although agriculture employs a substantial proportion of the Kenyan population, the share of the national budget allocated to agriculture remained below the pronouncement of "at least 10% of the national budget by 2008", as agreed by African leaders under the Maputo Declaration (WHO, 2008). Furthermore, some of the government's policies are contradictory and may

work against the objective of promoting inclusive development. This was illustrated by the APD in Nigeria, where the government sought to promote cotton production by banning cotton imports, while at the same time imports of textile production were allowed in order to generate revenue through import taxes.

In addition, government interest in agriculture is often geared towards export-based value chains, while local food value chains are largely neglected. This is underscored by the '[Agricultural Partnerships](#)' research project, which revealed that the Ghanaian government is more proactively involved in partnerships with the export-based cocoa value chain than the local food value chains, because the former provides direct benefits to the government (Van Paassen, 2018). When government is involved, partnerships in export-based value chains also can offer financial incentives for private actors. At the same time, it remains difficult to engage both government and private sector in partnership arrangements with local food value chains (often so-called Innovation Platforms – IPs), because the commercial stakes are small and long-term.

Such a disproportionate interest in export-based value chains was also underscored in the [APD on Employment Creation in Kenya](#). Accordingly, the Government of Kenya is actively involved in the export-based horticultural sector. This sector is largely driven by private interests, commercially oriented, and dominated by politicians and multinational investors. Smallholder inclusion in this sector is limited. This situation creates interregional political and social inequalities. For example, in regions where horticulture is practised, support for the dominant political party is high; subsequently, these regions also have better infrastructure, such as access to roads and the Internet. Moreover, the sector is devoid of cartels. By contrast, the Kenyan government barely invests in the sugarcane sector. Sugarcane is mostly grown by smallholder farmers and milled by old, inefficient and poorly-managed public factories. It is grown in areas that have largely been 'opposition zones' and that have poor infrastructure. Moreover, the sugar value chains are largely controlled by cartels and barons. The sector is highly unproductive, which has led to sugar shortages and the subsequent issuing of sugar import licences. Furthermore, the institutional framework that supports the industry is weak, which has a negative effect on job creation.

The '[Agricultural Partnerships](#)' research project reveals that such a disparate government interest in export-based value chains rather than local food value chains has implications for the ability of smallholder farmers to improve their livelihood (Van Paassen, 2018). Lagging public investments in local food value chains prevent necessary boosts in productivity, which are needed to enhance farmers' output and income. Moreover, as discussed during INCLUDE's roundtable on 'Strategic Actors for Employment Creation' in Arusha in December

2017, national governments have an important role to play in creating the right incentives for companies to invest in local value chains (INCLUDE, 2017). In fact, the research project '[Agricultural Partnerships](#)' reveals that private companies tend to be involved in partnerships only when there is government engagement for coordination purposes. This was underscored by INCLUDE platform member Maggie Kigozi during the Arusha roundtable meeting, where she stressed that the private sector needs a level playing field (Hollander & Van Kesteren, 2018). Furthermore, when the government is not involved in partnerships for coordination purposes, there is a higher possibility of fluctuating prices and inefficiencies in projects, both of which directly affect smallholder farmers.

It is crucial then that governments in Sub-Saharan Africa develop and coordinate agricultural strategies that also include local food markets, not the least because of the large contingent of smallholder farmers involved in these local value chains. In addition, governments have a key role to play in unlocking supply constraints to enable smallholder farmers to participate in backward and forward integration along lucrative value chains. As stressed in INCLUDE's synthesis report on Productive Employment, the majority of the population in low- and lower-middle income countries live (and will continue to live) in rural areas (Dekker et al., 2018). The implication here is that agriculture on small family farms will remain the single largest source of employment and income creation in Sub-Saharan Africa. Investment in local food value chains is, thus, important, both for improving the livelihood of smallholder farmers, but also to guarantee long-term food security (Yeboah & Jayne, 2016).

Government focus on local value chains is also necessary to ensure that smallholder farmers benefit from contractual arrangements. It is commonly assumed that such arrangements enhance agricultural productivity, farmers' income and job creation, because they ensure that farmers are able to access markets directly. Without contractual arrangements farmers are dependent on middlemen, which negatively affects their income. Yet, findings from the '[Agricultural Partnerships](#)' project indicate that these advantages are not indisputable and equal. Contractual arrangements in partnerships with export-based value chains (in which the government is involved) mainly benefit business-oriented farmers who have enough resources to specialize and accommodate inter-annual fluctuations in weather and other risks. Yet, in such PPPs, the farmer's choice to enter into a contract is largely absent, raising issues concerning inclusiveness (🌍 Osei-Amponsah et al., 2017a). In contrast, IPs have the explicit aim of enhancing the capacity and inclusion of smallholder farmers. However, governments and companies are less willing to be involved in such platforms, which affects the ability of smallholder farmers to be financial sustainable.

### 3.2.2 Commercial versus local interests

Companies do not always perceive inclusive development to be in their immediate interest. Although increasing in number, examples of successful inclusive business models are scarce (C Lashitew, 2015). In fact, the '[Inclusive Business Strategies](#)' research team refers to M-Pesa in Kenya as an atypical case where, as the result of a successful partnership between Vodafone (the telecom multinational) and Safaricom (its Kenyan subsidiary), commercial interests and local interests came together (C Van Tulder, 2018). This case further illustrates how companies can blend global and local expertise to convert institutional and market failures in developing countries into market opportunities, thereby simultaneously creating consumer value, producer value and having an overall positive impact on the economy and society.

Most companies, however, perceive inclusiveness objectives as not fitting their immediate interest of making money. This explains why, according to the research group on '[Agricultural Partnerships](#)', local companies often have little interest in being involved in such partnerships with local food value chains, because the gains are not immediately visible and are perceived as too risky (C Van Paassen, 2018). As revealed by the [APD on Employment Creation in Kenya](#), private companies perceive investing in local agricultural value chains as the role of the government, rather than the private sector (INCLUDE, 2016). At the same time, the government increasingly looks to the private sector for financial resources, thereby creating a vicious cycle. For the private sector to invest in such value chains, they turn to governments to create an enabling business environment and for crucial investments in education to ensure that the skills of the labour force match market demands. Moreover, companies also look to government for coordination and risk-sharing purposes.

During INCLUDE's [roundtable discussion in Arusha in December 2017](#), Aggrey Mlimuka, Executive Director of the Association of Tanzanian Employers (ATE), stressed that local private companies are increasingly recognizing that profit alone is not enough and that it is a company's duty to invest in society (Hollander & Van Kesteren, 2018). However, the incentives for such investment vary across different companies. He, therefore, urges differentiating between private companies in order to establish successful coalitions. Companies can have conflicting interests and may differ in characteristics (e.g. large vs. small; export-oriented vs. local focus; profit-driven vs. value driven).

### 3.2.3 Weak institutions and poor governance

The role that different actors play in achieving inclusive development (and their interest in doing so), is affected by the political-institutional context. Not all institutional contexts enable inclusive processes and outcomes.

State institutions, both at national and local level, can directly restrict the political inclusion of marginalized groups, for example through the legal system. As revealed by the '[Economic Empowerment and Sex Work](#)' project, the rights of sex workers in Kenya and Ethiopia are restricted by the actions of state officials and justice system agents (Nencil, 2018). Yet, as sex work is criminalized in Ethiopia and Kenya, state officials and justice system agents in Kenya and Ethiopia do not themselves have the power to change the situation of sex workers (Van Stapele & Nencil, 2016). Rather, this power resides in politicians, who are able to change the law. This situation leads to inconsistencies in policy intentions and day-to-day practices.<sup>5</sup>

In many Sub-Saharan African countries, weak governance structures induce corruption or misuse of public resources at the expense of local communities. The [APD in Mozambique](#) revealed that, in this country, public resources earmarked for development are inappropriately spent (Miroro, 2016). For example, in the Cabo Delgado province, communities reported that local development committees used revenue from extractive industries allocated for community projects for employment creation or education for other projects, such as the construction of church buildings. Institutional mechanisms for anonymous reporting of cases of misuse of public resources are inadequate. As a consequence, budget allocations for education (as an example), are insufficient in many Sub-Saharan African countries and can result in educational qualifications that do not match labour demands or expectations. In addition, there are few technical schools, graduates lack job search skills and there are few internship opportunities. This negatively impacts upon the skills and competencies of graduates, and their chances of successfully competing for available jobs in labour markets. Yet, despite differences between countries, throughout Sub-Saharan Africa governance structures for accountability and transparency are largely lacking or inadequate and are, therefore, ineffective in preventing the misuse of power.

Ill-judged prioritizations are not only the consequence of corruption or abuse of state power, but more often the result of poor coordination. As revealed in the APDs in Kenya, formal social protection and employment programmes run by the Kenyan government are implemented by different government agencies and at different levels of government with little coordination. In addition, a dozen CSOs may also run their social protection programmes largely in isolation. Due to fragmentation and poor coordination, there is no comprehensive approach, which has resulted in the duplication of interventions between the national or county governments and CSOs and of double dipping by recipients. Furthermore, from the [Uganda APD](#), we have learnt that government entrepreneurship programmes do not recognize the heterogeneity of women's enterprises (Guloba

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<sup>5</sup> For example, the Kenyan Government, on the one hand, provides condoms to prevent HIV among sex workers, but at the same time the police use these condoms as 'evidence' to arrest sex workers.

et al., 2017). Such programmes are often poorly coordinated between national and subnational agencies, which alienates some women from access to government entrepreneurship development services.

Often, exclusion occurs because there are no governance structures that allow for effective communication between marginalized groups and political decision makers. For example, in the case of the Batwa in Rwanda, the [research project](#) encountered substantive misperceptions and miscommunications between the Batwa and local authorities (Goodwin, 2018). In interviews, Batwa people told the research team that they do not feel as though they are being taken seriously by local authorities. Furthermore, they said that they feel ‘being Twa’ (Batwa) constitutes a barrier to their economic and social inclusion. Local authority representatives have told researchers that they have to be ‘less Twa’, for example, by sending their kids to school or by being cleaner. Local authorities blame these perceptions of exclusion on the Batwa, on the grounds that they have missed compulsory village meetings. Yet, the Batwa are often confronted with the choice between either finding food or attending a village meeting (they obviously choose the former option). The Batwa representative organization, the Community of Potters of Rwanda (COPORWA), acts as an intermediary between the Batwa and the local authorities, but is not always capable of fulfilling this important role.

### 3.2.4 Party politics versus local needs

A competitive multi-party system is largely portrayed as beneficial for inclusive development. Accordingly, political elites are responsive to the needs of marginalized people and implement pro-poor policies when they need the votes of these people to exercise power. In *The Politics of Inclusive Development* (Teichman, 2016), Judith Teichman shows how, in the run up to Chile’s 2009 elections, centre-right presidential candidate Piñera championed redistributive social policies in order to gain votes. After winning the elections, he kept his promise and increased investment in the ‘Solidario Programme’. Yet, the RIDSSA project team on [‘Informal Workers’ Political Leverage’](#) shows that party and electoral politics can also hamper a country’s advance towards inclusive development. Notwithstanding the example of Chile, electoral promises are often not realized after elections, as inclusive development policies (which imply resource redistribution) represent a challenge to those who have gained power.

Overall changes in political rule impact upon the strategies of actors aiming at influencing policy making. The research project on [informal workers](#) emphasises the relationship between party politics and the strategies of informal workers and their representatives (Kaag, 2017). For the latter, linkages to the political realm are key as they ensure access to resources that are distributed through political networks. Yet, especially in countries

that experience overall changes in political rule (e.g. Ghana), being too closely aligned to one political party creates risk, as a party that is in power in a given electoral cycle has a high chance of becoming an opposition party after the next election. As the project team has found in this case, for market ‘queens’ acting as representatives of informal traders and market sellers engaging in party politics requires a constant balancing act. Although, they need to ally themselves with the ruling party, but they cannot do this too openly and structurally (C Hendriks et al., 2017). Especially in countries with a first-past-the-post electoral system, being too strongly allied with one particular party means limiting one’s opportunities for services and funds after the next election, when the other party might be in charge, as well as estranging roughly half of the market workers. Hence, retaining a certain level of independence is difficult when actors aim to receive services and funds by the state.

The situation is slightly different in Benin, which has an electoral system based on proportional representation and where the government is often formed by a coalition of parties. Consequently, closer ties with political parties involves less risk because the chances of overall changes in political rule are small. As such, the initial focus of actors is often on visible protest and action, but later the process of political neutralization and encapsulation often occurs, hampering real results for workers’ livelihoods (C Kaag, 2017). As a result, partisan dynamics make informal workers’ organizations capable only of delivering on practical short-term needs, rather than providing overall improvements in informal workers’ political inclusion. Furthermore, informal workers’ organizations may engage in political support for payment, and not necessarily to further their agenda (C Kaag, 2017).

### 3.2.5 Global interests, local misrepresentation and stigmatization

International donor organizations sometimes have a (mostly unintentional) negative impact on local power hierarchies among various groups. The research project on [‘Informal Workers’ Political Leverage’](#) shows that informal workers’ organizations compete with each other for donor support. As such, informal workers generally try to be as flexible as possible in order to navigate the changing donor landscape (C Kaag, 2017). Inclusion of one organization by donors often means the exclusion of others, and this impacts on informal workers’ livelihoods. It also impacts upon the relationship between different organizations and their ability to work together.

Donor support is usually based on global narratives or assumptions, with insufficient recognition of the local contexts in developing countries. The project on Batwa inclusion in Rwanda shows that international NGOs use

global narratives on indigeneity to refer to the Batwa communities as indigenous people, thereby having the counterproductive effect of limiting their economic opportunities. Based on numerous interviews, the researchers conclude that Batwa communities do not see themselves as indigenous and that the concept has little resonance in Africa's diverse societies. Yet, as stressed by the project's principal researcher, Morag Goodwin, in her inaugural lecture, this is not sufficiently recognized by international NGOs, or their sister-organizations in developing countries which are dependent on them for funding, and which insist on the indigenous-narrative against the wishes of the Rwandan state and other actors (Goodwin, 2016).

The Batwa are represented by COPORWA, which undertakes important socioeconomic work for the Batwa people in areas such as education, health and environmental protection. COPORWA has adopted the indigenous narrative by referring to the Batwa community as the first people to occupy Rwandan territory. By using this narrative, COPORWA are funded by international NGOs that push for indigenous rights. As a result, the centralist Rwandan state is wary of engaging with this organization, as the indigenous narrative has been seen as a threat to Rwandan unity since the civil war in the early 1990s. This push for recognition of the Batwa as a distinct ethnic group complicates the effectiveness of the social-economic programmes designed to improve livelihoods that were initiated by COPORWA.

The indigenous frame itself also has implications for the Batwa. Traditionally, the Batwa are known as forest-dwellers who relied upon pottery for their livelihood. As a result, it has become common to refer to Batwa as potters. However, continued references to pottery as an integral part of the Batwan identity diminishes their economic opportunities. Rather than pottery (for which there is no longer a large market) the Batwa themselves prefer access to land above all else. Yet, land is not always available and ordinary Batwa are unable to communicate their needs and desires effectively to their local authorities.

Stigmatization is an important barrier to inclusion among groups of people that are already marginalized. As found by the 'Informal Workers' project, stigmatization largely applies to informal workers. The informal sector in Sub-Saharan Africa accounts for more than 75% of the economy. In the years to come, new employment opportunities are most likely to be created in the informal economy, both in agriculture and (non-farm) household enterprises (Dekker & Hollander, 2017). This means that the needs and conditions of workers in the informal sector are important determinants of the inclusiveness of growth and employment creation. Workers engaged in informal economic activities have poor working conditions, as the International Labour Organization's 'Decent Work' criteria relating to health and safety, job security, social protection and social



dialogue often do not apply to informal jobs. As stressed by Martha Chen during a lunch seminar organized by the Dutch Ministry of Foreign Affairs and INCLUDE, development actors tend to portray informal workers, especially women, as marginal survivors, thereby making them target groups for development interventions (Van Kesteren, 2016). In contrast, financial institutions and big business often portray informal workers as criminals who engage in false competition. State actors, assisted by international partners, increasingly wish to exploit the potential of informal workers by formalizing them, thereby gaining easier access to their profits through taxation and licensing. However, despite these negative perceptions towards informal workers, this research project has shown that the informal sector provides jobs to numerous African people, especially youths. Hence, informal workers can be strategic actors for inclusive development when they are recognized as such and when they are organized to gain access to services and decision-making (Hendriks et al., 2017).

Some policies that are designed to protect human rights lead to adverse outcomes. The research project on [‘Economic Empowerment and Sex Work’](#) reports that, for sex workers in Kenya and Ethiopia, stigmatization has a great impact on their economic opportunities (Nencil, 2018). Special attention to ‘vulnerable’ or ‘marginalized’ groups such as sex workers by NGOs and donor organizations can lead to their increased visibility in society, triggering reactionary responses (e.g. homophobic or anti-sex work responses). Stigma can also make sex workers avoid health care services, because they may fear being punished (e.g. for the possession of condoms). The research team also found that morality politics (which manifest differently in Kenya and Ethiopia) affect the potential of sex workers to organize (their political positioning), as well as how individual sex workers see themselves. This ultimately has a negative impact on their individual economic empowerment.

The ‘nature of exclusion’ might also be sensitive to political dynamics, however, it is unclear what this exact nature is. As shown by the [project on Batwa inclusion in Rwanda](#), the Batwa feel marginalized by their local authorities and by other (ethnic) communities (Goodwin, 2018). The Batwa also experience further marginalization by members of their own community (i.e. marginalization within marginalization). Dealing with this issue is complicated by the fact that, in Rwanda, talking about ethnic identity is prohibited. Instead of referring to the Batwa as an ethnic community, the Rwandan state refers to the Batwa as a historically marginalized community. As such, they are targeted by the state in pro-poor programmes, yet they are unable to effectively communicate their needs to the local authorities. Researchers found that the Batwa experience a strong sense of injustice, which they attribute to multiple factors, including disconnection from local authorities and dependency on other sectors of Rwandan society for work, food, housing and other necessities. Nearly all the Batwa interviewed wanted more control over their lives and they associated self-empowerment and a

dignified life with being able to exercise control in their lives.<sup>6</sup> The Batwa are unable to achieve this on their own, however, and need assistance to break the poverty cycle. Efforts by NGOs (both national and international) and international organizations (such as the United Nations) to frame Batwa identity within a global indigenous narrative play an unhelpful role (at least at this time) in structuring relationships between the relevant actors, such as the government, local authorities, civil society, and Batwa communities.

### 3.2.6 Lagging mobilization of resources

Inclusive development is dependent on many factors that are beyond the control of national governments such as international capital flight, global trade, and regional and local implementation of policies. During INCLUDE's roundtable discussion on strategic actors for productive employment creation held in Arusha in December 2017, the issue of illicit financial flows was raised, as these outward flows hinder substantial investment in employment creation in African countries. The outward flow of capital from Africa has been estimated at USD 50 billion annually; and this number might well be below the real figure due to the difficulty of obtaining reliable statistics (Massamba Sène, 2018). This has a negative impact upon Africa's inclusive development, as money that leaves a country can obviously not be invested in that country. Moreover, the fact that governments in Sub-Saharan Africa are already faced with limited financial resources incentivizes them to focus on short-term financial gains rather than long-term structural transformation. It is for that reason that the African Union has dedicated the year 2018 to combatting corruption and illicit international financial flows which, according to the African Union, result in "distortions in allocation of budgetary resources, and systematically increasing inequalities" (Massamba Sène, 2018).

Financial constraints pose challenges not only to governments. For many development actors involved in Sub-Saharan Africa, whether they do or don't have the power to effectuate change, insufficient financial resources is perceived as the major constraint to doing so effectively. As found in a survey by the research project on '[Inclusive Business Strategies](#)', at least half of private sector actors believe that creating societal value through their business is costly rather than beneficial, indicating that not all private actors can be counted on to be agents of social change and progress (Van Tulder, 2018). This is, to a large degree, because of the limited financial resources that private sector actors have at their disposal, as the same survey also found that a shortage of financial resources is the most important constraint that business organizations face in their efforts to implement inclusive business practices. The implication here is that financial and possibly other forms of

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<sup>6</sup> For example, having land so that one is able to grow food for one's family and not work in others' fields for payment in kind (a small portion of beans), or being able to start a small business rather than working as a day labourer.

support by governmental and other actors are important for enabling businesses to create societal value in Africa. This was also found by a survey conducted in 2012 among African companies, which found that 32% of respondents mentioned lacking access to finance as the main barrier to firm growth (Fine, et al., 2012). Only when commercial and social interests converge, as was the case with M-Pesa, will inclusive business models be pursued.

Lack of financial resources also limits the ability of young entrepreneurs to start a business or farmers to invest in technologies that improve agricultural productivity. This issue is most pressing for rural youth, given their greater distance from markets and services (Dekker & Hollander, 2017). Economic marginalization also poses a major constraint for the Batwa communities in Rwanda (Goodwin, 2018). An important reason for their economic exclusion is lack of access to fertile land, which is a major problem in densely-populated countries such as Rwanda where land is in short supply. This economic marginalization created by a lack of access to land is exacerbated by the disconnect between Batwa communities and the local authorities, and the resulting inability of the Batwa to communicate their needs effectively. Empowerment is party material (something that the Rwandan government recognizes and attempts to deliver on), but it also concerns the gaining of dignity. For the Batwa, dignity can be found in land ownership, but could perhaps be substituted by alternative forms of self-empowerment, such as small business ownership. Continuing efforts to frame the Batwa as potters (not least by the organization that represents them, such as COPORWA), or even stronger claims that they wish to return to the forests to continue a traditional lifestyle, contradict the desires of ordinary Batwa community members. The Batwa people were explicit in telling researchers that they want to participate in mainstream society like other Rwandans. However, this message is getting lost, in part because of the ‘mixed’ messages being given to local authorities.

### 3.2.7 Knowledge and skills gaps

Lack of knowledge and skills is a major constraint on the power of actors to steer transformation processes. This applies to actors that potentially have the power to effect change, like state authorities or NGO representatives, which may, for example, lack knowledge of the needs of informal workers or other marginalized groups. It also applies to companies and company employees, who often lack the abilities necessary to effectively implement inclusive business models. Based on their survey on challenges to inclusive business models, the [‘Inclusive Business Strategies’](#) research project reports that shortage of skilled and knowledgeable manpower is one of the most important challenges for companies to becoming inclusive (Lashitew & Van Tulder, 2017). Organizational and entrepreneurial skills are, for example, crucial for companies to innovate and implement novel inclusive

business models that combine social impact with profit. Lashitew underscores the importance of organizational ambidexterity, i.e. the dynamic managerial capabilities necessary to simultaneously pursue divergent organizational processes such as social mission and financial profit (Lashitew, 2015).

Donor organizations and CSOs also often lack knowledge of the needs of the actors they represent. As reported by the research project on '[Economic Empowerment and Sex Work](#)', donor organizations are often unaware of the 'money logics' that sex workers have (Nencil, 2018). Such 'money logics' refers to how money is being spent and perceived, and applies to saving, spending and earning money. These are contextual activities embedded in communities and societies and reflect notions of masculinity and femininity. For instance, sometimes money is being lent as part of a social or hierarchical structure, but participants may not include such activities in their economic diaries. Limited awareness of such 'logics' is an important reason why micro-financing and financial literacy programmes often fail. Money logics, for example, can explain why credit is sometimes not paid back, even though a sex worker has money available.

Shortage of knowledge and skills particularly affects actors that do not have the power to effect change. As stressed in INCLUDE's synthesis paper on *Productive Employment*, lack of knowledge on the part of smallholder farmers on how to use seeds and fertilizers is an important reason why they lag behind in agricultural productivity (Dekker et al., 2018). In this context, IPs are receiving increased attention as instruments that provide space to farmers, agricultural service providers, researchers, private sector actors and other stakeholders to jointly identify, analyse and overcome constraints on agricultural development (Van Paassen et al., 2013). IPs provide scope for networking and connectivity between heterogeneous groups of actors, and can enable such actors to generate knowledge, funding, legitimization, and also other resources to support innovation. However, the research project on '[Agricultural Partnerships](#)' found that, although IPs enhance farmers' skills and knowhow, governments and the private sector are only involved in such platforms in a limited capacity. This can create difficulties with regard to funding and coordination and, hence, the long-term financial sustainability of IPs, as well as their potential for further learning (Van Paassen et al., 2013).

Knowledge and skills gaps often have their roots in the political economy. The [APD on 'Employment Creation in Kenya'](#) reveals that capacity challenges in the utilization of appropriate and modern technologies and innovations in the cut flower sub-sector value chain are largely due to global economic dynamics (Kangai & Gwademba, 2017). Key elements of this value chain, such as propagation and breeding, are dominated by foreign firms, which makes it difficult for small local firms and farmers to access the technologies affordably. This

APD found that most multinationals and large private players in the flower sector in Kenya are reluctant to collaborate with local universities and firms on marketing, innovation and research. Efforts by the Kenya Flower Council to build the capacity of local firms and promote skills development through internship are inadequate to address this challenge.

### 3.2.8 Trust

Finally, an important constraining factor on the implementation of inclusive development policies is a lack (or breakdown) of trust between various actors. For example, there is often mistrust between marginalized groups and state authorities. As shown by the research project on '[Informal Workers' Political Leverage](#)', this applies to informal market sellers who do not trust political representatives and local authorities that have failed to deliver necessary services, or because they fear being criminalized by the system (🌍 Kaag, 2017). According to the research team on '[Economic Empowerment and Sex Work](#)', this also applies to sex workers in Kenya and Ethiopia (🌍 Nencel, 2018). The sex workers who were interviewed by the research team used slogans like 'nothing for us without us', which refers to the fact that so many things have been imposed on them already that they have an enhanced sense of paranoia towards researchers and others. In the case of the Batwa, the sense of mistrust is mainly of local authorities and less so of national authorities. Moreover, in many Sub-Saharan African countries, mistrust (or misperceptions of mistrust) between people and national or local authorities stems from other notions of authority, and can be further exacerbated by a malfunctioning rule of law.

In addition, actors that have the power to bring about change can also be constrained by mistrust; for example, in efforts towards building partnerships. As reported by the research team on '[Agricultural Partnerships](#)', while private companies have an interest in joining partnerships in the agricultural value chains they are affiliated to, they sometimes lack trust in other actors in the partnership (🌍 Nuer et al., 2017). This may be due to previous negative experiences with some private intermediaries or so-called 'agents', government withdrawal or inefficiency. Yet, trust is needed for partnerships to be effective and sustainable.

### 3.3 Lessons for policy and practice

Inclusive development depends not only on the actions of strategic actors, but also on their context. Hence, a certain realism is required as to how much this process can be steered. Although this might give the impression that success hinges entirely on coincidence and, therefore, nothing much can be done, this is not the case. The results from the RIDSSA projects show that, in contrast to what was assumed in the call for research proposals,

an actor is not only strategic when they have the power to effectuate change or influence policy. Rather, actors with no formal decision-making power, such as marginalized groups and the organizations that represent them, can have agency when power relations are able to be worked in such a way that progress is produced (e.g. when such power relations are linked to the right actors and institutions, when long-term trust relations are developed, and when led by strong advocates or visionary leaders). As INCLUDE's platform member Basil Jones stated during a meeting in 2017: "all actors are strategic actors, but some are more strategic than others" (INCLUDE, 2017). For a project to maximize its effectiveness, a large number of strategic actors need to be on board. Moreover, the RIDSSA projects underscore the need to base interventions on context-specific knowledge to allow for innovation and timely adaptations.

### 3.3.1 Building coalitions for inclusive development

Change can happen, and can even be driven by actors with no formal decision-making power, when the proper alliances are formed between actors and institutions. In *The Politics of Inclusive Development*, Teichman (2016) stresses that power dynamics can be changed when coalitions are built. She points to widespread and prolonged student protests against disproportionately expensive education in Chile in 2006, which engendered a strong social movement that eventually forced President Michelle Bachelet to reduce education costs and raise corporate taxes. Teichman reveals that something similar happened in South Korea, where middle-class groups were instrumental in democratization and the redistribution of wealth by allying with human rights groups and unions. She shows that change can happen when induced by successful state-society engagements. This has also been stressed by the ESID study discussed in section 2 (also called *The Politics of Inclusive Development*), which stresses the importance of supporting public organizations that are relatively effective, regardless of the political context in which they operate, as well as supporting coalitions for change at multiple levels (Hickey et al., 2014).

The importance of coalitions with powerful actors (such as the state) is underscored by the various RIDSSA research projects. For the Batwa, this means building strong relationships with (especially) local, and also national, authorities, in order to effectively communicate their needs and desires. In addition, the RIDSSA projects show that smallholder farmers, informal market workers and sex workers can improve their situation when organized, as this enhances their negotiation power (Goodwin, 2018). Further improvement is possible when these workers are connected with strategic actors. The research project on sex workers in Kenya and Ethiopia shows that sex workers can be economically empowered by establishing horizontal partnerships (Nencel, 2018). This implies that policy interventions will be more successful when sex-worker-led organizations are included in dialogue as equal partners. The specific needs of community based organizations (CBOs), related

to their often sensitive position in poor communities, also need to be taken into account in interventions by governments and NGOs. CBOs often handle a multitude of demands and expectations from communities, while at the same time being expected to engage in timely and complicated bureaucratic processes, but without the resources to meet such demands. This also applies to informal trade unions and informal workers' organizations, which can be strategic actors for bettering the position of informal workers, if they function as hubs to stimulate and support collective action, and not so much as membership or representative organizations. Informal workers have needs that must be met, which can range from (short-term) practical issues (like having a leaking roof repaired) to (long-term) services (like access to credit). CBOs have an important role to play in engaging with the priorities of workers.

Governments are increasingly seeking partnerships with the private sector in order to tackle funding challenges. The private sector can be encouraged to incorporate inclusive business strategies when aligned with government agencies (e.g. for coordination and regulation/contracting purposes). As found by the '[Agricultural Partnerships](#)' research team, in Ghana, companies are willing to participate in agricultural partnerships when there are clear cost- and risk-sharing and contract-based arrangements (Van Paassen, 2018). It is, therefore, crucial that the benefits of joining such partnerships are made visible to the actors involved. For governments, this means explicating the macro-economic benefits of investing in local food value chains, rather than solely focusing on export-based value chains. For all actors, participation in partnerships serves as an opportunity to improve knowledge and relationships with value chain partners. Governments and other value chain actors learn from the international market expertise of the companies and learn how to live up to international standards. Private companies learn about the local situation to make better informed corporate decisions. In this context, one of the recommendations from the APDs is to work with importers (of cotton and rice in Nigeria and sugar in Kenya) and offer them incentives to become local producers. This will rejuvenate the sectors and allow smallholder producers to benefit from their produce, rather than the current situation where imports have led to the weakening of certain sectors.

Nevertheless, it is one thing to stress that coalitions are important for inclusive development, but it is quite another thing to effectively build and implement such coalitions. As has become apparent from the research projects, international NGOs and CSOs can play an important intermediary role in making such partnerships work. According to the '[Agricultural Partnerships](#)' project, the most prevalent partnerships emerge from negotiations between bilateral donors and NGOs, as the latter can nudge donors to invest in PPPs (Van Paassen, 2018). Moreover, they also play a role in the implementation of PPPs in food value chains, in which the

government and private sector are less involved. This project found that involvement of NGOs with solidarity ideals in such PPPs leads to some flexibility and consideration of resource-poor farmers in practice (Osei-Amponsah et al., 2017b). The importance of intermediary organizations was underscored by INCLUDE platform member Maggie Kigozi during the INCLUDE roundtable conference in Arusha in December 2017 (Hollander & Van Kesteren, 2018). Kigozi stressed that companies increasingly consult with intermediary parties, such as CSOs, to share their views on the functioning and image of the company.

### 3.3.2 Context matters

There is no one-size-fits-all approach when it comes to building alliances for inclusive development. Institutional context is of primary importance, as some governance modes are more inclusive than others or better able to enforce inclusive outcomes. Governance structures determine the scope that private companies have to promote inclusive outcomes (e.g. because institutional context determines the room for market competition). Competition was an important incentive for Kenya's largest telecom company (Safaricom) to introduce M-Pesa, as it forced the company to innovate. The context-specific nature of this venture means that its success is difficult to replicate. In a centralist country like Ethiopia, for example, the largest Telecom provider (Ethio Telecom) is state owned and, hence, less incentivized to innovate and incorporate strategies for social value creation.

Moreover, the research project on '[Economic Empowerment and Sex Work](#)' shows that sex workers in Ethiopia face different challenges and employ different strategies than their counterparts in Kenya, because morality politics play out differently in the two countries and the governance structures are different. In addition, the project on '[Informal Workers' Political Leverage](#)' shows that the electoral system, and the subsequent dynamics of party politics, strongly affect the strategies of informal workers and their representatives (i.e. market queens) (Hendriks et al., 2017). Hence, when developing inclusive policies, such institutional differences need to be taken into account.

Next to governance, demographics also matter. As stressed in section 2 of this report, there are persistent regional inequalities within countries. The APD in Mozambique revealed that when it comes to investments in education, the Northern Mozambique is worse off in terms of quality educational facilities and technical education compared to the Southern region. Furthermore, in the Northern region there is also limited investment in infrastructure, especially information and communication technology (ICT), by government and private actors. As a result, it is more difficult for youth in Northern Mozambique to access information including



job adverts than it is for their southern counterparts. These challenges are aggravated by the fact that most people in the north speak local languages and Kiswahili, as opposed to Portuguese and English, which employers prefer. This affects labour dynamics, because extractive firms in the north tend to hire ‘foreign’ workers (not from the northern locality), who they consider to be better educated, skilled, experienced and able to communicate in either English or Portuguese.

Yet, while inter-regional inequalities in themselves are contradictory to inclusive development, for companies with corporate social responsibility objectives, such inequalities could imply a business opportunity. In Tanzania, for example, Vodafone (with the support of the World Bank) tried to replicate the success of M-Pesa. However, this venture was not as successful as M-Pesa was in Kenya, partly because of incomplete marketing strategies (there was no aligned plan), but also because of demographic circumstances. In fact there is a greater need for mobile banking in Kenya due to the urban/rural divide in the country. Hence, it is crucial that such inequalities are recognized and incorporated into business decisions.

### **3.3.3 Governance, coordination and leadership crucial for successful implementation**

Politics matters when it comes to the formulation and implementation of inclusive development policies. This applies to local, national, regional and international politics. The importance of politics to inclusive development has been recognized by African institutions such as the African Union, which, during its 30<sup>th</sup> Assembly of Heads of State and Government (from 22–29 January 2018 in Addis Ababa), launched 2018 as the ‘African Anti-Corruption Year’ (African Union, 2018). This focus on corruption has been fostered by the belief that corruption is a major cause of setbacks to Africa’s socio-economic and political development and a continuous hurdle to efforts aimed at promoting democratic governance, socio-economic transformation, peace and security, and human rights. As stressed in the African Union’s press release:

*While the continent has seen sustained socio-economic growth over the past two decades, public confidence has been corroded by a concentration on near-term priorities and payoffs, propelled by corruption, election-cycle politics or quarterly results targets that too often leave young people worse off than their parents. (African Union, 2018)*

Development is, hence, not only about implementing the right economic policies in the right context and building coalitions to implement these, it is also about having the proper governance structures to do so.

A key question to ask is: what forms of governance lead to the most inclusive outcomes? As stressed during [INCLUDE's roundtable on 'Strategic Actors for Productive Employment Creation'](#), held in Arusha, inclusive development can thrive when governance is 'good enough' (meaning that a minimum set of standards are met, while optimizing the outcomes for inclusive development) (Hollander & Van Kesteren, 2018). As stressed in section 2 of this report, the concept of 'good enough governance' was introduced by [Merilee Grindle in 2002](#), as a reaction to the essentialist message of the good governance agenda (Grindle, 2002). A study by the UONGOZI Institute, that synthesizes the findings from nine case studies in six countries (the Democratic Republic of the Congo, Ethiopia, Ghana, Tanzania, South Africa and Uganda) found that change can indeed take place as a result of authoritarian leadership styles, while consultative or collaborative leadership processes can sometimes prevent more widespread change (Perera et al., 2018). This situation implies that different questions need to be asked. Rather than questioning what is missing in a country's governance profile, it is better to ask questions such as: Which conditions have induced improvements? And, how can such conditions be replicated or stimulated in a specific country? This shift in focus from a country's governance structure to its general conditions involves examining the interests and incentives of the actors driving the changes, the coalitions they build to facilitate this and who supports these. As Grindle stresses, asking such questions of high performing East and Southeast Asian countries has improved our understanding of the policies that spurred their development and the role of government in this process (Grindle, 2002). This also means that one has to think strategically about what to prioritize and how this differs from country to country. Fragile countries are, obviously, in need of some basic institutions and requirements to protect the safety and rights of citizens; low and lower-middle income countries that already have sufficient institutional coherence can begin to think about expanding public services or fighting corruption; and upper middle-income countries are in a position to undertake more difficult governance reforms such as enhancing transparency in budgeting and accounting processes and risk mitigation systems (Grindle, 2002).

Although the conditions for 'good enough' governance differ across countries, regions and contexts, an overall conclusion of the RIDSSA research projects and APDs is that the coordination of inclusive development policies by the national government is crucial (e.g. when it comes to the delivery of social protection programmes at the national and county levels by different actors, including by CSOs). As stressed in the APD in Kenya, such a process of streamlining by government agencies (e.g. through the implementation of a single registry for all social protection beneficiaries), has already started. Yet, as discussed in the APD, a remaining challenge is how effective coordination can be attained when different agencies fear losing power as a result of implementing social protection schemes.

As stressed in the [APD in Mozambique](#), there is a need for a framework through which government agencies, CSOs, and extractive firms invest in measures to create an environment that bridges and promotes coexistence between ‘work cultures’ in extractive sector firms and ‘local cultures’ and languages, especially in the north of the country (Miroro, 2016). Moreover, the Ministry of Labour in Mozambique has an important role to play in intensifying communication, awareness and publicity about available public funds and promoting vocational courses and scholarships offered by extractive firms, as well as job opportunities and internships. To address inadequate skills and competencies in Mozambique, a framework to enable the different actors involved in the provision of technical education at the national and local levels is required. Such a framework will allow the different government agencies, gas/oil firms and CSOs that supported education programmes to work together to enhance the efficiency and effectiveness of their interventions and to avoid duplication of efforts. Especially, programmes that offer skills enhancement and that meet labour-market demands in extractive sectors should increase and equip vocational training centres and provide starter kits to new graduates from vocational centres.

Following the [APD in Kenya](#), in order to enhance employment creation in agriculture the national government needs to review both its national and county-level policies, as well as the associated legal and institutional frameworks to reduce overlap and duplication. There is also a need to merge the large number of agencies involved in programmes such as plant protection and health and disease control in livestock. In the case of the sugar sub-sector, the national and county governments need to work with other actors, including public millers, to finalize the privatization of mills and to improve the management and operations of sugar factories for the benefit of farmers. The challenge here is to ensure that agencies are incentivized to provide such benefits to farmers, given that both county and national agencies seek to generate revenue through levies and taxes, resulting in some duplication in the process. Following the APDs on social protection in Kenya and Uganda, coordination is also required for the successful implementation of social protection programmes, and policymakers need to optimize the complementarity between formal social protection programmes and existing informal schemes (see also INCLUDE’s synthesis report on Social Protection: Van Kesteren et al., 2018).

The above mentioned study by the UONGOZI Institute suggests that inclusive development requires ‘leadership for transformational change’ (Perera et al., 2018). This approach differs from traditional management or individualistic leadership in that it seeks to fundamentally alter the rules of the game and sets out a vision for enabling change. Such leadership goes well beyond technical or managerial competence. It involves mobilizing

collaboration and resources for a common development good. Quoting Lyne de Ver (2009), the report defines such leadership in the following way:

*Developmental leadership is the process of organizing or mobilizing people and resources in pursuit of particular ends or goals, in given institutional contexts of authority, legitimacy and power (often of a hybrid kind). Achieving these ends, and overcoming the collective action problems which commonly obstruct such achievement, normally requires the building of formal or informal coalitions of interests, elites and organizations, both vertical and horizontal. (Lyne de Ver, 2009, cited in Perera et al., 2018)*

Such leadership is driven by both intrinsic factors (for example, having access to power, an appetite for change, the capacity to recognize ‘ripe moments’, and overall political savviness) and extrinsic factors (such as availability of resources, a general consensus among elites and an environment in which those who were likely to lose from a change in the status quo are not able to act as spoilers) (Lyne de Ver, 2009). Moreover, the report finds that change does not happen overnight, and that the most effective leadership processes are those that make small changes and build on these successes to effect wider change. In contrast, a drastic change in the political environment was found to be a key disabler of leadership for transformational change (Lyne de Ver, 2009).

### **3.3.4 Improving the local embeddedness of development interventions**

Alliances are typically more effective in contributing to inclusive development when embedded in the local community and economy. As argued in INCLUDE’s synthesis paper on Productive Employment, agricultural investments in ‘local food systems’ (e.g. through PPPs) have an employment multiplier effect, as they boost employment opportunities in both on-farm and off-farm activities (including food manufacturing, food marketing, transportation and food preparation) (Dekker et al., 2018). Moreover, enhanced agricultural productivity in local food chains through investments in irrigation, fertilizer techniques and agricultural input will also ensure enhanced private sector involvement in such value chains, which furthers boosts the employment multiplier effect. Furthermore, the synthesis report on Social Protection recognizes the importance of local embeddedness in the implementation of social protection programmes (Van Kesteren et al., 2018). The report stresses that local authorities play a crucial role in the implementation and coordination of such programmes, and that focusing on local economies is essential to optimize their cost-effectiveness.

To enhance employment in export-based value chains, it is crucial to include smallholder farmers in partnerships between government agencies and the private sector. As argued in section 3.2 of this synthesis, such

partnerships are currently lacking and, consequently, the impact that such partnerships could bring to local economies is limited. Both the '[Agricultural Partnership](#)' research project and the '[Productive Employment in Segmented Markets](#)' research project, show that to enhance farmers' inclusion in PPPs, coordinating rural institutions are essential (C Mariara, 2017; C Van Paassen, 2018). Through such institutions, farmers are enabled to negotiate beneficial contracting models with large-scale buyers (e.g. processors and exporters). As showcased by the '[Agricultural Partnership](#)' project, initiatives such as [2SCALE](#) provide an example of how local-level and local-led collaborative institutions are key to build profitable value chains (International Fertilizer Development Center, 2018). Such institutions ensure that farmers are connected directly to buyers and are, thus, able to overcome high transaction costs through bypassing middlemen. As such, farmers can become empowered to negotiate more equitable contracts, to increase their productivity and, hence, to increase their income.

Knowing the environment in which one operates is also important from a business perspective, as is concluded by the '[Inclusive Business Strategies](#)' research project. Lashitew emphasizes the significance of building 'social embeddedness' in order to create competitive advantage, based on a deep understanding of the local environment (Lashitew, 2015). This involves the ability to create a web of trusted connections with a diversity of organizations and institutions, generate bottom-up development, and build on the existing social infrastructure (London & Hart, 2004). Lashitew stresses that social embeddedness leads to a better appreciation of local needs, which creates an impetus to internalize social issues within a business organization (Lashitew, 2015). Strong social ties with institutional actors gives private sector actors access to diverse resources, which is critical for effectively implementing inclusive business initiatives. According to the research team, Safaricom's strong ties with diverse actors in Kenya (e.g. with banks and other companies, but also with the financial regulator) was an important factor behind the success of M-Pesa.

### **3.3.5 Building trust is crucial for the success of alliances**

An obvious conclusion from the research projects is that the effectiveness of alliances depends on whether there is sufficient trust between the different partners involved. This could manifest as trust between a range of different partners, including: private sector actors and government officials; the Batwa and their local authorities; farmers and export-traders; market traders and local political officials; sex workers and community workers. Though this appears open-ended, the issue of trust is often forgotten in the formulation of inclusive development strategies.

Building trust is an intangible and a long-term process. Trust is built when partners deliver what they promise, or when partners feel that they can achieve something together. At the same time, the process of building trust is difficult to steer. Progress can be made when partnerships include mechanisms for ensuring that the actors involved work towards a common goal. For example, the [‘Agricultural Partnership’](#) project concludes that the development of mechanisms on knowledge and experience sharing, within the business arena, will help to build trust among partnership actors. The project team found that in several successful partnerships, training and capacity building programmes empowered farmers and enhanced the quality of produce; this enabled farmers to negotiate prices with buyers directly, which led to increased levels of trust, thereby also leading to enhanced private investments (Osei-Amponsah et al., 2017a).

The research team on [‘Informal Workers’ Political Leverage’](#) also found that building trust is crucial among a variety of actors, including: informal workers, trade unions and informal workers’ organizations; and the local and central government and informal workers. Yet, this is difficult as informal workers do not constitute a homogenous group. Leaders of informal workers’ organizations may unite in their blaming of trade unions for under-representing informal workers’ issues in official social dialogue platforms, but at the same time also compete among each other for legitimacy, donor support (which may come through those same trade unions), and visibility. Therefore, there is a substantial level of mistrust between different informal workers’ organizations. The project, however, found that trust can be built through collective action. Therefore, unity in action rather than unity in organization appears to be the way forward (Hendriks et al., 2017). The [‘Informal Workers’ Political Leverage’](#) project team stresses that to build trust between informal workers and government authorities, the latter need to be responsive to informal workers’ needs (Hendriks et al., 2017).

Building trust is challenging, especially when power relations are unequal. A main reason why the Batwa have little trust in their local authorities is that they feel a strong sense of distributive unfairness. Morag Goodwin, coordinator of the Batwa project, refers to James Scott’s ‘weapons of the weak’, and points to a persistent resistance on the part of Batwa, as they do not feel that they are taken seriously by their local authorities (Scott, 1985). As such, the Batwa feel marginalized because they lack access to land and cattle, or because they are unable to buy school uniforms for their children or send their children to school. However, establishing a relationship based on trust is difficult, as it is not material things that make the Batwa feel more included. In an interview, Goodwin referred to a person from a Batwa family telling one of the researchers that the local authorities do nothing for them, while later in the same interview admitting that the cow outside their home was given to them by the same local authorities. Goodwin (2018), therefore, concludes that the sense of

unfairness on the part of the Batwa comes from the fact that they have little understanding of how decisions are made, or to whom they can articulate their needs. As she argues, perceptions between the two parties differ; hence, trust can be built when the local authorities recognize the daily struggle of the Batwa to access food (which has priority over attending town meetings, for example) and when they put more effort into increasing the transparency of decision-making. Moreover, the research team found that religion has an important role to play in building alliances between the Batwa and the local authorities. As Goodwin explains, Rwanda is a strongly religious society and many Batwa attend some form of religious ceremony regularly, mainly the Catholic Church. Many Batwa reported that they felt happy when they were at church or involved in church activities, and that this provided them with dignity. Equally important is the belief that everyone is equal in the eyes of God and that other parishioners treat them equally in the church context (i.e. they feel included).

### 3.3.6 The media as strategic actors

The media can act as an important strategic actor in effectuating change. For example, Chimee and Chidi discuss how communication technology has opened up closed dictatorial states that have characterized Africa's post-independence politics, and how oppressed peoples have, thus, begun to demand change and democracy (Chimee & Chidi, 2018). The authors stress the importance of social media in disseminating information and boosting civic empowerment. Of all the social media networks available, the authors show that video-sharing networks (e.g. YouTube, MetaCafe, DailyMotion and Vimeo) as well as social networks (e.g. Facebook and Twitter) were crucial in toppling oppressive regimes in Tunisia, Egypt and Libya. In Tunisia and Egypt, uprisings were enabled by the availability of Internet facilities and smartphones, which protesters and activists used to communicate and post images for the consumption of the general public. In Libya, where the role played by social media was more limited due to the fact that Gaddafi had blocked communication and Internet facilities, social media did help in exposing the West to the nature of Gaddafi's regime, thereby prompting action.

The media can also be used strategically to effectuate inclusive development in non-oppressive states. An example, discussed during INCLUDE's roundtable on 'Strategic Actors for Employment Creation', is provided by Twaweza (Hollander & Van Kesteren, 2018). Twaweza is a pan-African CSO, which started in Kenya and Uganda in 2009 with the objective of improving the agency of citizens in holding their governments accountable. An important method by which citizens are mobilized is through sharing information, notably on social media platforms. Twaweza's cooperation with the media is notable, as there is a presumed win-win situation for both Twaweza (sharing information) and the media (access to information). In addition, social media has been endorsed as crucial in the implementation of the SDGs (UNESCO, 2017). Via social media platforms, citizens

(especially those who are not often heard, such as youth), are exposed to (and participate in) a variety of political-, civic- and environment-related causes by signing petitions, blogging, and vlogging about issues of concern to them. The media is also crucial to track progress, share local priorities and share best practices. Throughout Sub-Saharan Africa, several organizations have adopted social media strategies to make their programmes more effective.

Social media has proved to be crucial in informing youth about employment and business opportunities (e.g. in agriculture). Displaying promising agro-entrepreneurial programmes in the mass media (including social media) can help to change image of agriculture, as underlined by INCLUDE platform member Maggie Kigozi in INCLUDE's roundtable discussion on 'Strategic Actors for Employment Creation' (Hollander & Van Kesteren, 2018). An example of how such images can be changed was given by Herald Peeters during the roundtable discussion. In his presentation of the work of Rijk Zwaan, Peeters outlined how social media has helped to improve the outreach of its employment and skills development programme.<sup>7</sup> Social media has also helped to explain the different technologies used in agriculture. This can be a more timely and efficient way of overcoming problems with access to information than providing the information in other ways, because using social media leverages one of the advantages that African youth have: their strong social networks with each other through mobile technology. Social media has also proven to be important in enhancing the profile of youth role models.

### 3.3.7 Knowledge for inclusive development

The five RIDSSA research projects share a common conclusion: that there is a persisting need for context-specific knowledge to guide strategic action for inclusive development. This includes knowledge about the needs and perceptions of marginalized groups, the power relations that constrain their capacity to improve their income and livelihood, and the existing local economic structures that guide their (economic) actions. Lacking knowledge about how the Batwa perceive their own identity has impeded their economic and social inclusion, making the framing of their identity and position in society vulnerable to (global) political dynamics. Including marginalized groups as stakeholders in development interventions is, therefore, crucial

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<sup>7</sup> Rijk Zwaan hires 70% women and 30% men, mostly unskilled. Most of them have at least secondary education and are trained in-house. Rijk Zwaan also pays above the minimum wage, has training programmes on family planning, and ensures that all of its staff members have national health insurance. See [Report of roundtable discussion: 'Strategic Actors for Employment Creation'](#).



This is also underscored by the research project on [‘Economic Empowerment and Sex Work’](#) in Kenya and Ethiopia (Nencil, 2018). While sex workers are usually targeted by health care programmes, the project found that such interventions can be ineffective or even counterproductive, because such programmes (e.g. the distribution of condoms) make sex workers visible to the state and police. The researchers argue that, therefore, interventions should be aimed at decriminalization. Moreover, the project team found that context-specific knowledge is needed, especially when it comes to understanding what they call ‘money logics’. Basing economic empowerment programmes and projects on ‘money logics’ can help counter the unintentional inequalities produced by such programmes. ‘Money logics’ emphasizes that saving, spending and earning are contextual activities that are embedded relationally in communities and societies and reflect notions of masculinity and femininity. To improve economic empowerment initiatives (e.g. micro-financing and financial literacy programmes), it is necessary to understand the ‘money logics’ of the groups targeted. This requires community-based, non-bureaucratic and qualitative investigations of monetary practices. Tailor-made measures should be implemented to develop a more nuanced, sensitive and inclusive approach to economic empowerment. Economic empowerment projects need to adopt a long-term vision to improve the outcomes for the people they target.

That research can serve as driving force behind inclusive development is also showcased by the research group on [‘Agricultural Partnerships’](#). It is widely recognized that in order to foster a process of structural transformation in Sub-Saharan Africa considerable rises in agricultural productivity are needed. Such rises in productivity will require substantial innovation within the agricultural sector (see INCLUDE’s synthesis paper on Productive Employment: Dekker et al., 2018; see also Christiaensen, 2017; Benin, 2016). As argued above, to boost innovation in agriculture, IPs are receiving increased attention as possible avenues to enhance farmers’ skills and knowhow. The complementary advantage of IPs over PPPs is that IPs strive for direct or authentic representation of farmers, coupled with the involvement of key actors for change, to ensure mutual learning and knowledge-sharing for inclusive development (Osei-Amponsah et al., 2017). According to the Consultative Group on International Agricultural Research (CGIAR), the International Institute of Tropical Agriculture and Wageningen University (which recently published a book with *Guidelines for Innovation Platforms*: Schut et al., 2017), the composition of IPs should be tailored to their specific innovation objective. IPs are expensive and require investments in coordination (transaction costs) and the ability to reach compromises (negotiation). As such, they stress that rather than striving for the equal involvement of all actors, IPs should include whoever can contribute to achieving the Innovation Platform’s objectives. Hence, here lies an important difference with the [‘Agricultural Partnership’](#) project: rather than tailoring the participation of smallholder farmers to the objective

of an IP, it is essential to maintain the representation of farmers to ensure that their perspective is incorporated, when relevant, into IP learning and implementation.

The role of researchers in such platforms is substantial. As stressed by the ‘Agricultural Partnership’ research group, researchers should use their agency to mobilize governments to improve transparency, regulatory fairness, and provide subsidies for farmers’ capacity building (Osei-Amponsah et al., 2017a). Researchers can be stimulated to take the lead in multi-stakeholder learning processes (e.g. through knowledge-sharing workshops), monitoring impact, and in putting critical issues on the policy agenda. In the [Guidelines for Innovation Platforms](#), Consultative Group on International Agricultural Research, International Institute of Tropical Agriculture and Wageningen University recommend that researchers involved in IPs should develop strategies for reducing (financial) dependence on these projects. It is, therefore, crucial that the benefits from IPs, in terms of mutual learning, are made visible to private sector stakeholders in order to attract financial resources.

## 4. Conclusion: messages for policy and practice

Inclusive development is not only about macro- and micro-economic policies and outcomes, it is also about the social and political processes underlying structural transformation. Hence, it is about ensuring that such policies are not hindered by institutional barriers or political and economic elites. Making sure that everyone in Africa (regardless of gender, age, ethnicity or place residence) benefits from Africa's rising economic growth requires three things: the structural transformation of the economy, notably in promising sectors like agriculture and manufacturing, to create productive employment for Africa's growing population; macroeconomic policies for enhancing productive employment accompanied by social protection schemes to enhance workers' employability and provide safety nets for those unable to work; and strategic actors, who need to be identified, convinced and enabled to implement policies in favour of marginalized groups (this implies shifting the incentives and constraints that might withhold actors in power from taking action for inclusive development and aligning those actors who do not yet possess the political influence to do so).

This synthesis focuses on the third issue: the identification of strategic actors. Based on an update of INCLUDE's 2013 Concept Note on strategic actors, this synthesis presented a discussion of state-of-the-art literature on strategic actors for inclusive development. It then linked this literature review to the results from the five RIDSSA research projects on strategic actors, funded through NWO-WOTRO, and the findings from the APDs that INCLUDE supports. This section of the report summarizes the main synergies between the research projects and APDs, against the background of the existing literature, and draws ten key messages for policy and practice.

### **Message 1: Power analyses should be central to inclusive development research and interventions**

There is a consensus that 'politics matters' in development, but there is no consensus on what this means in practice and how political institutions can become more inclusive. Especially in the young democracies of Sub-Saharan Africa, governance (local, national, regional and global) strongly affects the extent to which local needs are safeguarded. This safeguarding of local needs depends on the strength and inclusiveness of local, national and regional political institutions, but also on global power relations. During the Arusha-meeting, participants underscored the notion that inclusive development can thrive when governance is 'good enough', meaning that a minimum set of standards for good governance are met, while optimizing the outcomes for inclusive development. Electoral politics also affect the ability of actors to influence decision-making processes or safeguard local needs. For example, in politics where power is concentrated (i.e. majoritarian politics) there are fewer opportunities for influence than when power is shared (i.e. consensus politics). Moreover, as revealed by

the research project on '[Informal Workers' Political Leverage](#)', in majoritarian politics, overall changes in political rule mean that actors need to find a balance between forming political alliances with those in power for the purpose of inclusive development and keeping their political independence.

Not all actors involved in inclusive development (from both an institutional and agency perspective) are strategic. However, it is open to debate whether or not such actors can become strategic with the right supporting policies and interventions. International research over the past few years has strongly focused on the role of elites as strategic actors. However, INCLUDE's primary focus has been to identify 'unconventional' actors. The RIDSSA research projects have, therefore, examined the roles that the private sector, marginalized groups and the organizations that represent them play in effecting change, and how their actions are enabled or constrained by existing power relations. Yet, it is one thing to diagnose power asymmetries and quite another to include and address these power dimensions in interventions. Therefore, a key policy message that arises from these research projects is the need to start with thorough power analyses when formulating and implementing development interventions.

### **Message 2: Persisting inequalities are hampering economic growth and development in Sub-Saharan Africa**

Such analyses would reveal that persisting political and economic inequalities (both within and between countries) hamper inclusive development in Africa. In recent years, there has been a clear move away from the traditional development paradigm that sufficient economic growth will eventually erode inequality. Rather, following a report by the International Monetary Fund in 2014 and other influential studies, it is increasingly recognized that inequality has a negative impact on (future) economic growth and that equality-enhancing interventions have a positive impact on growth (Deaton, 2014; Piketty, 2013; Milanovich, 2016).

A substantial number of people in Sub-Saharan Africa, especially those in conflict or post-conflict situations, live outside the protection of the law and have very limited ability to influence institutions, legal reforms and socio-economic policies. This situation especially affects women, the ultra-poor and minorities. Moreover, in many Sub-Saharan African countries the geographical distribution of income and poverty is skewed due to high levels of inequality, as well as social and political indicators such as health, infrastructure and political participation. There are persistent concentrations of poor people in specific regions (and even in countries) with high growth. This situation underscores the need for interventions that tackle such inequalities, which, in turn, require knowledge of the needs of poor and marginalized peoples in different geographical areas. As stressed in the synthesis study on Productive Employment, rural youth, for example, have different needs than urban youth,

depending on their education level and employment aspirations (Dekker et al., 2018). For example, low-skilled young people in rural areas who live and work on family farms (the largest group of youth in low-income, agriculture-based Sub-Saharan African countries) often pursue mixed livelihoods. For this group, basic education, access to land, technology and finance, and support in building networks are crucial. In contrast, young graduates living in urban areas are seeking formal wage-employment; for them, it is essential to ensure that their competencies match the needs of the labour market.

### **Message 3: National economic and commercial interests tend to prevail over local needs**

Governments are more inclined to invest in sectors that create immediate and high revenues, such as the extractive sector. However, these sectors do not necessarily create productive jobs. The APDs in Kenya and Mozambique emphasize a lack of commitment to supporting the agriculture sector. Low private-sector credit targets for agriculture and low government budgetary allocation (i.e. lower than the 'at least 10%' agreed by African leaders in the Maputo Declaration) are preventing structural job creation, which is hampering inclusive development. The APD in Mozambique found that revenues from export-based value chains in the extractive sector are not adequately invested in local communities. Public resources earmarked for development are inappropriately spent or misappropriated, partly due to weak institutional frameworks.

The research project '[Agricultural Partnerships](#)' found that the Ghanaian government is more proactive in mobilizing PPPs in the export-based cocoa value chain than in local food value chains. It remains difficult to engage the government (and, therefore, private sector actors) in partnerships such as IPs, where the commercial stake is small or long-term and the participation of smallholder farmers in local food value chains is prioritized. Funding actors claim that IPs are costly, less coordinated and uncertain and prefer PPPs with clear contractual commitments and scale effects. However, in such PPPs farmers' participation options in terms of contracting are largely absent, raising issues about inclusiveness. This also implies that innovation and productivity in local food value chains is lagging, hampering the potential to create multiplier employment effects in the farm and off-farm segments of the food system.

In addition, commercial (business) interests do not always coincide with local needs. Companies do not always perceive inclusive development to be in their immediate interest. Although increasing in number, examples of successful inclusive business models are scarce and highly dependent on contextual drivers. The '[Inclusive Business Strategies](#)' research team describes the mobile banking service M-Pesa as one of the few business initiatives that has simultaneously created consumer value and producer value, while also having an overall

positive impact on local economies in Kenya. The success of M-Pesa is, to a large extent, due to an exceptional mix of factors converging: commitment, strategy, a network of actors, good partners, and a growing demand for mobile banking. The context-specific nature of this venture means that its success is difficult to replicate. For example, in a centralist country like Ethiopia, the largest Telecom provider (Ethio Telecom) is state owned and, hence, less motivated to innovate and incorporate strategies for social value creation. Whether such realized consumer value, producer value and impact on local economies contributes to inclusive development remains an unanswered question.

#### **Message 4: Global interests may lead to local inequalities and stigmatization**

International actors can have a negative (both intentional and unintentional) impact on local power hierarchies (e.g. through their involvement in capital flight from Africa). Each year, billions of US dollars [disappear](#) from African countries to so called tax havens. A significant part of this capital flight is driven by multinational companies seeking to evade taxes where they operate and ultimately leads to enhanced inequality. Sometimes, imbalances between global and local interests are embedded in the international aid system. The research project on [‘Barriers to Batwa Inclusion in Rwanda’](#) shows that international NGOs and their sister organizations in developing countries use global narratives on indigeneity to refer to the Batwa communities, against the wishes of the Rwandan state and other actors, including the Batwa themselves. COPORWA, the formal representative organization of the Batwa community, refers to the Batwa as the first people to occupy the Rwandan territory, and is funded by international NGOs that push for indigenous rights. This push for recognition as a distinct ethnic group complicates the effectiveness of the socio-economic programmes initiated by COPORWA, because this recognition is not in line with Rwandan state policy.

The research project [‘Economic Empowerment and Sex Work’](#) reports that for sex workers in Kenya and Ethiopia, stigmatization has a great impact on their economic opportunities. The special attention given to them as ‘vulnerable’ or ‘marginalized’ groups (also by NGOs and donor organizations) can lead to their increased visibility in society, triggering reactionary responses (e.g. homophobic or anti-sex work responses). This stigmatization means that sex workers may avoid health care services due to fear of being punished (e.g. for the possession of condoms).

#### **Message 5: Actors’ freedom to manoeuvre is constrained by the institutional context**

Political system characteristics are of critical importance for inclusive development, because they determine the development trajectory. ESID identifies three development trajectories: the dominant development trajectory,

which is characterized by elite cohesion, a long-term vision and a capable state; the competitive development trajectory, which has elite fragmentation, a politicized bureaucracy and is strongly influenced by ideas or paradigms; the predatory trajectory, which has a cohesive elite, weak state, and no, or arbitrary, rule of law. The way inclusion can be supported depends a lot on the prevailing trajectory in any given context.

‘Exclusive’ elites can produce inclusive development outcomes in the short to medium term, but there is broad consensus that inclusive development in a system of ‘competitive development’ (elite fragmentation, a politicized bureaucracy and strongly influenced by ideas or paradigms) is more stable and resilient in the long term. A study by DLP outlines the preferred short- and long-term scenarios: first, in the short to medium term, more inclusive political settlements at the elite level (the competitive development trajectory) are crucial to avoid the recurrence of violent conflict and lay the foundations for more peaceful political processes; and, second, in the long term, states and societies with more open and inclusive institutions, where inclusion goes beyond elites to encompass the population more broadly, are more resilient and tend to be better governed. Societies that are more open also tend to be more democratic, legitimate, wealthier and less unequal. The question of how a political system that has narrow elite inclusion can become more broadly inclusive over time remains open to debate.

As stressed during INCLUDE’s roundtable on ‘Strategic Actors for Employment Creation’ in 2017, inclusive development can be achieved when governance is ‘good enough’ (INCLUDE, 2017). Hence, rather than focusing on the country’s governance, it is important to identify the conditions that have facilitated or induced change. Understanding these conditions involves examining the interests and incentives of the actors driving the change, their coalitions and those who support them.

The freedom of strategic actors to manoeuvre is also constrained by poor governance. The APD in Kenya reveals that weak governance, institutional fragmentation and poor coordination prevent a comprehensive approach from being taken in formal social protection programmes. This has resulted in the duplication of interventions between national and county governments and CSOs, double-dipping by recipients and inefficiencies in implementation.

As revealed by the [‘Economic Empowerment and Sex Work’](#) project in Kenya and Ethiopia, the actions of state officials and justice system agents (including corruption) restrict the agency of sex workers. Yet, as sex work in Kenya and Ethiopia is criminalized, state officials and justice system agents do not have the power to change the

situation of sex workers. This power resides in the politicians and lawmakers, who are capable of changing the law. This situation leads to inconsistencies in policy intentions and day-to-day practices. Moreover, because morality politics work out differently in both countries, the impact on sex workers is different in Kenya than in Ethiopia.

The research project on the Batwa in Rwanda uncovered a lot of misperceptions and miscommunications between the Batwa and their local authorities. The Batwa told the research team during interviews that they feel as though they are not taken seriously by local authorities and that ‘being Twa’ constitutes a barrier to their economic and social inclusion. For many, their social identity has a negative connotation. Nearly all of the Batwa interviewed wanted some control over their lives and associated self-empowerment, and to be able to exercise control and dignity in their lives (e.g. by having land so that they are able to grow food for their family and not work in others’ fields or being able to start a small business rather than working as a day-labourer). However, the Batwa are unable to achieve these small steps on their own and need assistance to break the poverty cycle.

A competitive multi-party system is largely portrayed as beneficial for inclusive development, as political elites are more responsive to the needs of marginalized people and implement pro-poor policies when they need the votes of these people to exercise power. Yet, the RIDSSA project team on [‘Informal Workers’ Political Leverage’](#) shows that party and electoral politics can also hamper a country’s advance towards inclusive development. Electoral promises are often not lived up to after elections, as inclusive development policies can be resisted by those who have gained power. In addition, overall changes in political rule impact upon the strategies of actors aiming to influence policy making. The [‘Informal Workers’ Political Leverage’](#) research project emphasises the relationship between party politics and the strategies of informal workers and their representatives. For the latter, linkages to the political realm are crucial as they ensure access to resources that are distributed through political networks. Yet, especially in countries that experience overall changes in political rule (e.g. Ghana), being too closely aligned to one political party carries inherent risk, because a ruling party has a high chance of becoming an opposition party after the next elections.

#### **Message 6: Building alliances is crucial for strategic action**

Political inclusion is crucial for marginalized actors to become economically empowered and to improve their livelihoods. For example, the RIDSSA project on sex workers in Kenya and Ethiopia found that sex workers can improve their situation if they are involved in horizontal partnerships. Such partnerships imply that sex workers, and sex worker-led organizations, are included in dialogue as equal partners in the process. Yet, there is growing



consensus that increased participation by more (marginalized) actors does not automatically lead to more inclusive development. Building coalitions and collective action seem to have more impact. In fact, RIDSSA projects show that change can sometimes be driven by actors with no formal decision-making power, as long as they work together and form the right alliances. For example, the project on '[Informal Workers' Political Leverage](#)' shows that informal trade unions and informal workers' organizations can be strategic actors for improving the position of informal workers, if they function as hubs that stimulate collective action and the provision of services ( practical and structural).

Indeed, next to enhancing actors' political empowerment, alliances and partnerships can also help to overcome financial constraints. The APDs in Kenya and Mozambique show that inadequate investment in capacity building by both governments and multinational corporations affects local cut flower firms in Kenya and gas/oil exploration and extraction in Mozambique. Partnerships can help overcome such constraints when they include cost- and risk-sharing agreements. This is reconfirmed by the '[Agricultural Partnerships](#)' research project, which found that companies in Ghana are willing to participate in agricultural partnerships when there are clear cost-sharing, risk-sharing and contract-based arrangements. It is, therefore, crucial that the benefits of joining such partnerships are made visible to the actors involved.

Alliances can also help overcome knowledge and skills gaps, which is necessary to steer transformation processes. This applies to actors that potentially have the power to effect change, like state authorities or NGO-representatives, but which, for example, lack knowledge of the needs of informal workers or other marginalized groups. It also applies to companies and company employees, who often lack the management skills to effectively implement inclusive business models. To address the need for management skills, alliances between companies, governments and educational institutes are needed to match educational qualifications and business needs.

As revealed by the APD on the extractive sector in Mozambique, the educational qualifications of graduates do not match the market-demand for required skills. In particular, there are few technical schools and internship opportunities through which to acquire the experience that extractive firms require. A framework for enhanced training, especially vocational training, at the national and local level is required to enhance collaboration between universities, CSOs, extractive firms and government ministries that offer training and education in the extractive (and other) sectors. Similar conclusions are drawn by the APD on the agricultural sector in Kenya, where capacity to develop local innovations and appropriate technologies is lacking. Collaboration between

foreign firms, local firms and other actors is essential to establish an innovation ecosystem and for investment in the development of appropriate and affordable local technologies, including the digitization of agricultural production and marketing information.

The '[Agricultural Partnerships](#)' research team concluded that partnerships provide an opportunity to improve knowledge and relationships with value chain partners. Government and other value chain actors learn from the international market expertise of companies, including how to live up to international standards. Private companies, in turn, learn about the local situation to make better informed corporate decisions.

**Message 7: Focus on trust building in inclusive development research and strategic action**

The RIDSSA research projects concluded that the effectiveness of alliances is often hindered by insufficient trust between different partners, such as between: private sector actors and government officials; Batwa and their local authorities; farmers and export-traders; market traders and local political officials; sex workers and community workers. However, the issue of trust is often forgotten in the formulation of inclusive development strategies. Building trust is intangible and a long-term process. For example, trust is built when partners deliver what they promise or when partners feel that they can achieve something together. At the same time, the process of building trust is difficult to steer. The project on informal workers found that trust can be built through collective action. Therefore, unity in action, rather than unity in organization, appears to be the way forward. The project team stresses that, to build trust between informal workers and government authorities, the latter need to be responsive to informal workers' needs. The project on Batwa inclusion emphasizes the role played by the Church in building trust. Many Batwa feel included when involved in church activities, and this provides them with dignity.

**Message 8: There is no one-size-fits-all when it comes to strategic action**

Being strategic depends not only on outcomes and intentions, but also on enabling contextual factors. Positive inclusive development outcomes seldom come together in developing countries and trade-offs need to be made, also in terms of sequencing. Building alliances for inclusive development requires a contextual focus. Examples from the RIDSSA research projects include the context-specificity of the success of M-Pesa in Kenya (see Message 3), the impact of the electoral system and party politics on informal workers' representatives in Ghana and Benin (see Message 5), and the impact of morality politics and governance structure on differences in the challenges and strategies of sex workers in Kenya and Ethiopia (also see Message 5).

Although trajectories will always be messy and non-linear, DLP identifies the contextual factors that should be in place in order to foster transitions to more inclusive development: security and stability, rule of law (first among elites and then across the population), basic state capacity, processes of de-concentration of power, leadership and vision, the possibility to form alliances and coalitions, and the right and opportunity to organize and mobilize (such as in parties and movements).

### **Message 9: Improve the local embeddedness of strategic action**

The fact that context matters implies that inclusive development interventions are more effective when embedded in the local community or economy. The APDs in Kenya show that this is currently not the case. The dialogues stress that key elements of the flower sub-sector value chain in Kenya, such as propagation and breeding, are dominated by foreign firms, which makes it difficult for small local firms and farmers to access the technologies affordably.

Enhancing local embeddedness also means that interventions are not solely aimed at either urban or rural areas, but also at secondary towns, as they have a major impact on local economies and are key engines of growth and employment. Currently, misrepresentation and miscommunication between marginalized actors and the institutions that ought to present their case prevent interventions from being based on what marginalized actors really need, such as in the case of the Batwa in Rwanda (see Message 4).

Knowledge of the local economy is also important from a business perspective, as concluded by the '[Inclusive Business Strategies](#)' project. Safaricom's success with M-Pesa can be explained by its ability to bond with communities and understand local needs, as well as its strong ties with institutional and business actors, which give it access to the diverse resources needed for social innovation. This can be qualified as a high level of social embeddedness.


### **Message 10: Research for strategic action for inclusive development**



There is a need for context-specific knowledge to guide strategic action for inclusive development. This implies knowledge about the needs and perceptions of marginalized groups, the power relations that constrain their capacity to improve their income and livelihood, and the existing local economic structures that guide their (economic) actions. In particular, research on what works to ensure that strategic actors effectuate change is needed.





At present, the institutional perspective, rather than the agency perspective, dominates development interventions. As a result, development interventions often do not pay enough attention to how the agency of strategic actors can be supported or influenced, which makes them too result-oriented, instead of process-oriented. Taking the above into account, the ODI report on 'Adapting Development' identified three 'rules of thumb' for making development interventions more inclusive: work in problem-driven and politically informed ways; be adaptive and entrepreneurial, and support change that reflects local realities and that is locally-led.

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## Annex 1. Overview – RIDSSA research projects on strategic actors for inclusive development

### **Inclusive Business Strategies**

The research project '[Inclusive Business Strategies in Africa](#)' explores how Dutch and local businesses in six East African countries (Ethiopia, Kenya, Uganda, Rwanda, Tanzania and Mozambique) can achieve inclusiveness with the involvement of non-market actors such as national governments, NGOs and local stakeholders. By combining findings from a quantitative survey among 75, mainly Dutch, companies operating in six East African countries (Ethiopia, Mozambique, Rwanda, Kenya, Tanzania and Uganda) and in-depth case study analyses, the project yields concrete results on the challenges and success factors for inclusive businesses.

The research project concludes that companies can indeed be strategic actors in promoting inclusive development in Sub-Saharan Africa, and that they have, in fact, various motivations to do so. Key success strategies for societal value creation include having a dedicated and qualified management, having strong social networks that promote cooperation between different organizations whose interests are aligned, and being strongly embedded in local economic structures.

### **Barriers to Batwa Inclusion in Rwanda**

The research project '[Barriers to Batwa Inclusion in Rwanda](#)' examines why attempts to remedy marginalization of the Batwa community in Rwanda have not succeeded. In particular, by conducting numerous interviews with Batwa people, their representatives, and local authorities, the research group analyses how the framing of Batwa identity contributes to their socio-economic marginalization and how it limits their ability to participate in development processes in Rwanda.

The project's key conclusion is that the framing of Batwa identity within the global indigenous discourse, which is composed of national and international laws and involves a variety of transnational actors, plays a determining role in their persistent marginalization and disempowerment. The project shows that it is crucial to ask excluded groups, using a reflexive approach, how they view their own inclusion and identity. Efforts to address socio-economic disadvantages should always include an understanding of local identity construction.

### **Agricultural Partnerships**

The '[Agricultural Partnerships](#)' research project aims to explore how agricultural partnerships in Ghana can be orchestrated to create an effective and sustainable framework for inclusive development. It examines under what conditions strategic actors will initiate or become involved in partnerships; what new institutions and forms of governance need to be developed and how can this be done; and how this impacts on smallholder farmers and other actors in agricultural value chains. By using a multi-method approach including value chain analysis, innovation system analysis and process ethnography, the project compares formal PPPs in the well-established export value chain for cocoa with IPs in the more informal food value chains for soybeans and cassava.

The project concludes that IPs and PPPs have complementary roles. Because PPPs work with formal commitments, they are of interest to companies and, hence, able to mobilize sufficient funding. As such they have scale effects and are able to engage commercial business-oriented farmers for quality production. IPs, on the other hand, are engaged in knowledge-sharing and learning and provide platforms for experimentation and innovation. The main strategy of IPs is capacity building and advocacy for resource-poor (non-business oriented) farmers, and fine-tuning value chain institutions for the inclusion of smallholders.

### **Informal Workers' Political Leverage**

The project '[Informal Workers' Political Leverage](#)' aims to explore how the political leverage of informal workers' organizations and trade unions in Ghana and Benin can be improved in order to better defend the needs of informal workers. To answer this question, the study compares the [textile trade](#) and [construction](#) sectors in Ghana and the [taxi](#) and [private-security](#) sectors in Benin. The project adopts an interdisciplinary, multi-layered and multi-method approach that triangulates individual perceptions and experiences with sector observations and macro data. Research methods include participatory mapping, collective action analysis and two surveys targeted at informal workers and members of trade unions and informal workers' organizations.

The project finds that informal workers organizations and trade unions can indeed be strategic actors for improving the position of informal workers, if they function as hubs stimulating and supporting collective action and not so much as (political) membership or representative organizations. In organizing, informal workers generally try to be as flexible as possible in order to navigate the (changing) political and donor landscape.

**Economic Empowerment and Sex Work**

The research project '[Economic Empowerment and Sex Work](#)' examines how sex workers in Kenya and Ethiopia can be supported by strategic actors to become economically empowered and how developments in the sector can be made more inclusive. The stigmatization of sex workers in Kenya and Ethiopia has a great impact on their identity and opportunities, impeding their chances for economic empowerment and with different outcomes for different groups. By using a multi-disciplinary and comparative approach, the project contrasts findings and experiences in Kenya and Ethiopia. In addition to surveys that collect data regarding workers' financial issues, stigmatization, violence and sexual health practices, the observations of participants and ethnographic interviews were used to study processes of social exclusion and transition.

The project finds that, to improve the economic empowerment of sex workers in Ethiopia and Kenya, economic empowerment initiatives such as micro-financing and financial literacy programmes, should be based on the local 'money logics' of the groups targeted. This requires community-based, non-bureaucratic and qualitative investigations of monetary practices. In addition, policy interventions are more successful when sex worker-led organizations are included in dialogue as equal partners in the process.

## Annex 2: Overview – African Policy Dialogues

### **Entrepreneurship development in Rwanda**

To develop a deeper understanding of Rwanda’s entrepreneurship dynamics, growth and networking impacts, this APD brought together professionals and experts with common interests to facilitate knowledge exchange and synergies. Through research, this APD has proposed and advocated for a range of initiatives including: assisting manufacturing firms to access finance (the key element for their internal entrepreneurship development); public investment in research and development as part of entrepreneurship; and addressing the costs of raw materials and electricity to improve the financial performance of manufacturing firms, promote corporate entrepreneurship and enhance job creation.

### **Utafiti Sera on social protection in Kenya**

‘Utafiti Sera’ brings together researchers, policymakers, practitioners and the media to ensure that new and existing research evidence on social protection is available to policymakers and practitioners and is used by policymakers at both national and county levels of government. In 2015, this APD contributed ideas to the draft ‘Social Protection Bill’, including the definition of social protection, and to the establishment of a ‘Social Protection Authority’. This APD has also enhanced awareness of social protection policies among national and county governments.

### **Utafiti Sera on employment creation in Kenya**

This APD has established a platform, ‘Utafiti Sera’, to use research evidence to inform and influence policy on employment creation in agriculture and agro-processing, particularly in the sugar and horticulture sectors. The dialogue has made proposals to develop sector-specific policies for employment creation, diversify Kenya’s horticultural produce, and create local innovations and technologies. It has also advocated for productive employment policies by engaging with one of the political coalitions seeking election in the 2017 national and local elections.

### **Utafiti Sera on wage employment creation in Nigeria**

This APD was initiated in response to the evidence that politics and the pursuit of narrow interests by key actors and inequality in payment systems in rice value chains (which adversely affected women) were key hindrances to productive employment creation in agriculture and agro-processing sectors in Nigeria. This dialogue brought together different stakeholders, discussed and proposed strategies for legislation and action based on research



to encourage productive employment creation and narrow gender disparities in the rice and cotton value chains. These strategies were discussed during a forum with key members of the Nigerian Senate, House of Representatives, and the Executives in three breakfast meetings. The proposals cover monitoring and evaluation of the agriculture budget for job creation; operationalization of youth in agri-business policy; promoting industrial clusters; and how to address gender disparity in wage employment.

### **Women's entrepreneurship and social protection in Uganda**

This APD was established to increase awareness of the need to pay special attention to women's entrepreneurship and social protection and to promote interventions that consider gender, geography and the lifecycle of the target groups. To achieve this, the dialogue has generated two synthesis reports and three policy briefs on women's entrepreneurship and social protection and mapped key actors to enhance their advocacy. This APD supported the INCLUDE research groups in Uganda with a platform to reach policymakers; advocated for appropriate strategies to invest in women's entrepreneurship and social protection in forums with the Ministry of Gender Labour and Social Development's Expanding Social Protection programme and contributed to the programme's research agenda; and shared country-specific evidence on what works and does not work in women's entrepreneurship programmes and social protection in Uganda with policymakers.

### **Youth employment in Ghana**

This APD organized two national youth employment dialogues with key political parties and other stakeholders in the run up to the 2016 national elections. The dialogues were organized against a backdrop of high unemployment, especially among youth, despite a rise in their education levels. Through these dialogues, key constraints on employment creation were agreed upon and political parties agreed to prioritize employment creation in their campaign manifesto. The main opposition party, which won the elections and runs the government, defined their manifesto as 'One District, One Factory' during the election campaign. To follow up on the progress made by the new government, this APD organized another dialogue in 2018 and offered proposals to enhance the implementation of the current government's policy initiatives towards job creation, including 'One District, One Factory' and 'Planting for Food and Jobs', which should pay more attention to sectors that have high labour absorption capacity.

### **Youth employment in Mozambique's extractive industry**

This dialogue promotes a more structured and inter-sectoral debate and action for employment creation for youth in the extractive industry by decentralizing debates to the provinces, with a focus on Cabo Delgado and

Zambezia. The aim is to share knowledge and promote the accommodation of priorities and interests of the locals by investors in the extraction of natural resources. This APD has increased awareness among stakeholders, who previously operated in isolation and shared policy alternatives that entail investing in youth's skills that match market demands and that prioritize youth employment in policy.