

The Netherlands and inclusive growth in Africa

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Tracking Development

The publication of David Henley's *Asia-Africa, development divergence. A question of intent* (Zed Books 2015) marks the end of the Tracking Development project and its successor *Developmental Regimes in Africa*.¹ This project provided a great deal of material regarding inclusive development. The most important finding is that the rapid and remarkably inclusive growth of the Southeast Asian economy (with its spectacular drop in poverty while maintaining high economic growth since the 1970s) is due, in part, to macro-economic stability and granting producers the freedom to produce what they want and to trade with whomever they want. But it is also due to the political will of the most influential social elites to work on substantial agricultural improvements and rural development, thereby effectively reducing poverty. It is the basic finding that smallholders have become more productive and wealthier and that productivity has risen both in terms of production per hectare and production in terms of output per worker. Only once this had improved significantly did Southeast Asian countries begin to invest massively in industrialization. The effect of this was a strong rise in urban employment and, as an indirect consequence, a large additional demand for better quality agricultural products for urban consumers. Subsequently, this had a variety of knock-on effects on agricultural- and rural development.

In this respect, Asia had - and has - it easier than Africa. The social elites in Asia felt threatened by popular movements (or, indeed, emerged from them, as in Vietnam) and formed *'developmental regimes'* in order to combat the political threat from the countryside. In Africa, for a long time this threat was not - or was hardly - there; insofar as there was an effective threat, it came from the

¹ Tracking Development delivered a number of contributions to Development Policy Review, including Jan Kees van Donge, David Henley & Peter Lewis (2012): *Tracking Development in Southeast Asia and Sub-Saharan Africa: The primacy of policy*. *Development Policy Review* 30 (S1): 5-24. This was followed by the summary, in Dutch and English, by Dirk Vlasblom (*'Een kwestie van goed boeren'*, African Studies Centre Leiden 2012 and *'The Richer Harvest'*, idem 2013; both online). In 2013, *'Asian Tigers, African Lions'* (Bernard Berendsen, Ton Dietz, Henk Schulte Nordholt & Roel van der Veen; African Dynamics 12, Brill Leiden) was also published. This also included contributions from the two Asian and two African doctoral students who earned their PhDs through this project: Ahmad Helmy Fuadi, Leang Un, Bethuel Kinuthia and Blandina Kilama. On the Dutch side, the *Developmental Regimes in Africa* project (2012-2015; ODI London, together with the African Studies Centre and Leiden University, funded, like the previous Tracking Development project, by the Dutch Ministry of Foreign Affairs) delivered a number of policy briefs and a Synthesis Report (<http://www.institutions-africa.org/filestream/20150216-developmental-regimes-in-africa-synthesis-report>). In addition, the 13th African Dynamics book by the African Studies Centre and Brill was published: Akinyinka Akinyoade, Wijnand Klaver, Sebastiaan Soeters & Dick Foeken: *Digging Deeper: Inside Africa's agricultural, food and nutrition dynamics* (Brill Leiden, 2014). This book considers in detail whether *'pockets of effectiveness'* can be seen in African agriculture after 2000 and whether there are breakthroughs that indicate growth in rural Africa (with particular attention for the Tracking Development countries: Nigeria, Kenya, Uganda and Tanzania).

cities and from the military. Meanwhile, the youth uprisings in parts of Africa, but also the ethnic and Islamist revolts in the countryside as well as the involvement of the African diaspora with opposition groups and state-bypassing initiatives, can be seen as harbingers of an increasing threat. In addition, a widespread Green Revolution in relation to rice and wheat was possible in Asia, helped by the fact that there were good soils and water supply at the moment when the institutions of the Green Revolution fell into place. In Africa, the food supply is much more diverse (and is also based much more on tuber- and root crops and on cattle and poultry) than in the areas of the Green Revolution in Southeast Asia, and the soils and water supply are much less suited to successful innovations and rapid, effective increases in production. Since 2000, however, we have seen all sorts of breakthroughs in Africa, as our book *'Digging Deeper'* illustrates; while we cannot talk of a Green Revolution, we can talk of Green Evolution. It is clear that these breakthroughs are primarily the result of private initiatives around the rapidly growing cities in Africa, rather than being supported by a political elite that has the political will to undertake serious and extensive rural development, agricultural innovation and poverty reduction. With African exceptions such as Rwanda, Ethiopia and parts of Nigeria, we see that such initiatives (as previously in Southeast Asia) often go hand in hand with political repression and other forms of *'bad governance'*, which calls into question the political primacy of *'good governance'*, the mantra of much development cooperation. In most other places in Africa where there is rapid growth of agricultural production and rural development, central state services do not appear to be an important *'driver of change'*; rather, it is a combination of private commercial and non-commercial actors (farmers' organizations, traders cooperatives, NGOs, religious organizations, CBOs, sections of local authorities and research institutions, all with or without the support of foreign private investment, development cooperation partners and/or the diaspora), that lead to breakthroughs. And many of the driving forces originate in the cities and from the urban middle class.

Businesses as strategic actors of inclusive development in Africa

From this perspective, the INCLUDE research programme is crucial to better understanding who the strategic actors for inclusive development are, for an agenda pushing greater poverty reduction and employment and for a sustainable social protection agenda for the most vulnerable population groups. INCLUDE's research on strategic actors should look specifically at which kinds of businesses can be partners (and also already play a role) in inclusive development. I can think of four types of roles that businesses can adopt in this respect:

- The development and provision of cheaper products and services that are more accessible for the poorest 40% of the African population (the World Bank currently identifies the 40% *poor and ultra-poor* as the poverty groups requiring specific monitoring to determine whether and to what extent they are benefiting from the new *Sustainable Development Agenda*).
- The creation of more jobs for young people from the poorest families and circumstances. This can be in a direct sense or by effectively promoting *local content* in an inclusive way (in line with what companies such as Heineken, Unilever and now Shell are doing). This also means the effective improvement of relevant value chains and the promotion of innovative

cooperation, but in a way that pays attention to the promotion of employment of the poorest.

- Promoting investment in public goods by companies. This can be, in part, by paying taxes and making payments to local and central government and by pressing for the 'decent' use of these taxes and payments for inclusive local development. But it can also be by making social investments in the spheres where companies operate (housing, water supply, health insurance, etc.; areas that, for example, several Dutch companies have traditionally been active in).
- Promoting inclusive innovation and especially promoting local initiatives in relation to '*frugal innovations*': technical and organizational innovations that facilitate the development and supply of new products and services for much less money than usual, or in ways that are accessible and lucrative for the poorest.

Limits to focusing on business (and on the central premise of the trade-and-aid synergy)

Focus on inclusive growth with a large(r) role for business also has its limits.

- There will always be remote areas and minority groups, poor or not. The Netherlands has a long tradition of integrated rural development; at the end of the 1990s, this came to be viewed as ineffective and was abolished in terms of it being the core of Dutch development cooperation. Many of the programmes were developed specifically in remote areas and for marginal groups and can still be viewed as experimental methods that more could have been learned from. There is a danger that especially where large infrastructural projects are now being implemented or planned in remote areas or for politically marginalized groups, there could be new and tough confrontations if such projects are not accompanied by support that is judged locally as acceptable in the broad field of poverty reduction and emancipation.
- The foundation of more equal opportunities is a combination of qualitatively adequate universal primary, secondary and higher education, along with accessible primary healthcare that is sufficiently caring and of sufficient quality, and a massive improvement in the water supply – and all of this also in remote areas. The Netherlands invests very little in this anymore (with the exception of water supply) but should join the initiatives of others in the focus countries in Africa.
- In a meeting in February 2015, Prof. Lanjouw pleaded for greater understanding of who the poor are. In the PAdDev research, which I led (www.paddev.nl), attention was paid systematically to the issue of local rich-poor relationships and how, in the perception of the participants in the PAdDev workshops, the different classes of poverty had or had not benefited from the sum of development interventions in previous decades and how that was rated locally by various groups of 'stakeholders' who took part in the PAdDev exercises. PAdDev-type methods provide much insight into the exclusiveness or inclusiveness of development interventions (and into investments in general) and into the reasons for exclusion. Furthermore, the problem is not just the lack of range or the lack of specific knowledge and 'targeting' among development actors, but also the self-exclusion of large groups of poor people and their inadequate integration into local institutions and

organizations. Inclusion also has a lot to do with emancipation and with social solidarity with groups that do not automatically benefit from innovations and growth. The World Bank's plea for the explicit and systematic assessment of the impact of various interventions on the poorest 40% would be a big step forward, but it should not simply be done *for* the poor, but primarily by the poor themselves (harking back to *Voices of the Poor*).

Strategic partnerships for inclusive development

Clearly, it is important to connect the policy agenda for inclusive development with businesses that are already taking initiatives in this area and for whom the poorest are an important market segment, or should be. This is a high growth sector for the consumer industry (for example, Unilever) and for suppliers of public goods (for example, Philips), but also banks such as Rabobank and Triodos Bank, with a tradition and experience of inclusive development (also within the Netherlands in respect of Rabobank) are obvious strategic partners. The challenge is also attracting many small- and medium enterprises as strategic partners in this area and to do this in cooperation with associations such as the Netherlands-African Business Council (NABC) and then to integrate this with the initiatives of the Netherlands Enterprise Agency (RVO.nl).

Yet another potentially important strategic partner is the many organizations in the Netherlands (and their partners in Africa and elsewhere) that explicitly deal with groups that, almost by definition, are the most vulnerable: the disabled (in the Netherlands: the Liliane Fonds, Light for the World, Karuna Foundation, Netherlands Leprosy Relief, among others), troubled youth (in the Netherlands: SOS Kinderdorpen, Red een Kind, Child Helpline International, etc.), older people in problem situations (e.g. World Granny), HIV/AIDS and other chronic illnesses (diverse organizations), indigenous peoples (e.g. NCIV) and pastoralists/nomadic farmers (e.g. Cordaid). I note that the results of the Partnership Choices of the Ministry for Foreign Affairs in relation to *Lobby and Advocacy* are such that almost all of these groups have been ignored as strategic partners, while it is precisely in this field that there is a great deal of experience in terms of inclusive development for the most vulnerable groups and which, (if we look at the donating behavior of Dutch people) are widely supported among the population.

A third type of strategic partner, which appears to be totally overlooked in many discussions about inclusive development in the Netherlands, is those organizations in Africa linked to religion: mosques and churches are often the organizations longest involved in 'hands on' poverty reduction and in supporting the poorest groups and most marginalized peoples. This is where the greatest experience is in terms of '*social protection*' in practical situations. It speaks volumes that Woord en Daad – an organization that I have come to value as one of the best and most reliable development organizations in the Netherlands when it comes to hands on poverty reduction – has not been chosen as a partner. But secular Holland has a much broader problem with acknowledging the undeniable importance of '*faith based*' initiatives in Africa and with understanding what is going on there (including the radicalization of Muslim and Christian organizations and their members). Especially in areas where it appears that central governments no longer have any control (the many 'no-go areas' in Africa; see <https://openaccess.leidenuniv.nl/handle/1887/30128>), religious

organizations are frequently the only ones who remain institutionally embedded and have legitimacy, although they, too, partly fuel the violent militias and their ideas.

Finally, it is important to recognize that the social protection and inclusive development agenda would benefit from close cooperation with diaspora organizations active in the Netherlands. Indeed, here too, there are many connections with religious organizations with a diaspora background.