Beyond buzzwords: What is “inclusive development”?

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Introduction

While most Sub-Saharan African countries have registered high and sustained economic growth over the past decade, a large number of poor and vulnerable people have remained exclusive from the benefits of this progress. A total of 389 million people across the continent still live on less than US$1.90 a day, which is more than all the other regions combined. Social indicators have picked up only modestly, with unemployment remaining high while income inequalities have widened. With Sub-Saharan Africa’s population expanding rapidly, from around 1 billion today to an estimated 2.5 billion by 2060, the continent is experiencing a significant demographic shift posing both positive and negative prospects for development. In order for Sub-Saharan Africa to leverage its demographic dividend, it is crucial to include all segments of society, including the poorest populations, into the development process. Without inclusive and transformative development, the continent’s long term sustainability and socio-economic development may be at risk.

In recent years, there has thus been a growing call for “inclusive development” to meet contemporary development needs and challenges. Economic growth is necessary, but it is not sufficient on its own in improving the welfare of a population. A development approach that encompasses an agenda beyond growth and income is needed to ensure that the benefits of growth are shared equitably across all parts of society, particularly large groups of vulnerable poor populations. Although “inclusive development” is gradually finding its way in the development discourse, its ascendancy has not been accompanied with great conceptual clarity. A clear-cut definition of inclusive development is non-existent, and as a result the concept is often interchangeably used with related concepts such as inclusive growth. As a result, the concept has led to significant ambiguity in both the literature as well as policy frameworks from a number of institutions, organizations and country-governments.

The aim of this synthesis report is to gain a better conceptual understanding of the distinct meaning and of inclusive development and its usage in the current development policy realm. The main challenge for the platform is not necessarily to agree on a consolidated definition, but to identify the key domains in which inclusive development can be progressively promoted through evidence-based development policies. The first chapter will first provide a contextual background to the role of inclusive development in the context of Sub-Saharan Africa. The second chapter will build a conceptual understanding of the concept, including a short review on where and how inclusive development fits into the development debate, followed by a number of key dimensions critical to inclusive development. Finally, this paper hopes to capture the presence of inclusive development (or lack thereof) in policy frameworks looking at a number of multilateral institutions, development banks and the global agenda.
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1. Sub-Saharan Africa: A need for Inclusive Development

Sub-Saharan Africa has gained a significant momentum in the last two decades. Supported by strong economic growth, the proportion of people living in poverty has fallen from over 50 percent in 1981 to less than 45 percent in 2012 (WB, 2016). However, the rate of poverty reduction is significantly lower in comparison to other developing regions, and numbers of extreme poverty thus remain remarkably high. Sub-Saharan Africa’s growth has not been even across all countries. Six of the ten most unequal countries in the world are in Africa, and there is not yet any evidence on progress in reducing income inequality (AfDB, 2014). Evidence thus shows that the pace of progress towards inclusive development in Africa is too slow, and its drivers too limited to meet the needs of its poorest population groups (ASDI, 2017). While the region continues to make progress in reducing poverty, major challenges remain, especially in light of the region's rapid population growth. With Africa’s population expanding rapidly, from around 1 billion today to an estimated 2.5 billion by 2060, the region will have a young and increasingly urbanized workforce, which presents an opportunity to reap a ‘demographic dividend.’ (AfDB, 2014). With a fast transformation in the age structure and a decline in dependency ratios, there is a potential for economic growth spurred by the increased labor income and increased savings (AU, 2017). The potential for can only be seized if significant challenges, such as climate change, are addressed aside from sound policies in in education, health, and the creation of an enabling macroeconomic environment that can facilitate job creation and access to decent employment (AU, 2017). However, more important is to ensure that the poorest groups are integrated into development and decision-making processes, so as to accelerate the transition towards more sustainable, equitable and inclusive development in Sub-Saharan Africa.

1.1. High sustained economic growth across Sub-Saharan Africa

Sub-Saharan Africa (SSA) has experienced a dramatic turnaround in the last two decades. Since the turn of the millennium, many countries across the continent have experienced a period of sustained economic growth. Following 20 years of economic decline and stagnation, the continent's average gross real domestic product (GDP) rose just above 2% during the 1980-90s, to above 5% in 2001-2014 (AfDB, 2016). The growth of the region has remained higher than the world growth despite strong headwinds from the international economy. According to the AfDB, the continent thus remained the second fastest growing economy in the world. Figure 2, taken from the World Economic Forum, depicts the fastest growing economies of the continent as of 2016. Several African countries (Côte d’Ivoire, Djibouti, Ethiopia, Mozambique, Rwanda and Tanzania) were among the fastest-growing countries in the world with growth between 6% and around 10% (AfDB, 2016).

In the last two years growth has been slower, as many Sub-Saharan countries have been affected by “headwinds from weaknesses in the global economy and the fall of commodities (AfDB, 2016). The rate of growth among oil exports such as Algeria, Angola, Nigeria and Sudan fell sharply to 4% from 7.1% (Leke, 2016). Productivity growth also declined in these economies (Sow, 2016). Despite this deterioration, the rest of Africa was able to maintain stable rates of GDP and productivity growth over the past five years. Non-oil exporting countries such as Kenya, Burkina Faso, and Senegal have recorded GDP growth rate increases, from 5.6, 4, and 6.5 percent in 2015 to 6, 5.2, and 6.8 percent in 2016, respectively (Sow, 2016). Sub-Saharan Africa’s economic growth is expected to remain moderate in 2016 (3.7%), but estimates suggest the economy will strengthen in 2017 (to 4.5%).
1.2. Has there been “jobless” growth?

Beyond the headline growth figures, however, Sub-Saharan Africa’s economic growth is volatile and faces significant challenges. Economic gains have been uneven across regions and within countries, and a survey from the Afro barometer points out that there is “little change in poverty at the grass root level” (Sy, 2014). The rapid rate of growth has thus not benefitted the largest share of the population (Sy, 2014). The African Economic Outlook report highlights that “belts of economic prosperity” are concentrated around the capital cities while poverty is widespread on the outskirts and in the countryside (Namata, 2015). Some scholars therefore suggest that Sub-Saharan Africa’s growth has been “jobless”. If economic growth is being driven by sectors that create limited employment, and the benefits of growth accrue only to a few, then glowing GDP figures will offer little solace to those who want to escape poverty (Namata 2015). Other scholars suggest that Sub-Saharan Africa has not necessarily experienced “jobless growth”. The region has made significant strides in development in the past decade, and many countries across the continent have experienced growth that has gone paired with job-creation. However, the region’s rapid population growth makes it difficult to demonstrate the extent to which growth has gone paired with job creation due to the mismatch between supply and demand. The World Bank’s Youth Employment in Sub-Saharan Africa argues that providing jobs to the majority of the continent’s population may be the biggest challenge ahead of Sub-Saharan Africa. While widespread poverty and high levels of income inequality are symptomatic of the continent’s uneven growth, many other risks and challenges remain, ranging from poor infrastructure, skills shortages, corruption, weak governance and political unrest through to gender inequality and security concerns.

1.3. Poverty is still widespread in Sub-Saharan Africa

Although Sub-Saharan Africa has experienced a significant reduction in poverty in the last two decades, poverty numbers remain remarkable high. According to the latest World Bank estimates, Africa’s poverty declined from 57 percent in 1990 to 43 percent in 2012 (WB, 2016). Sub-Saharan Africa remains the only region with deep poverty, with a total of 388 million people that live below the poverty line of $1.90 a day. Although economic growth is a necessary condition for substantial reductions in monetary
poverty, it does not always translate effectively into improved living conditions for the majority of the population: have people become better off as a result of the growth recovery? Sub-Saharan Africa has seen improved welfare of the population over the last decade. Under-five mortality rate, for example, shows an impressive and consistent reduction of over 60 percent over the full period between 1965 and 2013 (Amel; Mckay; Tarp 2016). The region also shows improvements in maternal mortality rates, drinking water and facilities and a strong performance in reducing child malnutrition. There have been improvements in both monetary and non-monetary indicators, but a large number of the poor are remain deprived of multiple dimensions of poverty and human development. Social indicators have picked up modesty and most countries experience a growing income inequality. The rural poor and vulnerable segments of society are particularly vulnerable to fall into the “poverty trap (Collier, 2007). Poverty must be addressed at the grassroots level by taking into consideration fundamental human development indicators such as education and health alongside deeply rooted systematical challenges that perpetuate poverty. While the region continues to make progress in reducing poverty, major poverty challenges thus remain, especially in light of the region’s rapid population growth (WB, 2016).

1.4. A growing concern: the rise of inequality

Although Sub-Saharan Africa experienced high real GDP growth since mid-2000s, large income inequalities between Africa and other world regions persist. The evolution of income inequality during the recent years of high growth in the region is not particularly encouraging. The evolution of Gini coefficient measures point to high but relatively stable inequality for the Africa region as a whole, although the rise of inequality may pose a risk to the region’s long term sustainability and socio economic development (World Bank 2013). Countries such as Sierra Leone, Niger, and Lesotho experienced significant declines in income inequality. However, in one-third of countries for which data are available, such as Rwanda, Uganda and Ghana, growth episodes were associated with increases in income inequality as measured by the net Gini during 1995–2011 (IMF, 2015). While the high levels of income inequality in the region appear to be partly driven by the structural features of sub-Saharan African countries, such as the dependence of some of the countries on oil exports, the evidence also points to the importance of policies that influence the access of low-income households and women to opportunities in education and health (IMF, 2015). Rising income inequality in developed and developing countries has been associated with higher economic volatility and slower progress in human development. Growing income inequality, alongside other factors, poses a significant challenge for prospects of inclusive development in Sub-Saharan Africa.

1.5. The future: A window of opportunity

Sub-Saharan Africa is experiencing a significant change from global development and from within as a growing youthful populations seek opportunity and transformation. Africa’s population of 1 billion in 2010 is expected to double by 2050, although the magnitude of this increase will vary across the continent. While total population growth is important for the socio-economic prospects of countries, the age structure of the population is just as crucial. The ongoing demographic transition opens a window of opportunity as the working age population (aged 15 to 64) increases. One the one hand the larger labor force as a share of total population translates into increased productive capacity and can help to boost savings and investment, but on the other hand, rapid growth of Africa’s workforce will also put pressure on labor markets. Sound policies have to be made to leverage this “window of opportunity” alongside achievements in both monetary and non-monetary indicators, particularly in human development dimensions. Transformation of the continent can, however, only occur when the fruits of
growth are equitably shared across society and benefits all, including the extreme poor. Sub-Saharan African upcoming “window of opportunity” thus further highlights the need for the continent to adopt an “inclusive development” to accelerate the transition towards more sustainable, equitable and inclusive development in Sub-Saharan Africa.

2. UNDERSTANDING THE CONCEPT: INCLUSIVE DEVELOPMENT

The development debate has long been dominated by a framework in which economic growth was believed to be the most important driver of socio-economic development. However, it has become increasingly clear that economic growth is not sufficient on its own in improving the welfare of a population. Social, economic, political and environmental factors in a country-specific context determine and shape contemporary development needs and challenges. When building a conceptual understanding of inclusive development, two issues thus arise: first, the distinction between growth and development; and second, the import of the term inclusive (Kanbur and Rauniyar 2009). While economic growth is easier to define and measure through monetary indicators, specifying what makes development “inclusive” is much more contentious (AFDB, 2016). Recent interest in inclusive development has thus led to a “flurry of contributions” dealing with issues related to conceptual and analytical complexities to measurement constraints and understanding specific country experiences (AFDB, 2016).

The distinct meaning of inclusive development and its core elements can be determined best by addressing the following tasks:

- The first task is to assess where and how the concept of inclusive development fits in the development debate of the past decades
- The second task is to define inclusive development by 1) understanding the basic difference between growth and development, and 2) understanding how to differentiate inclusive development from inclusive growth and other related concepts.
- The third task is to provide an elaborated analysis of the concept by drawing upon key dimensions (socio, political and environmental) of inclusive development.

2.1. How and where “inclusive development” fits in the development debate

The ideas of “inclusive development” have emerged in the second half of the twentieth century focusing on different levels including the individual, states and international relations (Gupta 2015). The development paradigm was traditionally dominated by an economic perspective, in which industrialization and productivity were seen as key drivers of development. Implicit in this approach is the adoption of the modernization theory. The accumulation of capital, economic growth and the capacity to industrialize were thus important indicators of development for both developed and developing nations. Meanwhile, traditional sectors of the economy were often neglected, and culture and traditions were often seen as obstacles of development (Gupta; Pouw; Ros-Tonen). Political, economic and social rights of humans only gained international recognition in the aftermath of World War II and the post-colonial era.

Inclusive development thinking was arguably sparked by the recognition of (i) universal human rights in the 1940s; (ii) investing in countries 'lagging behind' in development in the 1950s and (iii) human rights to protect political, economic and social rights in the 1960s (Gupta; Pouw; Ros-Tonen 2015). According to Gupta (2015), this development led to a growing need for a new, more inclusive international economic order. The debt crisis in the 1970s accelerated a shift in the development debate, as many developing countries suffered immense debt and fiscal discipline in the 1980s and as a result, health, education and
poverty reduction programs often had to be cancelled (Gupta; Pouw; Ros-Tonen-2015). Many Sub-Saharan African countries experienced a period of economic stagnation, characterized by military conflicts, economic mismanagement and an unsustainable external debt (Zamfir, 2016). The structural adjustment program and a number of neoliberal policies led to an aggravation of poverty and exclusion of vulnerable actors, particularly “the bottom billion” (Collier, 2007).

During the 1990s, the focus of development thus shifted to human development, reducing poverty and increasing entitlements (Gupta; Pouw; Ros-Tonen 2015). A growing movement within development advocated for growing awareness on participatory development (Chambers 1997), and an increasing focus on capabilities and freedom (Sen, 1999). Gender inequality and “third world woman's survival” are an 10 important part of that conversation. These dimensions have been taken into account in the Millennium Development Goals (MDGs) in the 2000s. In the last decade, the environment has become an additional dimension of development due to growing concerns of climate change and environmental problems. These economic, social and environmental issues became the three dimensions of Sustainable development (Gupta; Pouw; Ros-Tonen 2015). The Sustainable Development Goals (SDGs) are adopted in the Sustainable Development Agenda 2030, the current global agenda that builds of from the Millennium Development Goals (MDGs). The adoption of the SDGs somewhat illustrate the impressive change in development thinking over the last few decades.

While the world has seen significant strides in poverty reduction and economic growth in the last decade, there are still millions of poor and vulnerable populations that are left behind from the development process. The recent work of Piketty (2014) highlights the process of growing inequality, and the dangers of inequality on development and social cohesion. Similarly, Oxfam (2014) draws attention to the obscene fact that 85 people own as much as bottom half of the world (Gupta; Pouw; Ros-Tonen 2015). The role of equity on development has thus gained considerable attention in recent years. This has also sparked recent interest in “inclusive growth”, although this concept is significantly different from inclusive development. Inclusive development is a recent dimension of development that thus puts a strong emphasis on the poorest and most marginalized by taking into account economic, social and environmental dimensions and structural factors that hinder the poorest from participating in the development process.

2.2. Breaking down the concept: growth, development and “inclusiveness”

The difference between growth and development should be clear at an abstract level. Growth often refers to economic growth, in other words an increase in per capita income. Development, on the other hand, encompasses an agenda beyond growth. According to Kanbur and Rauniyar (2009), the term has been used to refer to (i) just economic growth, (ii) changes in economic structure of production (rising share of industry and then services from an agricultural base), (iii) spatial distribution of population (increasing urbanization), and (iv) improvements in social indicators such as education and health among other socio-economic indicators. Some scholars have built upon the notion of development by highlighting the importance of freedom, democratic values and human rights. Other scholars add that people’s participation in the decision making process which affect their lives is a basic tenet of development (Senn 1999). Although development cannot be defined as precisely as growth, these examples suggest that development consists of more than improvements in the well-being of citizens, it also describes “the capacity of economic, political and social systems to provide the circumstances for that well-being on a sustainable, long-term basis” (Kanbur and Rauniyar 2009).
The role of inclusiveness is important because growth and development are not evenly distributed across sectors and regions (Johnson and Anderson, 2012). The measure of GDP is effective in measuring economic growth, but it fails to demonstrate how the wealth of a country is distributed. Some economists hold the assumption that growth is the most important aspect of development, and assume that it will “trickle down” to all important segments of society and increase the wellbeing of most of the population by a vertical flow from rich to poor (Johnson and Anderson, 2012). In this context, the notion “inclusive growth” rather than inclusive development is often used. Inclusive growth can be defined as growth that is “broad-based across sectors, and inclusive of the large part of the country’s labor force” (WB, 2009). Other economists suggest that this process will marginalize some people and leave important groups of the population behind. An increase in GDP may not bring equal benefit to all citizens; economic inequalities, for example may not change or may even increase as a country’s economy grows (Abbott et al 2016). Sachs (2014) notes that inclusiveness also means that form of development which encompasses civil, civic and political rights. Inclusive development thus “hinges on the inclusion of excluded people and the utilization of their capabilities (Johnson and Anderson, 2012)

2.2.1 Inclusive growth, pro-poor growth vs inclusive development

There are two important aspects that help differentiating inclusive growth from inclusive development. The first, and most familiar, is to “go beyond a narrow understanding of development as primarily an economic process to one with an integral focus on the achievement of equity and the rights and status of citizenship” (Hickey, 2015). The second is to shift “the focus beyond poverty and the poor”. As argued by Hickey (2008), this discourse can make it difficult to think politically and it may distract from a focus on achieving the fuller goal of social justice implied by the term inclusive development. Ultimately, inclusive development focuses on the distribution of social and material benefits across social groups and categories but also the structural factors that cause and sustain exclusion and marginalization of vulnerable groups in society. This may be related to gender, sex, age, race, ethnicity, political orientation and other related factors. Inclusive development thus occurs when average achievements on income and non-income dimensions of wellbeing improve and inequalities in these achievements fall. These two aspects reflect a development agenda that goes far beyond growth and income, and this may explain why inclusive growth has been more predominant in the development debate than inclusive development.

Another related concept to inclusive development is the notion of “pro-poor growth”. The term is older than inclusive growth and came to be as a result of an increased focus on poverty reduction that occurred in the 1970s and onwards (Johnson and Anderson, 2012). Pro-poor growth can be defined as one that “enables the poor to actively participate in and significantly benefit from economic activity” (Kakwani and Pernia 2000). Pro-growth may boost economic growth but fails to acknowledge the cost of inequality. Poverty may fall because growth effects dominate the inequality effect. In this case, growth is pro-poor in the sense that poverty has fallen, but it is not inclusive in the sense that inequality has risen. The recent experience of most fast-growing economies, in Asia and elsewhere, matches this stylized pattern (Kabur and Rauniyar, 2009). Inclusiveness itself can be more or less pro-poor for any distributional change associated with any given growth rate depended on whether certain types of inequalities decrease and reduce poverty. The focus on policy for poverty reduction must thus be “growth with as much inclusiveness as possible, and with as much inclusiveness of the poorest as possible” (Kabur and Rauniyar). Although growth is fundamental, it has become clear that (i) economic growth alone is not enough and (ii) that it is not uncommon that it is pursued in such a way that social and economic exclusion are increased rather than diminished

2.2.2 A definition of Inclusive development
The term “inclusive development” is gradually finding its way in the development discourse. The concept is a relatively new term in the field, and according to Ali and Zhuang (2007) there is no agreed-upon and common definition of inclusive development (Rauniyar and Kanbur 2009). Whereas some scholars define inclusive development as a “process that occurs when social and material benefits are equitably distributed across divides in society” (Hikey, 2015), others focus on the “voice and power to the concerns and aspirations of otherwise excluded groups” (Johnson and Anderson 2012). Inclusive development also has an “integral focus on the achievement of equity and the rights of citizenship” (Hickey, 2013). This general definition largely represents the meaning of the concept of inclusive development knowing that these benefits necessarily comprise not only economic and material gains but enhanced well-being widely experienced.

Several found definitions of inclusive development are listed in Table 1 below. There is a general agreement that inclusive development forces focus on the equitable sharing of the benefits of growth and related distribution of well-being in society across divides within societies, across income groups, genders, ethnicities, religions, religious groups or others. Inclusive development brings into play dimensions of well-being beyond simply income while inclusiveness focuses attention on the distribution of well-being. It equally values and incorporates the distributions from all stakeholders including marginalized groups in addressing development issues. It promotes transparency and accountability and enhances development cooperation outcomes through collaboration between the civil society, governments and private sector actors (Musahara, 2016). Inclusive development is also expanded to include human rights, participation and non-discrimination and accountability (OXFAM, 2014).

Table 1: Names of authors and their definitions of “inclusive development”

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition of inclusive development</th>
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<tbody>
<tr>
<td>Ali and Zhuang (2007)</td>
<td>no agreed-upon definition</td>
</tr>
<tr>
<td>Johnson and Anderson (2012)</td>
<td>Inclusive development is “a process of structural change which gives voice and power to the concerns and aspirations of otherwise excluded groups. It redistributes the incomes generated in both the formal and informal sectors in favor of these groups, and it allows them to shape the future of society in interaction with other stakeholder groups”</td>
</tr>
<tr>
<td>Hickey; Sen; Bukenya (2015)</td>
<td>Inclusive development is “a process that occurs when social and material benefits are equitably distributed across divides within societies, across income groups, genders, ethnicities, regions, religious groups, and others”</td>
</tr>
<tr>
<td>Gupta J, Pouw. N, and Ros-Tonen M. (2015)</td>
<td>Inclusive development is a “development that includes marginalized people, sectors and countries in social, political and economic processes for increased human well-being, social and environmental sustainability, and empowerment”</td>
</tr>
<tr>
<td>Musahara (2016)</td>
<td>Inclusive development as “improvement in distribution of well-being along the dimensions beyond growth”, as at the same time, average improvement in achievements is realized”</td>
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</tbody>
</table>

2.3. Dimensions of Inclusive Development

The dimensions of inclusive development are difficult to address if there is not an agreed definition of the concept. Some scholars focus on a human rights perspective (Arts, 2016), whereas other scholars focus on the political (Hickey 2013) or the ecological dimension (Gupta, 2016). Although development cannot be defined as precisely as growth, it is clear that inclusive development forces focus on the improvements of
well-being as well as “the capacity of economic, political and social systems to provide the circumstances for that well-being on a sustainable, long-term basis” (Kanbur and Rauniyar 2009). From an international development perspective, inclusive development implies a “reiterative scrutinizing of who is included in and who is excluded from the improvement of human well-being and society at large, and on what grounds, and how inequality in society can be reduced by also examining the institutionalized relations between poor and rich” (Gupta et al, 2015). Dimensions of inclusive development can therefore be best determined by including various dimensions that are interconnected to one another, but not mutually exclusive: the role of social inclusion; poverty and distribution as well as the political and environmental dimension.

2.3.1 Social inclusion, exclusion and participation

Social inclusion is an integral part of inclusive development. Social inclusion can be defined as “the process of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity” (WB, 2017). Another definition highlights social inclusion also enhances capabilities, broadens social ties of respect and recognition, and at the collective level, enhances social bonds, cohesion, integration and solidarity (UNDP, 2015). The initial emphasis of inclusion has been on economic inclusion through poverty reduction, social protection and employment creation. However, it has become increasingly clear that inclusion also has social and political dimensions (Abbot et al, 2016). Some scholars have thus argues that social inclusion is a “membership of society- with citizenship as the basis for participating in the social, economic, political and cultural institutions of a society (Levitas 1998). Following this line of thought, social inclusion ought to be based on “the recognition of rights and responsibilities, accountability and judgement and of the fundamental equality of all, and on the provision of life chances for all members of society to participate in the activities of society” (Silver, 2015). Social inclusion is thus also inherently political, and it is crucial for inclusive development to address social inclusion considering the various dimensions and its effect on dimensions of well-being.

If we want to understand inclusive development, we need to answer questions about social exclusion. Who are the excluded people? From what are they excluded? How and why are they excluded? (Johnson and Anderson 2015). In every country, certain groups- whether migrants, indigenous peoples or minorities confront barriers that prevent them from fully participating in their nation’s political, economic and social life. The poor are, not a homogenous group, as non-poor individuals can be socially excluded because of stigmatized and devalued characteristics (Abbott et al 2016). These groups are excluded through a number of practices ranging from” stereotypes, stigmas, and superstitions based on gender, race, ethnicity, religion, sexual orientation and gender identity, or disability status” (WB, 2017). Some scholars highlight the “poverty trap” (Collier, 2007) as means of exclusion. Other scholars have contributed to this understanding arguing that a deprivation in poverty can lead to deprivation in other dimensions of well-being. Sen (1999) argues that “poverty is a deprivation of capabilities and thus of the substantive freedoms people need in order to live the kinds of lives they value” (Sen, 1999). Grounds of exclusion thus go beyond poverty, and also influence the idea of participation, and the overall capacity and freedom of people as part of the development process.

Countries that used to be referred to as developed are grappling with issues of exclusion and inclusion perhaps more intensely today than they did a decade ago. And countries previously called developing are grappling with both old issues and new forms of exclusion thrown up by growth (WB, 2013). “Nonlinear demographic transitions, global economic volatility, shifts in the international balance of power, and local
political movements have had a large part to play in these shifting sands” (WB, 2013). However, the ideal of an inclusive society varies by country and by region. Development is country-specific and different places have different histories, cultures, institutions and social structures. Social inclusion is for example, influenced by “what institutions exist, on how they change, and on how they exclude and include people in social relations and interactions” (Johnson and Anderson 2015). These factors influence the economic, social, and political dimensions of social exclusion and the interplay among them” (Silver, 2015). Inclusive development thus focuses on the inclusion of excluded people and the utilization of their capabilities (Johnson and Anderson 2012). Furthermore, it aims to address the structural factors that cause and sustain exclusion and marginalization of vulnerable groups in society. Understanding this dimension is critical to inclusive development because socially inclusive societies are safer and more stable, and meet the essential conditions for economic transformation and growth, high levels of productive employment and social cohesion (Abbott et al 2016)

2.3.2 Poverty and Distribution

In recent years, there has been a growing call for inclusive development due to a growing concern of unequal distribution of income and wealth. In the last two decades, income inequality has increased within many countries despite positive growth figures (OECD, 2017). Failure of growth to “trickle down” to “the bottom poor” has exacerbated inequality and exclusion. The poorest two-thirds of the world’s people are estimated to receive less than 13.5 percent of world income, while the richest 1 percent amass nearly 15 percent (Oxfam, 2015). Beyond income, about half of the world’s wealth is owned by the richest 1 percent of the population, with the richest 85 people collectively holding the same wealth as the poorest half of the world’s population (Oxfam, 2017). Recent work of Piketty (2014) attracted widespread attention to this analysis. These developments highlight the importance of poverty and distribution, and

Promoting inclusive development from a relational perspective also implies tackling inequality (Gupta et al, 2015). Inequality is historically inherited and institutionalized in social rules; but modern policies can also explicitly or implicitly exacerbate inequalities (Gupta et al, 2015). For example, the privatization of public services can exacerbate the access of the poor to these services at a local level. Redistributive policies are meant to address unequal distribution of income and wealth, but this has shown to be more complicated. People may be benefit from economic growth through redistributive policies, but as passive receivers, they do not take an active part in the production of values (Anderson and Johnson 2015). The distribution of goods and services does not necessarily take into account the root causes of unsatisfactory distribution. Income and wealth may be redistributed by policy measures while the deeper mechanisms generating the problems are left as they are. People then remain passive and development does not become more inclusive (Anderson and Johnson 2015). Inclusive development can be seen as a countervailing strategy to preempt this process through equitable distribution of social and material benefits across social groups and categories in the hope to achieve improved income and non-income dimensions of wellbeing and inequalities in these achievements fall.

Rising income inequality in developed and developing countries has been associated with higher economic volatility and slower progress in human development. Income inequality hinders human capital accumulation and undermines education opportunities for disadvantaged individuals, thereby lowering social mobility and hampering skills development (UN, 2013). Inclusive development forces focus on the unequal distribution of wealth and income, because it hampers development and increases the likelihood of the poor to be excluded from the development process. A high inequality rate and persistent inequality makes it harder to reduce poverty. Evidence suggests that a 1 percent increase in national income reduces
income poverty 4.3 percent in the most equal societies but just 0.6 percent in the least equal (UNDP, 2016). Some scholars suggest further that inequality can threaten social cohesion and hamper social mobility, possibly fueling social tensions that can lead to civil unrest and political instability (OECD, 2015). It is imperative for inclusive development to avoid the risks inequality poses on human development, making this dimension critical to the concept of inclusive development.

### 2.3.3 Political dimension

It is now widely accepted that politics plays a significant role in shaping the possibilities for inclusive development. Politics can be defined as “all the processes of conflict, co-operation and negotiation on taking decisions about how resources are to be owned, used, produced and distributed” (Leftwich, 2004). Some scholars see political dynamics and development processes as inextricably intertwined, with both positive and negative implications for the prospects of inclusive development (Hickey, 2013). Menocal (2017) argues that the main challenge in promoting growth and more inclusive development are often not technical or even financial, but political. New actors and groups can arise, electoral incentives for governing elites to provide public goods can increase, and marginalized groups can mobilize collectively to press for recognition and inclusion. However, political dynamics may also negatively impact prospects for inclusive development. Political dynamics include both structural factors such as the legacy of colonialism, the distribution of power in society and the nature of elite settlements, as well as the role of individual and collective state actors (Hickey, 2013). The role of institutions has similarly shown to be essential in shaping the nature of development outcomes (Acemoglu and Robinson 2012). External actors and international dynamics can also play an important role in determining the prospects for more inclusive growth. Although there are diverging perspectives on the role of politics in development, there is a general consensus that politics heavily influences the prospects of inclusive development.

The role of the “political settlement”, elite commitment and political leadership are arguably also crucial elements of what works. Political settlement refers to the balance or distribution between contending social groups and classes, on which any state is based (Hickey, 2013). If power is distributed equitably, inclusive development has a better chance at being promoted than if the power were to be distributed unequally across social groups and classes. Lessons learned from Asia (Menocal 2017) conclude that elite commitment is one of the most important factors. How elites (economic, political and social) are linked to broader groups in society, and whether they will use their power and influence to encourage progressive change or to entrench their privileged position, will determine the boundaries of the kinds of transformations that are possible. Where elite commitment included developmental and redistributive elements proved to be highly durable over time (e.g. Malaysia and Singapore), whereas contentious politics and a lack of elite commitment resulted in inclusive development being more uneven (e.g. Philippines and Thailand). Although both authors are drawing from country-experiences in Asia, there is a general consent on the relevance of elite commitment and political leadership on prospects for inclusive development.

### 2.3.4 The environmental dimension

While initially inclusive development was focused primarily on social aspects, some scholars have argued that inclusive development has a strong ecological component (Gupta J, Pouw N, Ros Tonen N, 2015). The extreme poor and vulnerable often depend upon “local resources (soil, forests, fish, water) and are vulnerable to land, water, fish and carbon credit grabbing” (Gupta et al, 2015). Large groups of vulnerable people are at risk of falling into poverty, particularly marginalized rural populations. Rural households
frequently face major interrelated shocks such as good or bad harvests. The well-being of all people is thus closely related to continual investment in maintaining ecosystem services (Chopra et al, 2005). However, “global recession has exacerbated the trend in global politics to adopt development/environment trade-offs in favor of a focus of growth and employment, at the cost of both the environment and inclusiveness” (Gupta et al, 2015). This has spurred new debates in development and has led to concepts of green economy (UNEP, 2011) and green growth (WB, 2012), which promote economic growth within environmental limits. Inclusive development views the environment and environmental services vital to the needs of the poor. Unlike growth, inclusive development can be seen as a “countervailing strategy” to pre-empt trade-offs in favor of the economy at the cost of the society and the environment, because it is has shown to exacerbate poverty and the exclusion of marginalized and vulnerable populations from the development process.

3. INCLUSIVE DEVELOPMENT IN PRACTICE

Inclusive development as a concept is not only growing in the development literature, but also in usage in the current development policy realm. The importance of inclusion and the role of equity on development has gained significant attention in recent years, and this is reflected in the current development debate among international organizations, governments and NGOs. After having gained a better understanding of the distinct meaning of the concept inclusive development, and its dimensions, it is important to explore the use of the concept in practice.

The use of the concept inclusive development in practice can be determined best by addressing the following questions:

- To what extent is the notion inclusive development integrated in the current global agenda of the Sustainable Development Goals (SDGs)?
- What does inclusive development look like comparing various policy frameworks of relevant factors such as multilateral organizations, the European Union (EU) and the regional agenda in Sub-Saharan Africa?
- How have Sub-Saharan African countries compare in integrating the notion inclusive development in their national policy and to what extent has this been successful? A case study will be used for this question.

3.1. Inclusive Development on the Global Agenda

The Millennium development goals (MDGs) of 2000 aimed to improve the lives of the world’s poorest people. It mobilized people in different parts of the world and in different capacities to implement the MDGs, even though the end results have been uneven (Gupta J and Pouw N, 2016). The post-development agenda has followed up to the now expired MDGs to set up a new agenda: The Sustainable Development Agenda. Sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The overarching principle of the Sustainable Development Goals (SDGs) adopted by global leaders in 2015 is the pledge to “leave no one behind”. Realizing this vision will require poverty eradication, better income distribution and sustained socio-economic progress over the next 15 years.

The Sustainable Development Agenda foster the idea of inclusive development in a number of ways. The term ‘inclusive’ has been mentioned 52 times in the UN Global Sustainable Development Report 2015, and represents “the effort by social justice and environmental actors to bring the center of gravity of the trade-
offs between social, environmental and economic issues towards social and environmental goals” (Gupta J. and Pouw N, 2016). Inclusion is a crucial part of inclusive development, and the Sustainable Development Agenda’s emphasis on inclusion is reflected Goals 8, 10, 11 and 16. Goal 8 is to promote sustained, inclusive and sustainable growth with employment creation; Goal 10 to ‘empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status’; goal 11 is to ‘make cities and human settlements inclusive, safer, resilient and sustainable’ and goal 16 aims to promote peaceful and inclusive societies as well as inclusive institutions (Silver, 2016). Although these goals aim at addressing various socio-ecological issues, some scholars, note that the actual achievements may be measured through a conservative economic framework, which may emphasize efficiency at the cost of inclusiveness (Gupta J. and Pouw N, 2016).

3.2. Multilateral organizations: IMF and the World Bank

The International Monetary Fund (IMF) and the World Bank are institutions in the United Nations system. They share the same goal of raising living standards in their member countries with complementary approaches to this goal. Whereas the IMF focuses on macroeconomic issues, the World Bank concentrates on long-term economic development and poverty reduction. For a long period of time, both institutions prioritized a monetary framework build on the idea that economic growth is the most important driver of socio-economic development. However, in recent years the the World Bank and the IMF have shifted towards achieving “inclusive growth”. The World Bank has launched a new goal to end extreme poverty within a generation by promoting shared prosperity, focusing on increasing income growth among the bottom 40% in every country (WB, 2016). Shared prosperity translates into “improving the welfare of the least well-off in each country, and includes a strong emphasis on tackling persistent inequalities that keep people in poverty from generation to generation” (WB, 2016). Implicit in this framework is the idea to not only promote growth, but also sustainability and inclusion in order to create more and better jobs, to invest in people’s health, education, nutrition, and sanitation, and to develop effective safety net programs to ensure that the most vulnerable can persevere in the face of shocks (WB, 2016).

Although the IMF and the World Bank provide greater access to non-monetary measures, their agenda remains to be centered around growth. The difference between growth and development is hereby important to understand, as well the dimensions that make up inclusive development. The nature of the inclusive development concept not adopted, only elements of inclusion in the context of growth. Some scholars remain critical about the role of inclusion. According to Gupta and Pouw (20150, inclusion is confined to “market participation (by creating jobs for the poor) and efficiency (of economic processes, policies and institutions), and builds further upon an economic paradigm that does not assign value to social or environmental sustainability in its growth models” (Gupta J and Pouw N 2015). Only when multiple criteria of development performance are accepted, an inclusive development policy agenda can be grounded in a new economic theory that goes beyond growth (Gupta J and Pouw N, 2015).

3.3. The European Union (EU)

The European Union (EU) has several policy frameworks in which inclusive growth and inclusive development are used interchangeably. However, the EU does consider both monetary and non-monetary dimensions of growth and development. Since there is no agreed upon definition of inclusive development by the European Union, it is difficult to assess the extent to which inclusive development is adopted by the European Union. There are several complementary policy and cooperation frameworks that govern EU relations with African countries. The EU and Africa are guided by a set of policy frameworks that include
the Global Strategy for the EU’s Foreign and Security Policy, the UN’s 2030 Agenda and Africa’s Agenda 2063. In recent years, both continents have forged new relations through a strategic, trans-continental partnership. The 5th Africa EU Summit in 2017 is a significant Summit that will provide a critical opportunity for African and European leaders to reshape and deepen their relationship in response to the evolving context. Sustainable and inclusive development and job creation in Africa are among the EU’s main strategic objectives. The EU has identified agriculture and energy as key sectors to generate inclusive development in both rural and urban areas. According to the EU, these sectors will be able to provide abundant opportunities to create sustainable and adequate jobs, particularly in view of climate change related challenges and adaptations. In this context, sustainable and inclusive development is used in the policy framework, making it significant in comparison to other frameworks where inclusive growth is favored over the concept inclusive development.

3.4. African Union (AU) and the African Development Bank (AfDB)

The policy climate across Sub-Saharan Africa has changed significantly in the last two decades. While the Sustainable Development Agenda 2030 has set out a new development framework, the African Union (AU) has similarly launched a new framework to ensure the continent’s long term sustainability and socio-economic development. The African Union (AU) has launched the Agenda 2063, for structural transformation and shared strategic framework for under the vision to achieve a “a prosperous Africa based on “inclusive growth and sustainable development” (AU, 2015). The focus on inclusive growth and sustainable development may reflect elements of inclusive development, but it is important to note that “inclusive development” is different in nature. However, the vision of the AU is yet build on a goal to achieve a high standard of living, quality of life and wellbeing for all citizens as well as improved of standards in education, health, agriculture, communication, industrialization and the environment (AU, 2015). Africa’s political leadership acknowledged past achievements and challenges and rededicated itself to the Pan African vision of “an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena.” (AU, 2015)

The African Development Bank (AfDB) has made a significant effort integrating the role of “inclusion” in its strategic framework. The AfDB mostly refers to inclusive growth as “economic growth that results in a wider access to sustainable socio-economic opportunities for a broader number of people, regions or countries, while protecting the vulnerable, all being done in an environment of fairness, equal justice and political plurality”. Today the term is widely accepted as central to Africa’s future prosperity. (Kayizi 2017)

A large number of publications and literature nevertheless highlight the importance of “inclusiveness” on the African continent, even if most literature refers to “inclusive growth”. Promoting inclusiveness is advocated due to the modest improvement in social indicators and the widening inequality gap. The rise of inequality and the demographic structure of Sub-Saharan Africa urge action to create decent work, productive employment and opportunities for all citizens to be part of the development process. The rapid population growth and the demographic dividend additionally imply that inclusiveness is key in making sure Sub-Saharan Africa can take advantage of its demographic dividend in the next decades. Marginalized and vulnerable populations have to be included in the development process to ensure the region continues to experience sustained economic growth and development. The key dimensions of inclusive development thereby seem to be somewhat integrated into a large number of publications and government papers despite usage of a different concept.

The Economic Commission for Africa has been at the forefront of proposing an economic and social transformation agenda for Africa. The lack of “a transformative effect of growth on social and human
development has been brought to the fore in recent policy debates” (Economic Commission for Africa, 2013a). The agenda is guided by five major transformative shifts, namely: (a) leave no one behind; (b) put sustainable development at the core of the agenda; (c) transform economies for jobs and inclusive growth; (d) build peace and effective, open and accountable institutions for all; and (e) forge a new global partnership (ECA, 2017). The commissions refers to transformation as a need to “ensure that economic development is sufficiently inclusive and that it translates into improved well-being for Africa’s populations” (ECA, 2017). The concept inclusion is key to social transformation in achieving a balanced and equitable development agenda. To accompany this new paradigm, the Economic Commission for Africa has developed the Africa Social Development Index, “a tool intended to help Governments to assess progress in the reduction of human exclusion and to promote more inclusive and equitable policies”. The image below represents a paradigm presenting Sub-Saharan Africa’s shift to “growth and equity”. In this framework the notion of inclusiveness is emphasized, as well as growth, but not the concept of inclusive development.

Figure 2: From basic structural transformation to growth with equity

Source: Economic Commission for Africa (2014)

3.5. Case study: Rwanda

Rwanda has experienced sustained high economic growth in the last decade. Between 2001 and 2015, real GDP growth averaged at about 8% per annum. Strong economic growth was accompanied by substantial improvements in living standards, evidenced by a two-thirds drop in child mortality and the attainment of near-universal primary school enrolment (WB, 2017). The poverty rate dropped from 44% in 2011 to 39% in 2014 while inequality measured by the Gini coefficient reduced from 0.49 in 2011 to 0.45 in 2014. Unlike other countries in Sub-Saharan African, Rwanda managed to bring down the poverty rate with a decline in inequality. A strong focus on homegrown policies and initiatives contributed to a significant improvement
in access to services and in human development indicators. Some scholars would argue that this has put Rwanda on the right track of achieving inclusive development.

The policy agenda of Rwanda has put a strong emphasis on inclusive growth rather than inclusive development. The 2012-2016 Bank’s Group country strategy paper (CSP) as well as its current strategy has no presence of achieving “inclusive development “although inclusiveness in the context of growth is significant. The overarching goal of Rwanda’s Vision 2020 is to “transform the country into a lower middle income economy by improving its competitiveness while ensuring unity and inclusive growth and development”. Rwanda’s strategy to achieve this goal is led by the overarching goal of “growth acceleration and poverty reduction” through four thematic areas: economic transformation, rural development, productivity and youth employment, and accountable governance (WB, 2017). The nation’s goal is achieve a gross domestic product (GDP) per capita of $1,000; and have less than 30% of the population below the poverty line, and have less than 9% of the population living in extreme poverty (WB, 2017). This strategy reflects the need for Rwanda to achieve rapid economic transformation, and to reform the country’s agricultural based economy into a more service oriented urban economy that can provide sufficient jobs. The country has made deliberate efforts to make growth more inclusive, and experienced a progressive shift investing in areas that empower citizens to participate more productively in the economy.

Despite the lack of the concept inclusive development in Rwanda’s national strategy and policy guidelines, the country has made been considerable achievements in various inclusive development dimensions. President Kagame has spoken multiple times to the country’s “continued efforts to ensure increased participation by marginalized groups in all areas of national life, saying that all Rwandans must participate and benefit from development”. Policies promoting inclusive development are also crucial to build social cohesion, which is still very fragile in Rwanda twenty years on from the genocide. For 2015, only Rwanda among other countries performed a GII of 0.4, demonstrating its commitment to hampering inequality. The Human Development Report also showcases that Rwanda has made impressive improvements in gender inequality and its commitment to environmental matters. Although Rwanda still has considerable development challenges, the country is making considerable achievements in not only poverty reduction, but also other non-monetary dimensions of development and well-being. Prospects for inclusive development are in this case positive, even though the agenda focuses on an agenda of inclusive growth, rather than inclusive development.

### 3.6. Overall adoption of inclusive development in policy realm

Overall adoption of inclusive development in the development debate Inclusive development is becoming a key focus of alternative approaches to development that include the voices of the poorest and most marginalized. Many countries are currently following policy frameworks in which the role of inclusion is becoming an important aspect as it carries significant implications for development. A majority of institutions, organizations and country governments, however, have not adopted the concept inclusive development. Most developing countries prefer “inclusive growth” as a development approach (AfDB, World Bank and most developed and developing countries). Although the element of inclusion is integrated in the concept, it remains to be centered around growth figures and national income rather than distribution issues and care for the environment (Gupta 2016). The concept of inclusive development may be developed more in the future as more organizations, governments and policy think tanks adopt the concept into contemporary development approaches.

### 4. Concluding Remarks
The world has seen impressive economic growth in the past two decades, making improvements in both monetary and non-monetary dimensions of development. While growth has been regarded as the most important driver of socio-economic development, today it is clear that growth alone is not sufficient in improving the welfare of a population. This paper has put its focus on Sub-Saharan Africa, a continent that is considered as the fastest growing region in the world with average GDP growth rate of 5.5% in the past decade. However, a total of 389 million people across the continent still live on less than US$1.90 a day, which is more than all the other regions combined. Social indicators have picked up only modestly, with unemployment remaining high while income inequalities have widened. The fruits of growth have not been shared equitably, and large groups of poor and vulnerable populations have been excluded from the development process. In recent years, there has been a growing call for inclusive development to meet contemporary development challenges.

Although the term is gradually finding its way in the development discourse, it has not come with conceptual clarity. The aim of this paper was to build a better conceptual understanding of the notion of inclusive development. Although there is not a specific definition, it has become clear that inclusive development is based on the improvements of well-being, as well as the capacity of economic, political and social systems to provide the circumstances for that well-being on a sustainable long-term basis. Understanding the idea of inclusion and development is imperative, as well the way inclusive development differs from growth. Growth that leads to meaningful development is that which reduces poverty. Growth may be favorable to the poor as well as the rich but with variant inequality it leaves the poor worse off. Inclusive development thus requires a multidimensional approach to poverty and for this reason the concept includes social, economic, political and environmental dimensions. Inclusive development forces focus to the distribution of social and material benefits across social groups and categories, but also the structural factors that cause and sustain exclusion and marginalization of vulnerable groups in society.

This paper has also explored the extent to which the concept has been adopted in the policy space looking at both the global agenda and important actors in the policy realm. Inclusive development appears on a growing level in policy spaces, including the frameworks of multilateral institutions, international organizations and country-governments. The Sustainable Development Agenda further fosters the idea of inclusive development and has pledged its focus to “leaving no one behind”. This is an important development that has brought important dimensions, such as inclusion, to the forefront of the global agenda. The need to sustain the growth and to promote inclusive and sustainable development means that policy interventions are needed at national and certainly continental levels. Despite increasing popular use, the term has also been used interchangeably with related concepts such as inclusive growth. It is therefore important that conceptual distinctions are made so that in the content of policy making the terms are not used interchangeably. Although inclusive development still holds multiple contestations, this paper has shown that that, inclusive development is gaining a momentum in both the literature and in practice, with or without being a buzzword.
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