Institutions, power and policy outcomes in Africa

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In Africa, as elsewhere, the path or paths to development and modernity are dependent on historical institutional context, and cannot be imposed from outside. The paper first compares Africa with other five models of how development occurred elsewhere. It is argued that African states are 'outliers' in that the legacy of recent colonialism and the dominance of external forces have created a peculiar mixture of 'informal' values and behaviours with formal institutions, in which the informal are dominant in power relations but not recognized or understood. Hence development policies lack any real traction. A model of how formal and informal institutions interact is proposed and linked to an analysis of power itself – its basis, reach, exercise, nature and consequences. This shows that conventional models of policy analysis and development planning cannot work in Africa, where the production and distribution of 'public goods' are highly politicized and personalized. The challenge for the Africa Power and Politics Programme is to find 'mixes' of informal and formal institutions in Africa which have worked to produce positive developmental outcomes, and to explain them through comparative analysis.

1   Introduction

The past twenty-five years of international development cooperation have been characterized by a concerted effort by the donor community to prescribe the right policies for adoption by recipient governments in Africa. It began with economic reform policies in the 1980s. A decade later it extended to the political realm through a focus on governance reforms. While there has been some success, the donors – or Development Partners (DPs) as they now prefer to call themselves – have realized that trying to change incentive structures through externally induced policy reforms has its definite limits. The main concern has been that such reforms typically fail to get political traction in African social and political reality. The last couple of years, therefore, have seen a willingness on the part of the donor community to search for answers outside the policy realm. What is the underlying power structure that determines outcome? What are the real drivers of change in African countries?

A few agencies like the Department for International Development (DFID) in the UK and the Swedish International Development Cooperation Agency (Sida) have taken the lead in this new effort but others have followed suit. An important reason for this is the adoption of the 2005 Paris Declaration on Aid Effectiveness which commits the OECD member governments to adopt a closer partnership arrangement with recipient governments according to which the latter will be allowed greater 'ownership' of the policies that foreign aid supports. Although the extent to which this Declaration is being implemented varies from country to country, donor governments increasingly realize that it is in their own interest to know more about the conditions in which their African partner institutions operate. If development policy is going to be increasingly based on partner preferences what are the implications for assessing results? To date, donor agencies have acted as if

the glass is half empty. The challenge has been to fill the void with ideas and practices that have worked elsewhere. What if the glass is viewed as half full and the challenge is to fill it by improving practices already on the ground in Africa? This is what the Paris Declaration is calling for and the Drivers of Change and various forms of power analysis introduced by the donor agencies are trying to address.

The DFID-funded Africa Power and Politics Programme (APPP) tries to take the study of power and politics a step further by providing an in-depth probe into how these factors shape policy outcomes. It addresses a series of fundamental research questions: (1) How might neo-patrimonialism be made more developmental in today's Africa? (2) Are there hybrid institutional forms that are functional for developmental outcomes? (3) Has the global governance agenda made policy analysts overlook opportunities for 'working with the grain' of African societies? The dependent variable in which the APPP seeks to identify variation is 'public good' defined as a positive outcome whether manifest in law-and-order or developmental terms. This objective inevitably means probing the political dynamics that shape these outcomes; hence, the focus on power.

This paper is written with a view to setting the stage for the broader inquiry that is needed to find answers to the overarching research questions. It is not composed as if to provide a single framework for this inquiry but as a 'think piece' aimed at stimulating further thought about how to design specific research projects within the broader overall APPP activity. It tries to achieve four things. Using historical institutionalism as its framework, the first section of the paper addresses the question of where institutions come from. In contextualizing the issues that APPP faces, it shows why the combination of institutions in Africa is different from other regions of the world and why the continent is more often engaged in responding to change than implementing development. The second section focuses on what institutions in Africa do and how they operate. It examines the issues behind policy, notably how informal institutions affect power and it, in turn, affects policy outcomes. The third section addresses the question of what outcomes Africa's particular combinations of institutions produce. It argues that public goods are typically not the result of an aggregation of private preferences as models of public choice assume, but rather qualified in different ways by the way power operates. The fourth section discusses the longer term implications for APPP research. Where and how do we find significant and representative cases of institutional configurations that produce positive outcomes? How do we avoid a Eurocentric perspective that blocks the ability to find institutional forms that are potentially developmental?

2   Where do institutions come from?

Institutions are rules that are upheld by society over a long enough time to make a difference to individual actors (North 1990). Institutions are ubiquitous but not universal. They are created from the store of cultural values and norms that a given society treasures. While no society, especially today, is immune to outside influences, any borrowed values and norms that are reflected in particular institutions become meaningful and legitimate only once they have been domesticated and acted upon by key groups. As the case of Iraq illustrates, the presence of a massive allied military force – even a concerted nation-building Programme – is not enough to shift institutions in a desired democratic direction. Such a move could only come with the internalization of these values by key Iraqi groups. In a less dramatic context, the DPs are faced with a similar challenge: how can they help promote good governance that has its roots in African society?

As 'rules of the game', institutions are typically treated as constraints on the realization of actor preferences. Much of the neo-institutionalist work that has been rewarded with at least two Nobel Prizes in past years – Ronald Coase (1991) and Douglass North (1993) – views institutions first and foremost in terms of how these rules can be changed to lower

transaction costs and reduce other constraints associated with implementing policy. This approach is forward-looking and assumes that a policy that changes the incentive structure will bring about the desired outcome. It optimistically supposes that institutions can be designed and reformed with little or no intention paid to the underlying power dynamics.

Institutions are generally interpreted to be the formal rules that guide behaviour and choice in the public realm. Societies need rules that are broadly accepted in order to function in a predictable manner. Thus, legislatures, executive agencies, corporations and other authorized bodies adopt institutions to run their affairs. It is important to acknowledge, however, that in every society there are also a range of informal rules that operate side-by-side with the formal ones. These informal rules are typically norms that members of society consider important enough that they are legitimately treated as alternatives to the formal ones. Informal institutions exist in every society although their prominence varies. They tend to become salient especially in situations where formal ones are weak. They are created, communicated and reproduced outside the public realm. The informal institutions can help reinforce formal ones, complement them, or undermine them. Whether formal or informal, an institution matters when there are costs associated with violating it (Helmke and Levitsky, 2006: 4-28).

Because institutions are reflective of values and norms that are backed by key groups of actors, they are only fully understood in the context of prevailing power structures and relations (Steinmo, Thelen and Longstreth, 1992). Institutions do not come out of nowhere but 'mature' over time (Sangmpam, 2007). They may be introduced – from domestic or external sources – or reformed at critical 'junctures', i.e. times when a society opens itself to new influences. Historical institutionalism provides the ideal take-off point for an analysis of institutions as products of particular power configurations. This literature deals largely with other regions, but it is relevant also to Africa because it shows how the options that have produced development elsewhere are no longer available to the continent in the contemporary global context.

2.1   Five development trajectories

Social change is present all the time but development is conditional. Change happens but development occurs only under certain conditions. Development is a way of domesticating change for specific purposes or objectives. Doing so requires not only a good policy design but also the power to put the policy into practice. Thus, development implies a positivist orientation – a readiness to accept such premises as cause-effect relations, cost-benefit and other ends-means types of analysis (Rapley, 1995; Potts, 2002). It also implies the capability, not only technical or managerial but also political, to bring about change through policies. Whether we agree with it or not, the historical experience from around the world tells us that the necessary political capability to do so relies on the presence of a group of actors with a stake in the system, i.e. an interest to change it to reflect their own preferences and priorities, and the capacity to realize their ambitions in an instrumental manner by acting unilaterally or in concert with others.

Today development is a universally embraced concept. Whether it implies economic growth or poverty reduction – or both as is the case in the contemporary global context – governments around the world believe in it. But it was not always like that. The rise of development is an outcome of social and political transformations in particular societies in years past. It is a child of the upheavals that gave rise to modern society. Although development is more than modernization, the spirit behind it is definitely associated with that process.

Development, in current thinking, is a public good. It may mean different things to different people, but it is loaded with such positives as 'poverty reduction', 'pro-poor

growth', 'improvement of the human condition' and 'sustainability'. For too long, however, development has been seen in economic or technical terms. Its positivist foundation has been reduced to a very narrow agenda. Not enough attention has been paid to its origin and the fact that development has always been contested because trying to please everyone at the same time is impossible. Even if it does not necessarily openly discriminate against specific groups, the effects of development tend to be uneven. The way that development has been institutionalized in particular societies suggests that such outcomes may be inevitable. If we want to probe the reality behind the moral character of the decisions that political leaders make, it is instructive to examine five historical development trajectories that will also help place the African case in a proper perspective.

Social class matters

The classical study is on the rise of democracy and dictatorship in modern society by Barrington Moore Jr (1966). Using the cases of Japan, China and India in Asia, the United States, and Britain, France, Germany and Italy in Europe, he demonstrates the different pathways that modernization has taken as lords climb the back of the peasantry to transform society. His analysis distinguishes between three trajectories: one liberal, a second fascist, and a third communist. The latter two end in dictatorship, the former in democracy.

The fascist trajectory involves a class alliance of aristocrats and a rising bourgeoisie that keeps workers and peasants at bay through intimidation. It demonstrates the virtually naked use of power in a top-down fashion to achieve modernization on the rulers' own terms. Germany, Italy and Japan are the prime cases in point. The communist trajectory relies on a peasant revolution as the catalyst for change. Such a revolution occurs wherever institutional arrangements are such as to spread grievances through the peasant community and turn it into a solidarity group hostile to the overlord. For instance, the periodic re-division of the property in Russian peasant communities in the late 19th century generalized land hunger and brought richer and poorer peasants together in an alliance against the Czar and the aristocracy. Although peasants in the Chinese country-side were more divided, the Chinese Communists spent much energy prior to the 1949 take-over of power creating the same kind of solidarity among the peasants. This scenario is in contrast to the conservative one, e.g. in Japan, where a vertical kind of solidarity between lord and peasant developed to deal with actual and potential grievances.

There is so much more that could be said about this study but suffices it to emphasize that according to Moore (1966: 477), the most important causes of peasant revolutions have been the absence of a commercial revolution in agriculture led by the landed upper classes and the concomitant survival of peasant social institutions into the modern era when they become subject to new stresses and strains. It is this commercialization of agriculture in combination with the weakening of the landed aristocracy and the prevention of an aristocratic-bourgeois coalition against the peasants and workers that explains the democratic route to modern society. Although Moore's analysis is focused primarily on the agrarian sector, he realizes the importance of relevant class alliances between social groups in both urban and rural areas. In fact, his main thesis is that a vigorous and independent class of town dwellers has been an indispensable element in the growth of parliamentary democracy. At a general level, he registers agreement with the Marxian thesis that expresses itself as 'no bourgeoisie, no democracy'.

To some political scientists, this may be the closest the study of comparative politics comes to offering a 'law'. Even those who may have reservations about such a claim are ready to adopt social class as an explanatory variable. For example, Rueschemeyer, Stephens and Stephens (1992), in their comparative study of capitalism and democracy drawing on data from Europe, Latin America as well as Central America and the

Caribbean, use Moore's argument about the pioneering role of the bourgeoisie in the process of democratization but add the important conclusion that it is the support of democracy by the working class that consolidates it.

The relevance of class coalitions for policy outcomes has also been studied with more specific reference to Western Europe by Korpi (1983), Esping-Anderson (1990) and Luebbert (1992). All three authors show that there are essentially three types of coalitions, each producing a particular outcome. Thus, for example, Luebbert shows that a coalition of political parties representing workers and peasants produce the social democratic welfare state model found primarily in the Scandinavian countries. An alliance of the middle class and workers produce a liberal welfare state model that can be found in Britain and – to a lesser extent – in the United States. A third type of coalition – between the middle class and peasants – tends to produce a corporatist welfare state that can be found in continental countries like Germany, France and Italy.

The main point here is not only that social class is a powerful driving force of development but also that, depending on the class configurations and coalitions, policy outcomes differ. To be sure, no class 'builds Rome in a single day' but over time the power of a particular class or coalition of classes produces a path-dependency from which it is difficult and costly to escape.

Institutional decline matters

The analysis of class as a driving force behind development implies human agency through collective action. Other more structuralist scholars focus on opportunities created by the decline of existing institutions. Oppression by ruling lords may give rise to revolution but so does the declining legitimacy of the institutional apparatus that has kept them in power. Theda Skocpol (1979) – a disciple of Moore – more than anyone else has most convincingly made this point. Her case studies – China, France and Russia – are all selected on the dependent variable: the occurrence of a transformative revolution! In all three places the alliance between the monarchy and the landed aristocracy and the absence of a commercial agricultural revolution had left behind an institutional framework that was becoming increasingly outdated as new urban classes began to evolve. In Skocpol's structuralist view, it was not only the strength of these new social forces but also the divisions within the ruling establishment and its inability or unwillingness to change that created a political opportunity for change. The *ancien regime* in France was the first in modern history to fall as a result of being overtaken by time, but the circumstances in Russia and subsequently also China were very similar. In the latter case, not only did the Imperial Government fail to prevent the Japanese occupation of Manchuria. The imperial decay was exacerbated by maladministration and hunger, sometimes intensified by floods that set peasants wandering from their homes. In all three cases, the failure of institutions to protect peasants and secure the interest of the growing populations in the urban centers was, if not the only cause of the revolution, nonetheless a significant contributory factor.

The interesting thing that these cases have in common is that the decline became an impetus for a major social transformation because it changed the political opportunity structure in favor of different sets of actors. Progress may result not only from planning but also the consequences of institutional decay. This perspective draws its inspiration from Marxian sources but can be found in the writings of other authors as well, e.g. Schumpeter (1942) and his notion of the 'creative destruction' inherent in capitalist systems. Decay or destruction has proved capable of triggering political mobilization of social forces that hitherto had been dormant or politically lacking influence

State matters

Many scholars point to the state as the principal institutional mechanism for bringing about change and development. As a coercion-wielding organization that exercises supremacy over other organizations, e.g. households, kinship groups and communities, within a given territory, it has more than any other agency been able to shape history. States, the way we know them today, however, were not always like that. They had to establish themselves as political entities through what may be best described as military predation. As one influential account of state formation in Europe tells us, in its early stages the state looked more like a protection racket or organized crime than some great project for the social good (Tilly, 1992). State builders imposed themselves on relatively independent peasant and commercial communities in ways that were predatory and initially did not add much social value. Wherever state formation is still in progress, as the case is in African countries, this pattern exists (Leonard, 2007).

The argument that the state matters also assumes that it is interacting with other similar entities. As a result, states have come to form what international relations scholars call a system in which what one state does affects others. Although trade is historically also an important source of interaction among states, the most significant is warfare. The state not only grows in strength but also expands its reach through engaging in wars. McNeill (1982) provides the most thorough analysis of how changing forms and scales of warfare shaped the state system in Europe. Tilly (1992) takes this analysis further by focusing on not only the military dimension but also the socially transformative aspects of warfare. His argument is that men who controlled the means of coercion tried to extend the range of population and resources over which they wielded power. When they encountered no one with comparable military power, they conquered; when they met rivals, they made war. Those who managed to exert stable control over populations in substantial territories and gain routine access to parts of the goods and services produced in that territory emerged as successful rulers. War and preparation for war involved rulers in extracting means of war from others who controlled essential services – men, arms, supplies – but were reluctant to surrender them without some compensation.

Wars strengthened the need for a strong state, but the more the state gained strength, the more it grew capable of a social transformation of society. Commerce that flourished within relatively stable state boundaries yielded a social differentiation and stratification with implications for what strategy a ruler would adopt for extracting resources. The state, therefore, evolved not just as an extractive mechanism. It also helped create the political space within which social classes could pursue their agendas. A strong state with effective control over its territory has been treated by some scholars as a prerequisite for effective development (Migdal, 1988).

The notion of a fiscal contract between state and citizens is a hallmark of the modern democratic state. As Levi (1988) argues in her seminal work on the subject, taxation builds states. Representative government, in her view, arose largely because it was useful to rulers in the following important respects: (1) it reduced transaction costs, (2) it enabled the system to appear fair, and (3) it strengthened the link between the payment of taxes and the provision of services. As Brautigam (2008: 1) notes, taxes underwrite the capacity of states to carry out their goals; they form one of the central arenas for the conduct of state-society relations, and they shape the balance between accumulation and redistribution that gives the states their social character.

Taxes, like wars, have been significant in shaping the evolution of the state across continents. How states tax their populations makes a tremendous difference to how well those populations live. While they are the cornerstone of modern society, for many poor countries the capacity to tax can be the difference between chaos and development.

Authoritarianism matters

This trajectory draws first and foremost on the Asian experience. It recognizes that the institutional characteristics and requirements for development (accumulation and purposive change) and democracy (accommodation and compromise) pull in opposite directions. The approach argues that democracy as an advanced form of politics is not independent of socio-economic development. Even a strong protagonist of democratization like Leftwich (2005) maintains that democracies have great difficulty in taking rapid and far-reaching steps to reduce structural inequalities in wealth.

The strongest arguments for this approach, however, come from scholars in Asia, notably Japan, who argue that 'authoritarian developmentalism' (AD) is necessary for an economic take-off. Ohno (2006), a prominent economist, for example, believes that growth requires a critical mass of mutually reinforcing policies that can only be achieved by a state that is autonomous of particular interests and can act coherently on advice from technocrats. Other reasons for an authoritarian approach to development are that private sector dynamism is weak and broad participation only slows down progress. This argument parallels the point made by Huntington and Nelson (1976) that neither a purely technocratic nor an overwhelmingly populist approach to development will succeed. The former leads to social explosion, the latter to political oppression.

Scholars who argue that AD is inevitable also accept that it is a temporary regime that is needed to push a country to a higher level of development. Although these scholars do not specify at which point the approach becomes a burden rather than an asset, they do agree that beyond a certain point, it becomes an obstacle. Watanabe (1998), for instance, argues that if authoritarian developmentalism really succeeds in raising the income of people and in generating a set of self-propelling macro-economic structures, it will automatically melt away through social change and democratic aspirations. This is a more optimistic scenario than is typically found among Western scholars who tend to emphasize the barriers to such a spontaneous 'exit' by pointing to the unwillingness of leaders to give up their power, resistance within the bureaucracy, etc. They also point to the historical evidence that authoritarian rule does not always produce better outcomes than democratic rule does Przeworski, Alvarez, Cheibub and Limongi (2000). There is empirical evidence from various Asian countries that AD is only a temporary phase even though the transition out of it is associated with political struggles. In Korea and Taiwan the AD phase lasted between 1960 and the mid-1980s and gradually gave rise to more stable forms of democratic governance. In Indonesia and the Philippines it started in the mid-1960s. In both of the latter countries, the transition was more abrupt – caused by a coup directed against the strongman in power. Singapore and Malaysia are examples where AD has given way to limited forms of democratic governance although the latter has made more progress in that direction, especially after Prime Minister Mahatir's retirement in 2005 (Suehira, 2000).

The arguments put forward by Asian advocates of AD are not too dissimilar from points made in the 1960s, notably by Gerschenkron (1962), that latecomers to development must rely on a strong and directive state to accelerate progress. The ability to neutralize opposition against the state's drive for predominance was regarded in those days as a *sine qua non* for mastery in governing society. 'Soft states', as Myrdal (1968) called them were those states which did not ask anything extraordinary of their citizens or failed to enforce developmental obligations.

Critical junctures matter

Change does not become development just at the will of a particular group of actors. Agency does not prevail over structure no matter what the circumstances. One set of the literature emphasizes the importance of major watersheds in political life arguing that such events establish certain directions of change and foreclose others in a way which shapes politics for years to come. It is a central component of Weber's analysis of the cyclical interplay between periods of continuity and the sharp disjunctures inspired by charismatic leadership which reshape established social relations (Weber, 1968: 1111-33). It is also found in Moore's argument that within the process of modernization different patterns of commercialization of agriculture set countries on different paths to the modern world (Moore, 1966). Other authors have focused on watershed events which affect political cleavages in society. Lipset and Rokkan (1967) showed how resolving the cleavages between capital and labour had profound effects on shaping national politics in Europe. In their thorough analysis of fundamental shifts in the relationship between state and labour in Latin America, Collier and Collier (1991) build on this literature as they argue that the way the labour movement was incorporated into national politics played a central role in shaping the political arena in these countries.

If a critical juncture is meant to produce distinct legacies, it raises a number of crucial methodological issues. Is a critical juncture just a 'moment' of significant change or does it refer also to an extended period of change? If the latter, how is it possible to distinguish between critical juncture and sustained application of government policy? How can a historical legacy be specified and what is the duration of change that warrants referring to it as a legacy? Another issue is how to make a difference between what Stinchcombe (1968: 102) calls 'historical' as opposed to 'constant' causes of change? The former are associated with the study of critical junctures because they focus on the factors that shape a particular outcome or legacy while constant causes are those that happen year after year and are therefore directly related to relative continuity in the outcome produced by the cause (Collier and Collier, 1991: 35).

These and related issues are relevant for the APPP because multivariate analysis based on systematic yet qualitative comparisons faces the trap of 'partial' explanation. In a quantitative analysis of causes, there is no expectation that a given explanation will fully account for a given set of outcomes and such analysis offers straightforward procedures for what portion of the variance in the outcome is explained. In comparative-historical studies, however, which deal with whole 'systems' or countries, there is no fixed set of criteria for establishing how much of a given explanation can be attributed to a critical juncture. The risk is that the hypothesis about the creation of a given legacy is wholly rejected instead of concluding that it may be a valid partial explanation. In short, qualitative analysis carries the dual risk of either relying too readily on partial evidence to explain the whole outcome or throwing out the hypothesis altogether because it does not explain enough of it.

2.2   The African situation

The literature suggests that there are different paths to modernity and democracy. It also indicates that explanatory factors vary. At the same time, it is quite unanimous that the prospects for modernity and democracy are much greater if certain conditions have been met, whether these refer to the presence of a social class with a mission, a state with certain qualities, or a watershed event which creates an opportunity for a major change. Development paths can be changed but not just at any time, nor in just any circumstance. Agency is highly conditional. This is not a call for pessimism but an invitation to realism

and humility when it comes to understanding the contemporary African situation and what can be done about it.

Within the comparative historical institutionalist framework of analysis, Africa is an outlier. The same variables that are used in the study of other regions of the world are applicable but they are so in combinations which are different from those which explain the pathways of countries in these other regions. It is important to highlight these differences because they have implications for policy and politics.

The most significant difference is that social transformation in Africa has been driven by external rather than domestic forces. The colonization of Africa coincided with the institutionalization of modernity elsewhere in the world. It happened about the same time as the 1905 Revolution in Russia which was an uprising against the old order and a signal of things to come. It took place roughly simultaneously with the Sun Yatsen's Republican revolt against imperial rule in China. It coincided with early industrialization efforts in Latin America. Although the latter region was also colonized, countries had emerged as politically independent by the beginning of the 19th century – well before the process of modernization set in. The latter, therefore, was driven by indigenous social forces in Latin American countries (Young, 1994). In the early 20th century there were no equivalent indigenous forces in Africa trying to push for a social transformation toward modernity. The latter was being done by European powers who in their own interest vied for control of resources on the African continent.

They brought modern institutions to Africa to secure and manage their resource extraction. In the absence of viable indigenous state traditions, the state as we know it in Africa today was created by the colonizing powers. Although Africans had for centuries participated in long-distance trade it was only with colonialism that the institutions associated with a capitalist market economy began to have a wider impact on the people of the continent. New forms of social differentiation based on participation in the capitalist economy began to emerge. Colonization marked a critical juncture in African history. The continent would never be the same again. Yet, the reason for this social transformation was not the institutional decline within African society. It was – despite courageous resistance in some parts of the continent – the inadequacy or weakness of indigenous institutions that allowed the colonial powers to prevail.

At a formal level, therefore, Africans were asked to subject themselves to a new and different authority which drew its legitimacy from overseas capitals rather than from within their own ranks. There were differences between how the colonial powers tried to institutionalize their order. The French, Italians and Portuguese adopted what has been referred to as a system of 'direct rule'. They took their own institutional model from back home and transplanted it with little or no qualification to their African territories. They usurped whatever indigenous system of authority existed in the colonies and replaced it with their own. This 'blueprint' approach contrasts with the way that the British preferred to do it. They leaned toward 'indirect rule' – a system whereby traditional authorities (kings and chiefs) were incorporated into the colonial state (Lugard, 1965). This more pragmatic approach allowed the incorporation of 'native' interests in a way that direct rule did not do. Although it was pursued in an imperial manner, the principle of indirect rule encouraged colonial civil servants, however paternalistic their approach was, to 'work with the grain' in Africa (Cameron, 1937).

Even where indirect rule was practised, colonialism implied a radical break with Africa's pre-modern institutions. The colonial rulers got the African peasant farmers to increasingly produce for sale in the world market. They laid the ground for a modern bureaucracy by recruiting Africans to serve, initially in lower-level positions but gradually

in more senior positions. They introduced modern education and established Africa's first universities. They brought modern health-care to town and village.

The move toward modernity which the colonial powers initiated, however, also produced its own unanticipated outcomes. The most important was the creation of an elite cadre of educated Africans who grew increasingly frustrated with the patronizing way in which their countries were administered. This group became the recruitment ground for nationalist leaders. Such figures had already begun to emerge by the late 1940s and early 1950s – a mere half-century after the colonial powers had gained control of their African territories. This is a testimony to the relative effectiveness of colonial rule when it came to modernizing African society. This process, however, was interrupted not long thereafter when the nationalist elite managed to bring their countries political independence. This did not mean that the idea of modernity was abandoned in Africa – many African leaders like Nkrumah, Machel and Nyerere embraced it – but it meant that the core personnel of the state who had helped bring it there were now returning to Europe. African states were left with a small number of trained and experienced indigenous administrators who were being asked to shift their loyalty to the nationalist leaders. Many of the latter, especially those committed to modernizing their societies, had little patience with the civil service that they had inherited from their colonial predecessors. Thus, the few Africans who had acquired a managerial and professional experience and who could provide useful policy advice were largely ignored (Rweyemamu and Hyden, 1975).

Political independence constituted the next critical juncture. It meant that Africans got the right to make decisions about their own future. Their new sovereignty was celebrated not only in the streets but also in scholarly publications. Virtually all the political science literature in the 1960s and into the 1970s began from the premise that independence was a watershed event. This optimism about the prospects for a process of development driven from within Africa, however, was eventually replaced by a more sober outlook derived from assessments of how little change for the better had actually been achieved after independence. It was becoming increasingly clear that political mass mobilization as a substitute for policies based on purposive rationality was not a sustainable strategy. It led to clientelism and other informal institutional manifestations that were comforting for the political leaders in the short term but undermined their ability to reproduce purposive state institutions (Sangmpam, 2007). Governments not only lost their executive capacity but also the compliance with formal rules which was necessary for effective agency by the state (Hyden, 1980).

What happened to the colonial state is of importance to the APPP research. It did not disappear. It remained in form but not in substance. The formal rules that had been introduced by the colonial powers were largely kept intact after independence, but the values and norms that underpin a purposive bureaucracy were brushed aside. This happened in two ways. The political leaders were anxious to gain personal control of how the state operates. Thus, they introduced discretionary rules that contradicted the old ones (Collier, 1982). Their governments turned from being preoccupied with policy to being involved in distributing patronage. The second way was through yielding to local interpretations of how authority works (Lemarchand, 1972). In pre-colonial society, the door to the chief's palace was never closed. The idea of queuing to wait for an official to handle a matter in a detached manner – the bureaucratic way of dealing with cases in colonial times – was anathema to the local population who preferred direct access whenever there was a need. Calling on a patron to help was more in line with this orientation than the one that had prevailed in colonial days (Maquet, 1971). Being able to call on someone with resources rather than relying only on others with little to offer is still the norm in Africa as indicated in the following Swahili saying: *Bora kupakana na tajiri kuliko maskini* (Better be neighbour with wealth than with poverty).

Political independence was a critical juncture but not necessarily in the same progressive manner that such junctures were in other regions of the world. There was no indigenous bourgeoisie to push its agenda; the state as a purposive development machine became anathema to those who controlled it; and, values and norms that further undermined it as a purposive agency were allowed to permeate the public realm. It was not a juncture on the road to modernization as much as it was one on the road to restoring to greater significance the African values and norms that had been discredited by the colonial power (Sangmpam, 2007).

Africans institutions today, therefore, come from the realm of local values as well as the remnants of modern values that survived decolonization. They draw on a curious mixture of norms which are often contradictory, but sometimes complementary. The result is that both state and market function along lines that are unpredictable. African countries are in the process of building an institutional backbone that tries to merge values of their own society with norms and values that are being pressed upon them by the international community. They do not have enough autonomy to choose a path of their own, in the way it was done elsewhere earlier in history. For instance, the authoritarian development route which Asian countries have adopted is largely precluded by the global rise of and support for democracy (even if it is often more rhetoric than practice). Because they are in this re-building process, institutions continue to be volatile (Jackson and Rosberg, 1982). External agencies which wish to help Africa develop typically do not see African institutions in this light. They take for granted that formal institutions like the state, because it exists on paper, are like states elsewhere. They overlook the fact that states in Africa are still in a formative – or re-formative – stage in which reform packages which may work in established state contexts do not easily take root.

If we are ready to take the question of where institutions come from seriously and accept with historical institutionalism that development comes only after a particular path dependency has been secured by a ruling class, a state, or combination thereof, the principal challenge facing African governments today is to find and create a development path which is suitable for its own conditions and thus capable of better responding to the needs of their populations. At a time when development is viewed not only in terms of economic growth but also poverty reduction this is an enormous challenge as will become clear if the attention turns to what institutions do in Africa and how they operate.

3 What do institutions do?

In conventional development analysis, institutions shape policies. The main focus is on making institutions more favourable for positive policy outcomes (Coase, 1988 [1937]; Williamson, 1985). Public sector reforms, for example, aim at streamlining rules with a view to reducing transaction costs. Other institutional reforms are similarly focused on improving the technical or managerial factors that influence how policies are formulated and implemented. Left out of the equation is politics or, more specifically, how power shapes policy. The insertion of power as the missing variable in the link between institution and policy adds texture to the analysis of development that the DPs – finally – seem to recognize as being not only desirable but also necessary for a more effective dispensation and implementation of policies that their money supports. The challenge, therefore, is to demonstrate how power manifests itself in the policy process and with what consequences for outcome.

The previous discussion has already argued that the institutional landscape in Africa is a curious mixture of formal and informal behaviours. Because matters are less formalized than in other regions of the world informal institutions are of special importance in the African context. They permeate not only society but also the state to the point where they often dominate. The study of informal institutions in Africa, therefore, is more

fundamental than it is, e.g. in industrialized societies, where they do exist but typically in much less determinant ways. For instance, the study of organization theory often uses the terminology to show how people behave and relate to each other in industries or service-oriented agencies (Gouldner, 1954). Even though informal institutions are present also in politics in these societies, researchers rarely make much of them as they analyze choice or outcome. Only very recently have analysts in the international policy community begun to acknowledge the role – positive or negative – that informal institutions play in development (Jutting, Dreschler, Bartsch and De Soysa, 2007). For anyone interested in informal institutions, therefore, there is no better place to be than Africa. How they differ from formal ones is illustrated in Table 1.

Table 1: Comparison of formal and informal institutions

	Formal institutions	**Informal institutions**
Type of exchange	Impersonal	Face-to-face
Approach to rules	Rule of law	Rules-in-use
Character of rules	Written	Unwritten
Nature of exchange	Contractual	Non-contractual
Time schedule	Specified	Non-specified
Actor premise	Organizational goal adherence	Shared expectations
Implications of agreement	Precise compliance	Ambiguous execution
Transparency	Potentially open to scrutiny	Closed and confidential
Conflict resolution	Third party body	Self-enforcement

Informal institutions have always been present in Africa but the colonial powers did their best to replace them with formal ones. Once they left, however, there was not enough of a critical mass to reproduce them. After independence, therefore, as suggested above, the resurgence of informal institutions is part of a broader emancipation of African values and norms. It is part of a political process which is still very much present on the continent.

Any study of politics in Africa, therefore, involves by definition the role of informal institutions. Together with formal ones, they shape the articulation of power. That is why in Africa, power is not always legitimized by authority, i.e. legitimized power stemming from constitutions, laws or procedures. It comes as often from conventions, customs and other beliefs with roots in African society (e.g. Lemarchand, 1972; Medard, 1982; Barnes, 1986; and Khan, 2005). The anticipated causal relations used in this paper may be summarized as shown in Figure 1.

Figure 1: Relations between institutions, politics, policies and outcomes

Institutions		Politics		Policies		Outcomes
Formal		Power (basis) (reach) (exercise)		Formulation		Public
	$\rightarrow$		$\rightarrow$		$\rightarrow$	Goods
Informal		(nature)		Implementation		

As Helmke and Levitsky (2006: 13-14) argue, formal and informal institutions interact to produce diverse outcomes. Variation in outcome and effectiveness is very much the result of how strategic actors apply power. Where formal institutions are strong, they help rein in the power of individuals turning them into office-bearers confined to particular roles. Such role compliance also produces the rule of law, i.e. a system of accountability that allows the public to challenge authority based on principle rather than person. Wherever informal institutions tend to dominate, the exercise of power is discretionary. Moral and social

norms rather than law tend to determine the behaviour. Thus, for instance, leaders may adopt a measure of 'self-binding' with regard to how they act. Julius Nyerere, Tanzania's first president, who refrained from demonstrating personal wealth and managed to set an example for other leaders, is a case in point. Other leaders may push the boundaries of what informal institutions permit with regard to exercising power. Some may even go as far as overstepping these boundaries and undermine the value that these institutions have enjoyed before. For instance, there are many cases in Africa where political leaders, e.g. Amin and Obote in Uganda, have abused their power to the point where people have called for a stricter formalisation of power. The story of much of post-independence Africa so far has been that informalisation has crept back in after concerted efforts to constitutionalise the use of power. A recent – and sad – illustration is what happened in the Kenyan elections in December 2007.

Although informal institutions in Africa often undermine formal ones, it would be a mistake to assume that they are always producing negative outcomes. They are very much alive in African society and help people make or improve their living. They tend to be particularly useful in local communities where the costs of violating customary norms are high enough to discourage abuse of power. For instance, much of the success in natural resource management has been accomplished through community efforts (Murphree 1993). Communities, however, are not always homogenous. With growing social differentiation and mobility, politics even within local communities is often contentious and conflictual (Kelsall, 2004).

To fully understand how institutions affect politics and by extension policy, it is necessary to define the concept of power. The prevailing notion among the DPs expresses itself in the idea of 'power to'. Power in their view indicates a capacity or ability, not a relationship. They tend to take authority, consensus and the pursuit of collective goals as givens. The international donor agencies have typically acted on the premise that there is a 'negotiated order' between them and the recipients of aid as equal partners. This definition of power overlooks the other 'face' of power, i.e. 'power over' someone or something. The conflictual approach to power emphasizes the latter. As Lasswell's notion that politics is about 'who gets what, when and how' indicates, it is easy to see why the distribution of, and conflict over power matter (Lasswell, 1958). Among those who study power this way are behaviourists who tend toward a pluralist and empiricist approach (Dahl, 1962; Polsby, 1973) and political economists who privilege a more radical interpretation in which structures matter (Wright Mills, 1968; Tarrow, 1998). While acknowledging that power may mean different things to different people, the definition adopted here is meant to suit the challenges facing research under the APP auspices. Thus, *power is the ability to achieve a desired outcome in competition with other actors who lay claim to the same resources needed to produce that outcome.*

This definition assumes that power is circumscribed by what the available resources and other actors permit. There is a 'possibility boundary' (Boulding, 1989: 16) that serves as a challenge, some policy-makers believing that the desired outcome lies beyond this boundary. For instance, many African leaders tried to implement a modernist notion of development after independence but they lacked the necessary resources to do so. This agenda was simply beyond the boundary of possibilities at the time (Hyden, 1983). There is also an institutional boundary, which implies that there are certain ways that an actor can pursue things and other ways that he has to refrain from. Whether formal or informal, these institutions matter for the exercise of power. Again, policy-makers may see the need to violate these institutional norms in order to achieve a desired outcome. For example, whether it is the principle of reciprocity which is associated with informal institutions or the rule of law which comes with formal institutions, African leaders have often taken the liberty to act outside of these norms or rules in order to achieve political ends. In some of the worst cases, where norms have been consistently broken and actions have become

capricious, society, as Manor notes (2008: 11), has lost its normative foundation and leaders and followers alike have resorted to anomic behaviour (Reno, 1998). It is embarrassing examples like that which have prompted some leading African presidents to call for a 'renaissance' or a fresh start under auspices where they themselves set the rules of governance and monitor behaviour and actions taken by the political leadership in individual countries. This African Peer Review Mechanism (APRM) is a key feature of the New Partnership for Africa's Development (NEPAD).

3.1   The analysis of power

To understand the challenges which Africa faces in terms of gaining sustained progress, it is necessary to consider not only institutions but also what they do to the exercise of power. Five distinct dimensions of power are identified in Figure 1 and constitute the framework for the analysis below.

Informal institutions have roots in society rather than the state and bring a particular dynamic to politics that is not as manifest where formal institutions are dominant. That is why the study of politics in Africa is incomplete if viewed as independent on economy and society. It makes sense to make such a distinction wherever formal rules prevail. For instance, power in industrialized societies rests primarily in corporate and bureaucratic entities. The *basis* of power in those countries lies not in society but in the agencies that control it. Government and business possess power that they use to develop and control society. Although democratic governance modifies the outcome, society finds itself at the receiving end of politics. The basis of power in Africa tends to be different. Because it is less formalized, it continues to rest in relations between people. Power is more often over people than things. Because the basis of power tends to be personal rather than office-based, the state operates in a much more volatile and difficult context than where power has been formalized. Planners and policy-makers find it much more difficult to make society 'legible' for particular strategic activities (Scott, 1999). The transaction costs associated with implementing policy, therefore, are quite different (Boone, 2003).

They become especially apparent when it comes to assessing the *reach* of power in African countries. Governments and other state institutions have difficulty reaching out to the different corners of society and influence what people are doing (Herbst, 2000). Even if they do succeed in this respect, it proves very difficult to sustain it. Africa is full of examples of ambitious projects which were once heralded a success but subsequently declined. The project mode of donor funding is partly to blame but the full story is more complex.

Given these constraints on reaching out, it is also necessary to examine the *exercise* of power. What kind of strategy do they follow in order to deal with the challenges of ruling over people rather than things? Boone (2003) has made an attempt to study the political topography of African states by identifying different strategic options for dealing with the challenges which rural elites pose to the holders of power at the state level. Drawing on her study, more can be done in order to find variation in strategic behaviour among African rulers.

In order to better understand how they fare in exercising power, its *nature* is also of importance. Decision-makers in Africa are rarely clones of *homo economicus* as portrayed in mainstream policy literature. They are better understood as individuals with dual utilities, which means, that they carefully weigh self-interest against other moral concerns, e.g. what pursuit of it means for relations with other people (Hyden, 2006).

Finally, to complete the analysis of power in the African policy context it is important to assess its *consequences* for state and society institutions. More specifically, what does it

do to the way bureaucracy works and associational life functions. These are important issues given the way they impact not only governance but also development.

The basis of power

The basis of power in African countries is a reflection of its pre-colonial as well as colonial past. The former has helped generate a range of informal institutions that rival the formal ones that were put in place by the colonial powers and still continue to exist in the form of written and officially codified rules. Because these formal institutions have tended to become increasingly brittle rather than stronger, they have been an ongoing concern among the DPs who have invested large amounts of money to reform and strengthen them. This external support has been important for keeping government agencies working but it is still not clear how durable these reform efforts have been (Awortwi, 2006; Heredia and Schneider, 2003; and Kiragu and Mutahaba, 2006). This is an issue especially in the light of the current trend of giving more foreign aid in the form of direct budget support. Is the latter approach going to have the effect of weakening or strengthening formal institutions? Will the latter be able to reshape informal institutions or will the effect be the other way around? These are questions that bear on where power is going to come from in the near future.

Formal institutions that really operate well in Africa are typically enclaves or 'protected zones' where they can hold off the pressures from informal institutions to the point that they allow for a purposive pursuit of particular policy goals (Leonard, 1991). These days such enclaves are more commonly found in the private than the public sector. Foreign investments, especially in the petroleum and mineral sectors, have generated a presence of large-scale trans-national corporations whose mode of operation is dictated by competition in the global market-place. These corporations cannot afford to lose sight of the importance of formal rules, especially those which determine their economic performance. That is not to say that they are immune to informal rules. Any corporation which wants to succeed in Africa has to learn how to live with informal institutions, not by just condemning them but by accommodating them in ways that are compatible with their corporate objectives. Support of community development in areas adjacent to the production sites is a case in point.

Without implying that formal institutions are not taken seriously by Africans, it is nonetheless true that their strongest guardians are often the donor agencies and the trans-national corporations. By adhering to the importance of formal institutions, they create an environment in which people are being socialized to respect codified rules. The difference is that the private corporations have much greater power of their own to enforce these rules than the DPs have. The experience of trying to apply conditionalities in order to get African governments to adhere to rules of 'good governance' is indicative of the difficulties that arise when it comes to changing behaviour in agencies that can fall back on their 'political sovereignty' to defend existing informal practices.

The perception in international circles to date has been that informal institutions are directly harmful to both governance and development. Reform measures have been aimed at removing, or at least reducing, their influence on choice and behaviour. Because the Paris Declaration is calling for greater local ownership of foreign aid, the question inevitably arises how far it is possible to build on rather than condemn informal institutions so that they contribute to national development goals like reducing poverty or promoting economic growth.

The significant presence of informal institutions in African countries has produced a local power base which is highly fragmented and mutable. Politics tends to take precedence over economics in Africa because of these conditions (Sangmpam, 2007). Because neither

society nor economy has crystallized into more stable corporate or bureaucratic institutions there are constant temptations for individuals to grab the opportunities that this uncertainty creates. Once in politics, it requires a lot of time and resources to succeed. In short, a fragmented and unstable power base creates the conditions in which transaction costs are very high because policies are not viewed in isolation from their relation to providing or receiving political patronage (Fosu, 2002).

The fragmented power base of African countries stems from the nature of their domestic economies. They continue to remain dependent on smallholder producers on the land and a rapidly increasing number of informal sector operators in the urban areas, none of whom are really functionally linked to the state. They don't pay taxes – or, if they do, very little – and they see little benefit coming from the state. The rate of commercialization in African agriculture remains very low – and may even have declined since independence. Most production is for subsistence and for covering basic needs of life. Whether in rural or urban areas producers and traders engage in activities that are competitive rather than complementary. These structural conditions do not give rise to a sense of common interest. Trade unions and cooperatives which used to sustain solidarities among workers and farmers in the colonial period failed long before economic liberalization in the 1980s. No other associations have really replaced them. Present associations of farmers or urban dwellers tend to serve the interest of the emerging middle class elite or be confined to solving local community problems. Their role may be of particular significance in terms of identifying variation in performance whether over time or between countries.
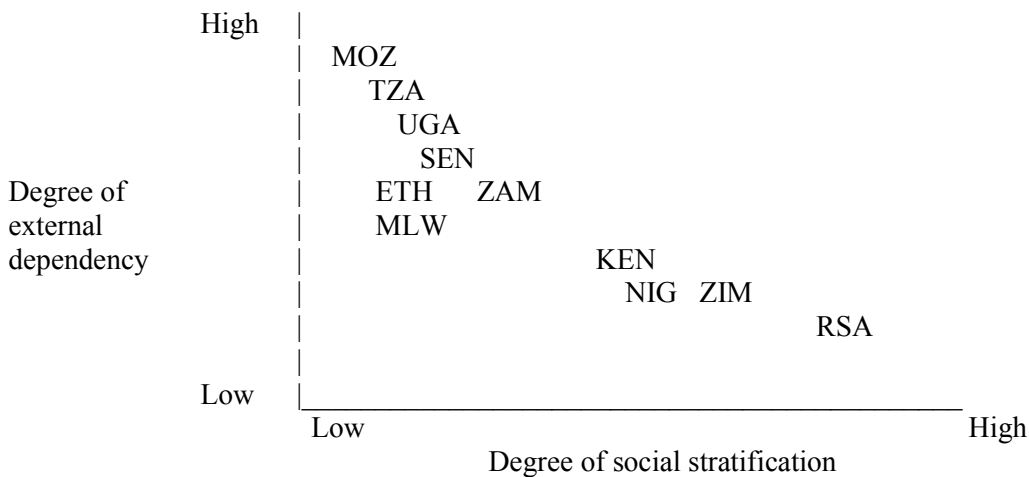
In the absence of a purposive state or a social class ready to produce and reproduce the conditions that foster a path toward modernity, power is not reined in to serve a collective goal. Instead, actors continue to be influenced by indigenous institutions such as patriarchy and kinship. This is a brittle frame within which to build and manage a society that is increasingly exposed to modern influences stemming from contacts with the rest of the world. For much of the post-independence period, the response to this challenge was to concentrate power in the hands of a strongman – military or civilian – but with growing exposure to global forces in recent years, holding the country together through such concentration of power in the hands of a single person has become a real issue. The most extreme case in point is Somalia since the early 1990s (International Crisis Group, 2002), but the same phenomenon is evident in many other countries, e.g. Sierra Leone, the Democratic Republic of the Congo, and the Sudan.

The literature suggests that there are two different explanations of intra-state wars and conflicts in Africa. The first relates to who has control over key resources, notably diamonds. If those opposed to the government in power secures control over such resources they may be able to finance a war against the government as the cases of Angola, DRC and Sierra Leone indicate (Leonard and Strauss, 2003). The second stems from the notion that rule in Africa is over people, not over land (Kopytoff, 1989). Land in Africa remains communally owned. With a few exceptions, it has not been alienated and taken over by capitalist farmers. Government leaders have no way of really controlling the land that is communally owned and consider it politically too costly to drastically change customary land tenure arrangements. People constitute a more mobile resource. Because power in Africa is typically assessed in terms of number of followers, conflicts over land in Africa tend to occur in areas where customary ownership has been abrogated or is being threatened by a significant influx of newcomers. Resettled or immigrant groups tend to be an untapped source of support because they are not as closely tied to a particular place with its own customs regarding the use of land. As in the case of the communal violence in Kenya's Rift Valley in conjunction with the 2002 general elections, chasing people away from particular districts in order to make political gains constitutes an African version of gerrymandering. North Kivu Province in the DRC is another case where immigration of people from Rwanda whose access to land was not acknowledged by the

ethnic groups already living there created rivalries between these groups that could be exploited by opportunistic political actors. Even though conflict resolution may lie beyond the mandate of the APPP, it is important to recognize that the rule over people rather than land means, as Boone (2003) argues, that African leaders are reluctant to change the infrastructure on which power is being exercised. The costs of penetrating customary institutions and overhauling the informal norms of governance are typically deemed too costly.

In sum, the basis of power in Africa is bifurcated. It is made up of, on the one hand, a small enclave-like set of actors dominated by transnational corporations and diplomats adhering to formal rules and, on the other, a myriad of relations of dependence stemming from social structures that have yet to modernize and still rely on informal institutions. There are few, if any, linkages between these two spheres which is a main explanatory factor behind Africa's lack of development. The 'boundaries of possibility' for countries with such a bifurcated basis of power are inevitably narrow; the feasibility of bringing about sustainable progress quite limited. The future destiny of individual African countries is likely to be determined by how far these boundaries can be extended. For the APPP, therefore, an initial task may be to plot the starting-point of particular countries that are of interest to the project:

Figure 2: Placing African countries in relation to the continent's bifurcated power base

```
    High  |
          |    MOZ
          |       TZA
          |          UGA
          |             SEN
Degree of |          ETH      ZAM
external  |          MLW
dependency|                          KEN
          |                             NIG   ZIM
          |                                       RSA
          |
    Low   |_____
           Low                                      High
                  Degree of social stratification
```

Degree of external dependency is measured in terms of how much of a country's national budget is funded by foreign aid and how much of its economy is controlled by transnational corporations. Degree of social stratification is measured by the extent to which there are organized groups representing specific economic interests and these groups are capable of influencing policy and shaping the destiny of the country. The presence of a middle class that is capable of transcending ethnic or racial lines would be an indication of such groups or forces. It is possible to develop specific hypotheses that might serve as leads for particular studies. For instance, it may be assumed that the more pronounced the emergence of a middle class possessing independent wealth, the greater the prospect of building linkages that help domesticate the process of development. Another hypothesis may be related to the dispensation of direct budget support and the consequences it has for shifts in the power base.

The reach of power

Governing through informal institutions tends to consume a lot of resources. While the level of social trust may be quite high in relatively stable rural communities, the level of trust which has to be manufactured to enable rival groups and individuals to govern a country is much more volatile. As suggested in the hypothesis above, this problem has increased with the growing social mobility and migration to the urban centres that has followed in the wake of specific policies and has been fuelled by globalization.

It is ironic that recent policies aimed at reducing rural poverty may have contributed to this migration to the cities. By building schools in the villages and offering primary – and increasingly secondary – school education to teenagers, their interest in staying in the village and working on the land goes down dramatically. Education is broadly conceived as a passport to leave agriculture and seek employment in other sectors. By far the majority of such opportunities exist in the towns. The problem, of course, is that the urban centres are not ready for this rapid influx of large numbers of young people. Housing is neither adequate nor sufficient. Most of them end up living in peri-urban slum areas, often with relatives or friends, and spend the day looking for a job. If they get one, it is typically through some patronage relation and involves peddling consumer goods in the streets or a temporary hire on a construction site. This massive number of urban immigrants constitutes from a political point of view the most serious poverty problem in Africa (Bryceson and Potts, 2006). Because poverty reduction is seen in terms of specific policies aimed at reducing rural poverty, it is typically overlooked by the DPs. The African governments buy these policies because there is enough additional money attached to them. The elected members of the national legislature also approve of them because they tend to give these MPs a chance to prove that they contribute to the improvement of the human condition in their constituency.

Growing concentration of the population in the urban areas does not make the task of governance easier for African leaders. Given that power is built on relations of dependence, one can assume that the transaction costs associated with maintaining a regime increase with rapid urbanization. The rural population has only a very limited contact with government in the first place. They rely on government services only in a marginal sense (Fjeldstad and Therkildsen, 2008). From an African governance perspective people living in village communities can be taken pretty much for granted. This may be even more the case than in the past as a growing number of young people leave for the towns. These people will be opportunistic and have higher expectations of what to get out of a reciprocal relation. They are less likely than their rural brethren to remain loyal or compliant because of offers by political patrons. It is a more volatile basis on which to build a stable political regime. That is why the transaction costs of keeping a government in power are likely to increase. More time, more money and more people will be needed to maintain the informal networks of power that have been established. Patronage, if not handled carefully in line with institutional expectations among the urban population, can easily get out of hand, as seems to have been the case in the 2007 Kenyan elections and their aftermath. A realistic hypothesis, therefore, is that the real governance challenge in African countries in the years to come will be in the urban areas.

As this scenario increasingly becomes reality it may be difficult to avoid an increase rather than a decrease in rent-seeking measures. The factor that speaks against any decrease is the growing interest many ruling parties have in imitating the act of Kamuzu Banda, the first president of Malawi, who financed his patronage network through enterprises which were officially owned by his ruling party. This is now happening, for instance in Mozambique and Tanzania where keeping the ruling party in power is increasingly financed through party-owned enterprises and/or donations – some would call them extortions – from the richer members of the business community. How does this trend

change the nature of neo-patrimonialism, if at all? A study of how political parties are funded in the multi-party era and how funds are being utilized may be a difficult study to carry out, but one that would yield great pay-offs for the APPP.

As long as the reach of power remains extensively reliant on informal patronage networks and competing alliances of political leaders, the rulers are more likely to be involved in keeping the regime going rather than trying to use power to transform society. There may be differences from one country to another depending on the qualities of the Big Man. Some leaders are going to reach further than others in the sense of having an impact on the institutions in their country. They may achieve this in a top-down fashion and that is probably inevitable as long as formal institutions fail to neutralize the informal ones. One study which would be of interest here is a comparison of the reach of power of President Kagame in Rwanda and President Museveni in Uganda. While the latter has become increasingly immersed in patronage relations over which he sometimes seems to have difficulty gaining control, the former has reduced his reliance on patronage networks and managed to extend the reach of his own power. Does this also translate into a more autonomous and transformative use of power? Is it a necessary first step toward institutionalization of formal rules?

Extending the reach of power involves a rationalization of the instruments by which change is achieved. A strong reliance on informal institutions without a constructive challenge from formal ones tends to perpetuate an approach that amounts to merely responding to social change. The political leadership remains more concerned with staying afloat rather than swimming in a given direction (Jackson and Rosberg, 1982). Such an approach, moreover, carries the risk of drowning, i.e. the peril of institutional decline and disintegration. The political power map of Africa suggests that the capacity for development remains generally weak. The presence of a true 'development state' is the exception rather than the rule. Other forms of governance are more prevalent. It may be helpful to think of these forms in the following terms:

Figure 3: Variations of political reach among African countries

```
Strong      | Developmental state            Party mobilization
            |   (Botswana)                      (Tanzania)
            |
            |
            |
Capacity to |
respond to change |
            |
            |
            |
            | Bureaucratic                   State disintegration
            | authoritarianism                 (Somalia, DRC)
Weak        |_(Ethiopia)_____
              Strong                                      Weak
                       Capacity for development
```
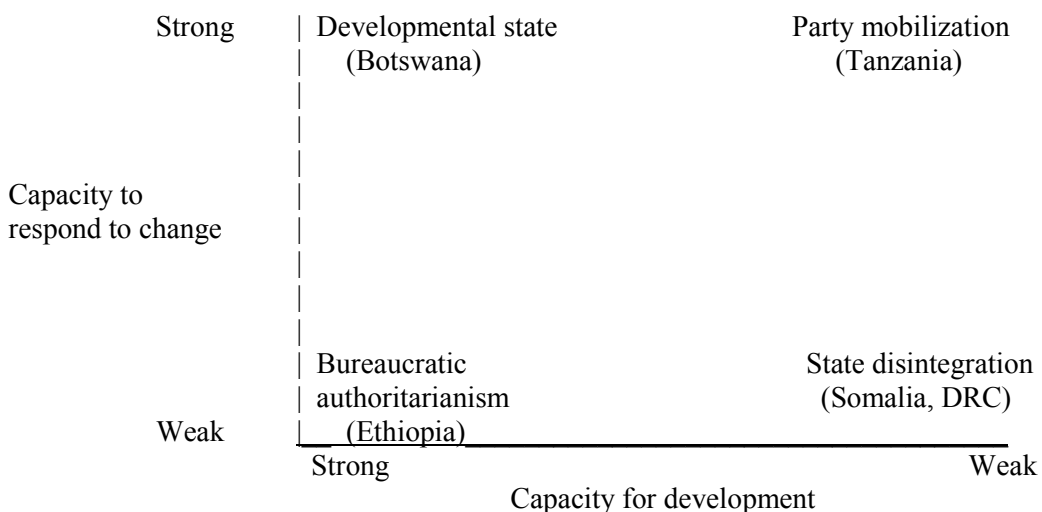
The important point is that the reach of power differs among African countries. In a country like Tanzania, as suggested above, the reach of state power is quite wide, but it does not necessarily translate into greater capacity for development, only for responsiveness to change. Similarly, Ethiopia, with the exception of Botswana and possibly South Africa, may have the strongest bureaucracy in sub-Saharan Africa but the conditions of poverty, drought and war limit its ability to be developmental. Instead, the

state is preoccupied with responding to change, for which it is not very well equipped given its bureaucratic authoritarianism. The combination of weak capacity for development as well as weak responsiveness to change is potentially fatal and has led to state disintegration in more than one instance. The cases listed in Figure 3 are merely illustrative of the variations in scenario with regard to the reach of power. Other countries are likely to fall somewhere in-between these four corners. In terms of understanding what to expect with regard to such policy objectives as pro-poor growth, it would be helpful to identify the position of particular countries on this power map. One may hypothesize that the more a country's reach of power resembles the development state model, the more likely it is to be both effective and efficient in reaching its policy goals. Similarly, the more it resembles the party mobilization model, the more likely it is to be effective but not efficient in reaching such goals.

The exercise of power

Because power is rarely studied in the context of development policy, it is easy to overlook the challenges which exist in terms of using power in ways that lead to positive outcomes in Africa. The two previous sub-sections have illustrated the variations that exist with regard to the basis and reach of power. Here the focus is on variations in terms of how power is being exercised. Like Bates (1981) and Boone (2004) the assumption is that the rulers in Africa are rational in the sense of making choices. As strategic actors, however, their choices are not as straightforward as the conventional social or public choice models assume. They do not strategize according to a market model of social reality but rather a community one according to which the challenge is to maintain membership and organize collective action (Stone, 1997). Rule over people, as compared to rule over land, limits the extent to which there is an obvious utility to pursue. Because there is no obvious and clearly defined public sphere in these contexts in which private interests can be traded with others to produce a public good, the decision-maker has to resolve in his own mind the potential conflict between his narrow self-interest, on the one hand, and his interest in keeping good relations with other actors, on the other. In situations where power is defined in terms of number of followers or dependents, the issue of resolving conflicts between competing preferences tends to remain in the private realm; hence, the problem of limited transparency. It is perhaps the most common complaint among diplomatic representatives of the DPs that they have so little knowledge about how decisions are made in African countries. The point is that this is not simply a matter of political leaders wanting to be secretive. The institutional conditions in Africa encourage, if not dictate, that decisions are made with what to outsiders appear as a 'hidden agenda'.

Because power resides in exchange relations between people, however, everyone is accountable to someone else for something. That there is a lack of accountability in African countries is an oversimplification. Accountability relations are everywhere – in official as well as private contexts (Chabal, 1994). The difference between the formal means of holding officials accountable in Western countries, on the one hand, and the informal means of doing so in Africa is that the latter are not treated as public. Political leaders, for example, may get away with ignoring the need to reciprocate their exchange with the electorate or a particular group of clients once or twice, but in the longer term, the principle of reciprocity takes its revenge. Supporters turn away. This has become a commonplace after multi-party elections were introduced but was present also in competitive one-party elections that were held in the 1960s and 1970s in some African countries like Tanzania (Cliffe, 1967). In these cases, informal means of holding an elected official accountable reinforce or replace the formal ones.

Formal and informal institutions in Africa interact with each other in ways that sometimes hinder at other time promote a move toward democratic forms of governance. The

argument by Chabal and Daloz (1999) that political leaders in Africa use disorder to stay in power may be an exaggeration, but they are correct that the institutional conditions encourage an approach to choice which involves a constant coping with ambiguity or uncertainty. This is not to take away the fact that political leaders have a choice, only to emphasize that their choices are limited by the prevalence of informal institutions in ways that conventional models of public choice do not incorporate. With matters of state only loosely defined, there is space for manoeuvre but it usually translates into deviations from official objectives rather than a stronger commitment to implement them.

Transgression costs are as important as transaction costs in the calculations that political actors make in Africa. Such costs can be measured in the context of broken promises. As suggested above, leaders cannot ignore forever the promises that they make in reciprocal exchanges with followers or other influential actors. Similarly, ordinary people cannot completely escape the demands of their leaders. They do indeed have an exit option in many instances, but choosing it over compliance with an exchange commitment may be costly, as many supporters of opposition politicians have experienced. When the regime is based on rule over people, it is better to be an insider than an outsider. Access to patronage comes more easily by being on the inside. Similarly, leaders need to play the political game in such a way that they maximize their support. This can be done by using either the whip or the carrot – by trying to usurp the power of others, e.g. through intimidation or by offering goods that rivals find hard to decline. This method of cooptation is quite common in Africa, as the frequent shifts in political alliances indicate (Chalfin, 2001). Wherever party politics is volatile as, for instance in Kenya, politicians shift loyalties with a view to being in – or getting into – government. To use discretionary power in an intimidating fashion, however, is associated with risk. It may lead those affected to form an opposition or even engage in rebellion. Alienation of supporters, therefore, is something that few leaders can afford if they wish to stay in power. There are examples of how leaders have 'over-reached' and suffered the consequences, Idi Amin and Jean-Bedel Bokassa being only the two most well known.

There is variation, therefore, in how political leaders strategize in exercising power. This is captured in Figure 2.

Table 2: Variation in how African leaders exercise power

Method	Approach	
	Inclusivist	Exclusivist
Discretionary	Coopting	Alienating
Self-binding	Accountable	Accepting defeat

The challenge in African politics remains how a self-binding element can be institutionalized. There is scattered evidence that this is happening with regard to how people get to power. It happens less often through coups or manipulations by a clique of leaders inside a ruling party and more frequently through competitive elections. One of the more encouraging developments in Africa since multi-party elections were introduced has been the institutionalization of formal rules for electing political leaders in a competitive manner. Lindberg (2006) has shown that such institutionalization of rules comes with holding elections on a regular basis. Even if the first – or even second – attempt is problematic because its outcome is not viewed as legitimate by a large part of the electorate, subsequent elections tend to become more legitimate, even to the point that incumbent leaders accept defeat. Posner and Young (2007) refer to another dimension of what they call 'the institutionalization of political power in Africa' – rulers' acceptance of term limits while in power. To be sure, there have several attempts by African presidents to extend their time in power. Some, like Museveni of Uganda, have succeeded but others,

like Muluzi of Malawi and Chiluba of Zambia, have failed. The trend in the electoral arena in recent years, therefore, has been toward acceptance of this formal rule.

Although democratization has not been successful everywhere in Africa with some countries having descended into civil war as they take on the challenges of a more competitive political system, the question is whether there is something special about elections as mechanisms of bringing about democracy. Are elections particularly important vehicles for changing governance in Africa in a more democratic direction? Competition for power is not new in Africa. It existed already during the one-party days. Because it occurred behind closed doors it became less known to the public. Many a politician carried scars from fights with their rivals and some ended up being assassinated. Regular multi-party elections have had the effect of bringing competition out in the open and creating a system which makes it more both public and orderly. To the extent that elections are held in an orderly but also free and fair manner – and that is not yet a given as the 2006 federal elections in Nigeria or the 2007 elections in Kenya suggest – they tie leaders to rules that tend to stabilize the regime. Current trends in Africa, therefore, indicate that despite a few disappointing cases regulating in a formal manner, how one comes to power is a governance effort which has had some important pay-offs.

It is less obvious that political leaders accept to be publicly accountable once they are in power. Being challenged in the electoral arena is one thing, being publicly challenged once in office is another. While the former is getting increasingly accepted, the latter is still viewed as an insult. There is a tendency to fall back, therefore, on the informal institutions that give rise to discretion and secrecy. The shift to reliance on formal institutions in public office remains a big challenge to African leaders. The relative comfort of the informal ones tends to prevail. The level of political courage which is necessary to break out of this mould seems too overwhelming.

There are three scenarios which in this regard should be of special interest to the APPP. The first is: what shifts in the balance between formal and informal institutions are needed to tie a leader's private agenda to national development? Even though the informal ties that elevate community over state institutions may no longer be 'primordial' as Ekeh (1975) called them, leaders are dependent on generating ties of dependence with individuals in particular communities – often coinciding with electoral districts – in order to be re-elected. Because community boundaries are no longer as stable as before because of growing social mobility, the cost of creating these ties of dependence is going up. If structural change drives up these costs, the research question may focus on how much of the expenses which leaders incur come from public or private sources. Is there a shift toward relying on donations by private individuals and firms? Does party or electoral system make a difference to how leaders behave?

The second challenge is the reluctance among leaders to accept formal self-binding rules. As suggested above, wherever informal institutions are present they constitute a viable alternative to formal ones. Many African countries have undergone constitutional reform in conjunction with a shift to multi-party democracy but the rules associated with these reforms are often abrogated for political convenience, especially if the political leadership faces a crisis and is under threat (Hyden and Venter, 2001). The gap between the principles of the rule of law as practised in liberal democracies and the informal rules in use in Africa still seems considerable, but how far the potentially restraining function of laws and constitutions extends in practice beyond the electoral arena may be another comparative study that fits into the APPP agenda. It is no coincidence that African countries have been examples of 'constitutions without constitutionalism' (Okoth-Ogendo, 1991). Is this pattern changing?

This takes us to the third challenge. If power resides not in offices but in personal relations of dependence – a credit-debit ratio expressed in terms of how many owe me a favour as compared to how many others I owe something – the rule of law is a rather faint notion to those who exercise power. Rulers expect a considerable discretion in how they use power not just to advance their own interest but also to simply make something happen that gives them legitimacy. One would have expected that in this type of politics the idea of compromise would be an honoured norm. What goes on, however, is an infinite number of exchanges that involve a measure of give and take – and thus are at least potentially accountability – but these deals typically take place on terms set by the Big Man (i.e. president or prime minister depending on regime). If alternative power networks develop they immediately become a threat to the incumbents. Because personal prestige is involved – 'I control more followers than you' – there is little scope for compromise. The incumbent may try cooptation by offering a deal but if the opponents already command resources of their own, as the case has been with many rebel groups in Africa, confrontation and intimidation become the preferred strategy. African leaders, therefore, typically approach politics in a zero-sum fashion. Because informal institutions leave little or no room for a third party to resolve the conflict, mediation becomes difficult. As has been evident in a number of African countries parties to the conflict do not trust third-party actors and tend to brand them as partial.

The risk in such situations is that the norms which underpin informal institutions lose their legitimacy and actors resort to opportunism and apostasy. The vanity of rulers like Idi Amin, Jean-Bedel Bokassa and Robert Mugabe caused a decline not only in formal but also informal institutions. In some instances, like eastern DRC it has proved difficult to restore a sense of order based on the enforcement of either formal or informal rules. The geo-political conditions in countries like the DRC make the limitations associated with governing through largely informal institutions especially evident. In other cases leaders, for example Yoweri Museveni, have been able to gain credibility and legitimacy by reversing the anomie which had spread during the period of his vain and incompetent predecessors. Borrowing a concept that had been used in studying economic and political reforms in Asia and Latin America, Museveni and a few others who came to power under similar circumstances in Africa were referred to as 'New Brooms' (Haggard and Kaufman, 1995; Kjaer, 2002). Unlike many other places where institutional decline has led to a significant turnaround once order has been established, changes in African countries have been more modest and more difficult to sustain. Is there a 'threshold' that a country must pass in development before such a turnaround becomes sustainable? What are the constraints and opportunities that determine the successful reproduction of institutions? How do new leaders who take over a country reason and plan their future in government? These are all questions that lend themselves to study under the APPP's auspices.

The nature of power

The basis of power remains volatile in much of Africa because it has not been rationalized in an economically instrumental sense. Conflicts on the continent continue to be as much over ends as means – over what Weber termed 'value rationality' rather than instrumental rationality. The former implies that the end justifies the mean, while the latter assumes that no ends are pursued without a calculation of the costs of achieving them. There is at the very fundament of African development efforts a noticeable epistemological divide between Western analysts and African policy-makers. The former are all positivists thinking along the lines of cause and effect, while the latter prefer to view the world in non-positivist terms. The latter are more inclined to seek solutions to problems by calling on others to help or turning to the spiritual realm.

The nature of power refers to how it is being shaped by institutions that regulate exchange relations between human or organizational actors. If such an exchange is between two official agencies, it is typically described – and assessed – in terms of the transaction required to achieve a particular policy goal. When analyzing policy, mainstream institutionalism both among researchers and analysts tends to ignore the power dimension of exchanges and refer to them merely in these transactional terms.

If the exchange is between persons, as the case typically is in Africa, ignoring the power dimension means missing the essence of what makes things happen. Such exchanges are at the centre of understanding how power operates in Africa. They occur millions of times a day and aim at establishing a social and political order through building up relations of dependency that tie one person to another. These exchanges are rarely between equals. They arise in situations where a person badly needs a thing of value and is ready to rely on someone else to provide it (Joseph, 1987; Villalon and Huxtable, 1998; van de Walle, 2003). Patron-client relations typically evolve in this fashion. This is an intentional act by both parties to the exchange but the actor who enjoys a structural advantage in this exchange will over time typically obtain more rewards at lower cost (Emerson, 1962). Actors with a structural advantage can pursue exchanges with others without necessarily giving them everything that they want. By withholding rewards – and either intentionally or unintentionally punishing them – they exercise power over these other actors. In the course of doing this, they drive up the costs of obtaining the rewards they control, while lowering their own costs of obtaining rewards from their exchange partners. Stratification in Africa is less the outcome of collective action by particular groups or social classes than the result of this profusion of personal exchanges. They bind the poor to the rich in ways that are yet to snap. Because power in Africa rests in the relations between persons rather than in offices its true nature is more apparent to every local actor. While the positivist thinks in terms of policy and getting things done, people on the other side of the divide think politics first, notably how they can overcome opposition to their own preferences.

Both economic and social exchange are based on a fundamental characteristic of social life: much of what we need and value in life, like goods, services, companionship, approval, status, and information, can only be obtained from others. People depend on one another for such valued resources, and they provide them to one another through the process of exchange (Molm, 1997: 12). Social exchange departs from economic exchange, however, in two important and related respects. Whereas classical microeconomic theory assumes that there are no long-term relations between exchange partners, social exchange theory assumes that more or less enduring relations between exchange partners do exist. Secondly, classical microeconomic theory assumes that actors engage in sets of independent transactions that are aggregated into markets. Social exchange theory, in contrast, is built on the premise that actors engage in recurring interdependent exchanges with specific partners over time. In short, what distinguishes social exchange theory from microeconomics – and psychology, for that matter – is its emphasis on social structure as the framework within which exchange processes take place and the structural change that results from those processes. The way Africans typically transact power does not change the underlying social structures. It pacifies but does not transform social relations. It rides on social change rather than producing development. As Sangmpam (2007) argues, Africa has yet to undergo a social revolution; all that has happened so far, including the achievement of political independence, has been at best political revolutions.

Africans engage in reciprocal exchanges intentionally. As suggested above, some have more freedom than others when making their choice, but what they do is not irrational. Nonetheless, they differ from the model of man that underlies public choice models of decision-making. Rationality in such models assumes a single and stable utility. Actors are out to maximize their own interest. This model of *homo economicus* prevails in scientific as well as policy circles. Africa offers a more complex understanding of rationality

because actors tend to operate with a dual utility: one's own narrow interest and the value inherent in the exchange relations with others. The presence of competing utilities is quite common as Sen (1977) – another Nobel Laureate – and Mansfield (1990) have argued. *Homo reciprocus* carefully weighs the two against each other before making a decision. For most Africans, the value inherent in the exchange relation usually weighs more heavily than pure self-interest. Those who act unilaterally to push their own interest get treated as outcasts and may in many cases be subject to punishment, e.g. by being ostracized or subject to witchcraft (Geschiere, 1997). Although there may be individuals who lack a sense of 'naked' self-interest in Africa, the typical scenario is that they have a measure of it but that rival considerations such as the cost of upsetting an existing set of relations of dependence usually get priority. An example of what the APPP team can do is to study the 'positive' as well as 'negative' side of clientelism or, if possible, neo-patrimonialism. If the presence of dual utilities is accepted as the premise for such a study, it would be interesting to examine how much of the positive side is a product of giving priority to relations with others as opposed to pushing one's own interest to the exclusion of all else. Given the structural conditions in Africa, clientelist or neo-patrimonialist strategies are rational and have been applied to how African leaders act also in the international arena (Clapham, 1996; Herbst, 2000; Henderson, 2007).

The discussion above is summarized in the next figure which illustrates the variation that exists in an analysis that accepts that both utility and rationality are best conceived as dual rather than single.

Table 3: Variations in the nature of power in Africa

	Rationality	
	Instrumental	**Value-based**
Utility	*(Homo economicus)*	*(Homo reciprocus)*
Single	Technocratic	Dogmatic
Dual	Empathetic	Clientelistic

All these examples of the nature of power are present in different degrees in Africa. Judging from the literature, the clientelistic nature of power may be the most prevalent. The dogmatic nature of power, as manifest, for example in various forms of socialism in the early decades after independence, is much less present today. The technocratic nature of power does exist in specific settings but tend to be confined to enclaves and has much less bearing on policy outcomes in government agencies. The empathetic nature of power – or the ability to be see things from somebody else's perspective – may be the least common of all four types. Like accepting a self-binding rule, trying to be empathetic and accept a compromise is viewed not as an honor but as a weakness. This is a definite constraint in any move toward democratic governance. The starting-point for the APPP research in this area has almost inevitably to be in the 'clientelistic' box. How far does clientelism produce goods for the poor that are perceived in positive terms? Is it possible to reform neo-patrimonialism in such a way that it becomes publicly more accountable and more inclined toward tolerance of the views of others?

3.2   The consequences of power

What are the consequences of the prevalence of informal institutions and the particular power configurations which they generate in African countries? Answers to this question may be best found in two arenas: (1) the public sector and (2) associational life. Much money has been spent by the DPs in the past ten years or so on trying to reform the former but few studies have been made of the overall effect of this effort. Many solutions have been proposed but few have worked. The civil service is the backbone of the state. If DPs

are interested in strengthening the state, it must also pay attention to how the civil service can be strengthened. The problem to date has been that these efforts have borne little relationship to the political realities on the ground in Africa. How far public administration can be made more 'Weberian' remains an open issue that the APPP might wish to take on in order to understand the limitations and opportunities for making the African state more developmental. Similarly, with regard to associational life very little is known about the consequences of power and how things may be changed.

As suggested in various places above, rule over people and the existence of relations of dependence does not easily lend itself to objective criteria of evaluation. Performance follows subjective lines and is assessed on its own criteria. Most importantly, what is being delivered matters much more than how the delivery is done. Adherence to abstract and universal principles is of little relevance compared to making sure that a particular good is produced. Political legitimacy, therefore, stems from being able to validate a promise in the form of a tangible result. To be sure, this is a source of legitimacy in any democracy but wherever informal institutions prevail, how the good is produced or delivered does not become an issue. That is why individuals may be appointed to office regardless of merit. It is also why public funds are often used to facilitate such validation even if it means taking money from other budget posts. Furthermore, it is also why employees in organizations tend to be deferential to authority or why the poor do not raise any issues with how organizations operate and instead prefer to be compliant with whatever they do. The public space in African countries is better described as predominantly 'affective' rather than 'civic'. Challenges to authority are costly. Improving governance in these settings must start from premises other than those based on the presence of values and norms which are found in already consolidated democracies. Table 4 provides an illustration of the variation that APPP analysis may benefit from using.

Table 4: The consequences of power in African countries

	Public Realm	
Arena	**Affective**	**Civic**
Governmental	Nepotism	Professionalism
	Corruption	Public accountability
Associational	Needs-oriented	Rights-oriented
	Compliant	Activist

The main general observation is that informal institutions create power configurations which often work to the benefit of the poor at local levels and outside the state. The power configurations that they generate inside the state are more controversial. The discussion below will highlight these issues further.

The governmental arena

Public sector reform in Africa has been wide-ranging and includes several dimensions. Heredia and Schneider (2003: 3) distinguish between three models of reform: (1) civil service reforms; (2) accountability reforms; and, (3) managerial reforms. The first type of reform is aimed at reducing the particularism and politicization of the bureaucracy by enhancing the role that merit plays in recruitment, promotion and tenure in the service. The second aims at strengthening legislative oversight and transparency in the service. The third tries to make the service more efficient and service-oriented through decentralization and more attractive incentives in pay and employment schemes. Each one carries a definite New Public Management (NPM) signature (World Bank, 2000). The experience worldwide has been that the most difficult one to implement is civil service

reform.The basic difficulty facing those seeking to professionalize the civil service is that moving from discretionary to merit-based recruitment and promotion deprives superiors of one of their crucial levers of power (Heredia and Schneider, 2003: 22). This loss of power, in conjunction with the technical and administrative complexities inherent in setting up and operating a merit-based personnel system make the enforcement costs of civil service reform particularly high.

The reforms that have been attempted in Africa include controlling the numbers and costs of employment in the public services and rationalizing and restructuring of the service. For instance, despite the successful downsizing in the 1980s, public services across Africa began to grow again in the 1990s. Similarly, despite commitment to decentralization, the power of the ministerial headquarters continues to weigh heavy on local government level personnel. Presidents have been reluctant to reduce the number of ministerial positions that they use as patronage. In 2005 Kenya and Uganda had governments with seventy ministers; the Tanzanian Government had sixty (Kiragu and Mutahaba, 2006: 6).[1]

The problem with public sector reform in Africa is not only that the DPs have pushed African governments to engage in rapid reform beyond the boundaries of possibility. Another related problem is the tendency to produce blueprints for each activity that must be implemented within a specific target date because donor money is tied to it. This approach reduces the possibility for feedback and learning among those responsible for and involved in the reform process. The human actors are treated as pieces on a chessboard; as if they can be moved at will and readily adjust because the new institutions will quietly mould them into their new roles. Yet another related problem is that reforms are conceived in technical and organizational terms with little attention to the human and political side of the activity. As Awortwi (2006: 31-33) notes, the problem is not necessarily that African values are incompatible with the norms of the reforms. It is rather that reformers have too little understanding of and sensitivity to the local realities. They do not try to build on what exists on the ground but instead operate as if they must fill voids. They tend to overlook the observation by one seasoned observer of public sector reform that 'a reform is essentially a journey, not a destination' (Minogue, 1998:13).

The political realities in Africa are such that reforms will not work unless they are more closely attuned to needs and opportunities perceived by the African actors themselves. That the 'boundaries of possibility' matters is an observation which was made twenty years ago by Leonard (1987) but so far there has been little change in the 'blueprint' approach to reform by the DPs. A very interesting possibility for the APPP would be to follow up Montgomery's study of African managers that was first published a little over twenty years ago (Montgomery, 1987). He was interested in testing how far the main observations in the literature about African managers really hold up, using an empirical test which he carried out in nine southern African countries. More specifically he tested five different assumptions that had been made about relations between senior and junior officers in African administrations: (1) African administrative systems are more like personal fiefdoms than modern organizations; (2) African managers are indifferent to policy issues; (3) these managers are driven more by ideological fantasies than performance issues; (4) public managers tend to denigrate private sector entrepreneurship; and (5) African administration is too rigid to change.

When probing these theses in the nine countries, the study revealed that four of them emerged in recognizable form. Even if the personalistic interpretation of African administration may be oversimplified, it manifests itself in various forms, both positive and negative. For instance, personalism at least in part explains why African managers showed real concern with the incompetence of their subordinates. At the same time, these

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[1] These figures include deputy and/or assistant ministers.

managers turned a blind eye to corruption and concerned themselves much less with national goals and public welfare than with checking on how colleagues and subordinates behave. Much of what these managers were asked to record of their daily schedule was quite trivial like expressing disapproval of specific behavioural attributes of their subordinates. The study also shows that internal organizational matters far outweigh other considerations in the day-to-day management of public organizations. Managers devote far more attention to issues of internal resource distribution than on trying to achieve policy objectives. Policy issues filled only a minor part of the agenda of top public servants in the nine countries. Turf battles and 'bureaucratic politics' occupied much more of their time.

The only image of African administration which was not supported by the data was that these senior managers are driven by ideological or political fantasies. Interaction with cabinet ministers rarely involved the discussion of political issues. By contrast, administrative arrangements featured quite often in these conversations. Negotiations were almost always internal with little or no pressure group politics influencing resource allocation. Dealings with the private sector, at least at that time, were almost non-existent. Finally, the study confirmed that senior managers in the public service in Africa are reluctant to take innovative measures to change the incentive structure and the existing assignment of tasks. These managers showed much greater readiness to resolve issues than to deal with process matters that typically involved appeals to higher authority or coordination with senior colleagues. Again, the image of the African administrator in 1987 was that he (or she) is most comfortable when acting alone. The 'publicness' of the role was often deliberately avoided.

A follow-up study of these findings two decades later would not only be academically interesting but also highly relevant for the DPs who have invested large amounts of money to reform the public sector. Circumstances are also different from what they were in the mid-1980s. For these reasons such a study would be an interesting measure of how resilient informal institutions and the particular power configurations which follow really are. It might also throw light on how much reforms can be accomplished from within by 'working with the grain' in Africa. The study by Tendler (1997) of how significant improvements were achieved in government services in the state of Ceará in Brazil would be another relevant point of reference for such a study.

The associational arena

Informal institutions have significant effects on how society functions. They are tied to their local origins and are not, like formal institutions, based on abstract, universal principles. Informal institutions foster pragmatism: the idea of being able to adapt to and cope with shifting conditions over which people have little control. Informal institutions claim their validity in the local arena where the effects of reciprocal exchanges can be seen and evaluated. Unlike formal institutions that may give rise to a sense of rights, e.g. to challenge authority without fear and are typically results-oriented, informal institutions more often serve the purpose of strengthening loyalties. The differences between formal and informal institutions as they bear on society – and by extension the prospect for the growth of associational life are – are summarized in Table 5.

Table 5: Comparison of how formal and informal institutions affect the way society functions

Type of institution	Action level	Interaction behaviour	Claims of validity	Desired effects
Formal	principles	discursive	universal	measurable results
Informal	concrete action	affective	local	boosting loyalty

Mamdani (1996) lamented the absence of a link between the urban and rural areas once the nationalist movement had reached its objective of seizing power from the colonial authorities. This distinction between rural and urban held for the first two decades after independence, but with life in both rural and urban areas becoming more challenging after Structural Adjustment policies were introduced, it is no longer as clear. People in the rural areas rely less on cultivating the land only. Many urban residents continue to have a link to their family back home in the village. Informal institutions – often derived from poverty, such as the norm of assisting family members and relatives – continue to shape behaviour. Household members – even when spread between town and village - are preoccupied with scrambling together an existence in the informal sector. Their 'self', as Kelsall (2003) notes, is fragmented, their ability to engage in collective action at best sporadic. In short, their everyday activities do not lend themselves easily to organization and coordination with other than their closer kith and kin or friends. Broader collective action occurs only when there are enough people with a common interest to defend. This is typically when informal institutions are replaced by formal ones. The formalization of the informal taxi and bus business in African cities is a case in point. The *matatu* vehicle owners in Nairobi became a significant voice in the discussion about transport in the city after having initially been ignored because of their lack of formal status (Lee-Smith, 1989). The majority of people in the urban areas, however, continue to seek a living on their own in small business activities that have yet to develop to the point where association with others makes sense (Tranberg Hansen and Vaa, 2003).

Diversification and fragmentation of economic activities continue to limit the incentives for people to form associations in ways that they used to do when their source of income was more concentrated and permanent. A village cooperative stood a much greater chance of success in the 1960s and 1970s when local agriculture was still a commercially sustainable activity. The associational landscape looks different today. On the one hand, there is a growth of professional and business associations that represent the emerging new elite, most of which is urban-based. They often have a 'civic' component in that they aim to defend or promote rights associated with their interests. The second dominant type is the equivalence of what the Nigerians call 'hometown associations' (Trager, 2001). They tie the urban rich with the rural poor in ways that have a significant impact on the provision of common goods. Thus, for instance, members of a given community resident in an urban area get together, collect money and donate it for the purpose of improving the conditions for people still living in their place of birth. These links, while confined to a community transcend family and clan. They are not primordial but 'invented' to serve a developmental objective. These associations, which exist all over Africa, constitute one of the most intriguing informal institutional developments that have been formalized with great benefits for the rural poor (Broegger and Soendergaard, 2006). A comparative study of such associations ought to be a priority for the APPP in its search for informal institutions which are formalized and continue to produce positive outcomes.

With a focus on the rural population it would also be important to assess further what can be done by people at the local level without waiting for a government initiative. The community-based governance project that Brian Child of the University of Florida is conducting with his students and colleagues from southern Africa in Botswana, Namibia,

South Africa, Zambia and Zimbabwe is an example of strengthening public accountability through participatory methods. So far, this project has focused primarily on holding the local officials accountable, but it could be extended to include interaction with officials at higher levels in the government system. At a point when direct budget support and related approaches tend to give government the upper hand in the relation with society, this 'bottom-up' approach to action research has the potential of yielding practical insights into how public accountability may be strengthened through a focus on community-based associations.

Economic liberalization and demands for democratic forms of governance challenge the claim to monopoly of power that political leaders make. In this sense, the structural and institutional opportunities for reform are more congenial than in the 1970s, when associational life had been pretty much closed down across Africa. Still, associational life has been slow in rebounding. It remains fragmented, factional, and sectional in ways that render its aggregate contribution to development of new forms of governance very marginal (Lewis, 1992). How far this more cautious assessment holds today is a valid research question with regard to associational life.

4   What do institutions produce?

Because treatment of policy tends to be divorced from its political setting, the conventional model of public choice on which policy analysis is based is never made problematic. It externalizes a number of factors that are deemed either irrelevant or too cumbersome to incorporate into the analysis. The most serious omission is often the factors that drive the policy process. It becomes particularly serious in places like Africa where informal institutions usually prevail and patronage rather than policy is the force behind choice and behaviour. As suggested in the section above, informal institutions shape the use of power in ways that models of policy analysis ignore. For instance, such models assume the prevalence of formal institutions that are constant and thus allow the use of mathematical equations to make predictions of outcome. Wherever informal institutions are significantly influential, they encourage a more discretionary use of power and thus one that leaves a lot of room for individual actors to shape the final outcome in ways that differ from what official policy documents pronounce. In short, leadership orientation matters because the constraints on the pursuit of self-interest are moral rather than legal. If the leader does not realize the value of showing restraint, i.e. by reconciling the conflict between his dual utilities in a constructive manner, it easily comes back to haunt him, as happened recently in Kenyan politics. A statement by the 18th century philosopher David Hume may serve as a guide for the research that the APPP team faces in 'working with the grain' in Africa:

> 'There is no passion capable of controlling the interested affection, but the very affection itself, by an alteration of its direction. Now this alteration must necessarily take place upon the least reflection; since 'tis evident, that the passion is much better satisfy'd by its restraint, than by its liberty.' (Hume, 1978: 492)

It is a realistic assumption that policy-making is going to be different wherever informal institutions are as important as they have been shown to be in African countries. It is important to try to figure out in what ways the process is different. Conventional 'linear' policy analysis is the application of economic principles to the political process. It implies a careful application of how means relate to desired ends. It is about such principles as feasibility, sustainability and efficiency – all in one. It is hard to think of anything more positivistic in the social sciences than this type of policy analysis.[2]

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[2]   Although it should be noted that more recent approaches in policy studies reject simplistic linear models of the policy process – see John (2003).

The majority of African government leaders have quite a different approach to making policy. It resembles what Hirschman (1965) in reference to Latin American development once called the 'motivation-outruns-understanding' style of policy-making. A full understanding of what can or cannot be achieved with a particular intervention is not sought as a precondition for action. Instead, the political decision is made first, often under dramatized circumstances, in order to produce a sense of urgency. In this approach ends are used to justify means. The ultimate goal is deemed so important that the costs of attaining it become a secondary matter. When the positivistically inclined observer, e.g. Easterly (2006) tries to understand why such a manner of making policy prevails he tends to explain it with reference to the oversupply of foreign aid that makes decision-makers in Africa insensitive to fiscal constraints. He overlooks the presence of the informal institutions that cause it. The non-positivist does not focus on overcoming constraints but instead emphasizes the importance of seizing the opportunity while it exists. Chambers (1969) provides an interesting illustration of how a settlement scheme in the Kenyan highlands was started under almost unbelievable ignorance about its physical, technical and economic aspects, yet evolved in to a success story thanks to bold initiatives by policy-makers and an imaginative and effective follow-up. Dresang (1973) offers a similar argument based on his study of civil service entrepreneurs in Zambia. The epistemological divide that exists between positivist and non-positivist approaches to making policy is often a hindrance to finding ways of 'going with the grain' in African countries.

It is necessary to understand that what governments produce in the form of outcome is determined by how it is being processed. Wherever informal institutions significantly influence formal ones, the production of public goods is different from what the conventional model assumes about how this happens. According to this model, a public good is non-excludable and also indivisible. It is not meant to discriminate among beneficiaries; nor is it meant to be supplied in larger quantity than cost-benefit or feasibility analysis dictates. The provision of public goods in Africa is much more complicated and follows a logic that stems from non-positivist premises.

There are five ways in which this difference manifests itself. The first is in an over-supply of a particular public good. Because political decisions are made first, cost-benefit considerations, as suggested above, do not guide what is being provided. This is evident notably in the education sector where there is strong motivation among leaders and followers alike to build more schools. There is a definite demand for more education but decisions about where to build schools are made on political grounds. For instance, elected leaders wish to show that they have helped bring more schools to their constituency. Local government officials compete to demonstrate to higher authority that their particular district has produced more schools than others. Finally, local communities often engage in self-financing of the construction of new schools. The result of these well-intended efforts is the presence of schools which have little relation to the number of children who reside in the area and who may attend school. Another consequence is that there are not enough teachers for these schools. Yet another is that the quality of education is overlooked. These are real issues in many African countries, especially if the incomplete information about outcome upstream in the policy process is not accompanied by a readiness to accumulate knowledge and make continuous assessments further downstream.

A second challenge to conventional thinking about policy outcome in Africa is that competition or conflicts are as much over public 'bads' as they are about public goods. Because countries in Africa are generally poor and the authorities have only a limited control over the destiny of their country, the politics behind policy is as much about avoiding negative outcomes as producing positive ones. As suggested above, African

governments are more often responding to change than strategizing about development. These responses occur because things are going wrong in the form of environmental degradation, natural disasters or human-induced decline of other types, e.g. excessive urban migration. There is little scope to plan development or make strategic choices in these situations other than the obvious – take corrective action. Even if such action may have its own strategic components, the overall activity is not producing public goods that form the basis for further development. Such activity instead is confined to 'salvaging the patient'.

A third way it manifests itself is in distributional bias. Where informal institutions determine the use of power, the distribution of goods is politicized to favour those who are connected to the government through ties of dependence with political leaders. As these leaders cut the 'national cake', they distribute larger shares to those who support them and give others, if anything, what is left (Lindberg, 2006). This redistributional imperative seems to have been at the bottom of the on the recent political crisis in Kenya. This bias follows from the way that representatives of particular communities or constituencies line up. Those who challenge the incumbents take a risk of being ostracized and isolated from the process of deciding on distributional priorities. Their followers, in turn, are also likely to suffer because of the stand taken by their representative. That is why in African countries, the patronage imperative tends to drive politics in the direction of dominant party systems. The chances of reaping rewards are much higher for the insider than the outsider. The study by Wantchekon (2003) in Benin which compares the impact of clientelistic and policy-based messages on voting behaviour, is indicative of what could be done also under the auspices of the APPP in order to assess how much space there is for changing behaviour away from patronage.

A fourth way in which the difference between the positivist and non-positivist approach to making policy manifests itself is with regard to infringements of the good itself. A particular policy may be allocated a certain amount of money in the national budget but as it is being implemented various actors decide to use part of the allocation to either enrich themselves or shift it to another budget post. The first is an example of corruption, the other a consequence of the fungibility of resources in government treasuries where accounting is lax. Both scenarios are quite common in Africa and do have implications for development. For instance, it has not been uncommon for governments to have shifted funds earmarked for poverty reduction to other sometimes more pernicious objectives. It is too early to say if this issue may be aggravated by the direct budget support that the DPs are extending to governments in Africa which are meeting at least a minimum set of 'good governance' criteria. It certainly is a potential area of study.

The fifth difference can be found in the way collective action is organized in Africa. The conventional model (e.g. Olson, 1965) assumes s single utility and an autonomous decision-maker. Such an individual weighs the costs and benefits of participating in organized action. If he can obtain the benefits of such action without having to make a contribution himself, he will adopt that approach. Hence, the notion that a common good is being provided thanks to only a few actors, the others being 'free-riders'. In Africa, this model of man is too simplistic. In fact, there tends to be no real free-rider problem not because people are altruistic but because it is strategic for a 'Big Man' to provide goods to others. According to this strategy, others do not have to make a contribution and can await the goods as gifts by men in power. Wherever patronage dominates over policy free-riding tends to disappear.

The differences discussed above are at the core of what the APPP research is likely to be all about. If the objective is to identify how current institutional formulas and political practices are being modified – or may be modified – to be more in tune with global poverty reduction and development agenda goals, it is necessary to start from the

differences in rationale behind political action that exist between conventional models of analysis and policy practice in Africa. According to these models, for instance, strategic planning is used to help organizations articulate their values and mission as well as develop strategic initiatives to realize them. Such initiatives must be resourced properly. A results-oriented budgeting is often used as a tool to find the answer to this challenge (Bryson, 2002). Strategic thinking and action in the African context is not absent but it is different. Because it involves a dual utility and is driven by informal as much as formal institutions, strategic action involves a number of variables that do not lend themselves to predictive analysis or results-oriented assessment. Furthermore, strategic thinking is typically a 'closed shop' involving a few core members of a team rather than being openly shared and discussed by all.

5 Implications for the APPP

In the light of how politics operates in Africa, there is little doubt that the APPP agenda is at the same time both ambitious and formidable. The diagnostic task that we set for ourselves by focusing on the role that informal institutions play is inevitable for an understanding of policy outcomes in Africa, yet finding instances of where they make a difference for the better is not going to be easy. It is important to avoid the tendency among donors to zero in on a single case and blow it up as a success in order to justify further funding. In looking for variation on the dependent variable, we are faced with a triple challenge. Given that there is no single coherent pathway of development in Africa, it won't be easy to determine the significance of a given activity that demonstrates a positive outcome. To be sure, it is probably not going to be difficult to identify 'success stories' e.g. at the local level, but what are their effects beyond limited institutional or geographic boundaries? Can we legitimately recommend that these stories have applicability beyond these initial boundaries? 'Best practices' are typically more contextually bound than DPs assume and it must be part of our 'storyline' that transplantation of methods and practical experiences from one place to another is, yes possible, but much more problematic than conventional thinking suggests. Above all, we must think of the extent to which findings which imply a positive outcome can be treated as significant steps towards a shift in thinking in African policy circles, from just 'dealing with social change' to 'producing developmental outcomes'.

The second part of the challenge is to avoid a 'scatter shot' approach to identifying cases that allow us to examine how far 'working with the grain' in African countries provides new avenues for policy intervention. For scientific as well as policy reasons, we should aim at achieving a degree of coherence and integration of projects which indicate to interested parties in the international development community that certain areas are likely to produce more useful insights than others. Our preliminary discussions so far suggest that there are certain areas that we may wish to focus on. In thinking along these lines, the following nexuses are of special interest if we wish to examine the interaction between formal and informal institutions and a possible 'exit' strategy out of neo-patrimonialism:

- Business and politics
- Politics and administration
- Parliament and electorate
- Community, government and elected politicians

These are significant areas because formal-informal institutional interaction has already been empirically identified as being very much present. We know that we can find something of interest here. As part of this challenge, it is up to us to not only be more systematic and comparative but also generate answers and policy options which have not yet already been placed on the table.

The third part of our challenge is to find the more specific points where research will yield interesting findings. We do not want to ignore the countryside but if we are truly concerned with the issue of how current patterns of behaviour and choice among key actors may be changing, we need to focus especially on the cities. According to *The Economist* (2007), nineteen of the 30 most rapidly growing cities in the world are in Africa.[3] For a variety of reasons, the rural areas are being depleted of people in their productive ages. This rapid flow of migrants to the cities ends up in peri-urban slums, social settings that are anonymous and often alienating. There is little doubt that the majority of these people know how to manoeuvre in this tough environment but this does not automatically translate into easy governance. In fact, as suggested above, the prevalence of informal institutions in the urban areas poses a special governance concern. They may be modeled on what exists in the rural areas, e.g. kinship and patriarchy, but they are likely to be more fleeting and thus less institutionalized. The threat of anomie or normlessness is real in most of Africa's rapidly growing cities. Studying interactions between formal and informal institutions in the urban areas may not be easy, but it would be an admission of failure if we did not focus our attention to governance issues in those places in particular.

Finally, the APPP needs to take on an academic challenge that has been generally overlooked in the scholarship on Africa – the need to elevate conceptualizations of African economic and political phenomena to a level where they are not viewed merely as aberrations from the mainstream but constitute tools that are relevant also to research in other parts of the world. A generation or so ago the dominance of conceptual Eurocentrism in the social sciences was evident in the often uncritical application of modernization and dependency theory. It continues today in the name of neo-liberal economics and 'good governance'.

There is a distinguished pedigree of research which has criticized the importation of Western models for the study of the African condition. For instance, this inadequacy was the starting-point of the debate over 'modes of production' in the 1970s and 1980s (e.g. Coquery-Vidrovitch, 1969; Hyden, 1980; and Jewsiewicki and Letourneau, 1985). Other noteworthy contributions have been made by Goody (1971) and Hart (1973).[4] Despite efforts by these and other scholars, it has been difficult to stem the one-way flow of ideas. This lack of a mutual comparison between Africa and the rest of the world reduces the probability that 'universal' theories will deliver what they claim. A major reason for this unsatisfactory state of affairs is that there are too few scholars who are ready to look at the rest of the world from an African vantage-point. Western scholars working on Africa tend to be occasional visitors rather than embedded in the discourses that shape African thoughts and action. Even many who try find that professional canons compel them to adopt a comparative approach based on concepts which are derived from different historical experiences but dominant in the discipline. Another reason is that there is a virtual absence of African scholars with an interest in comparing Europe, Asia or America from an African horizon. The historian, Joseph Inikori (2002) is an exception and it is clear that Africa needs more of its scholars to look at the world from their own premises.

It is against this background that the APPP can make a contribution by fostering scholarship under the general rubrics of 'governance', 'informal institutions' and 'power' which start from local practices and try to interpret them in ways which not only make African development challenges more understandable and possible to tackle effectively but also illuminate in a fresh perspective the human experience at large.

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[3]   Kigali, Rwanda is listed as the fastest growing city in 2006.
[4]   Hart's phrase 'informal sector' must qualify as the most widely diffused economic concept to have originated in the study of African phenomena.

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