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Governance and poverty reduction in Africa

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A careful review of the literature in political science and neighboring social science disciplines shows that prevailing assumptions in the international development policy community about improved governance as a principal mechanism to reduce poverty in Africa rests more on faith than science. Conventional policy models for tackling poverty fail to take into account the peculiar socioeconomic and political conditions in Africa, where the vast majority of those living on one dollar a day or less are only marginally captured by market and state institutions and instead rely on solving their problems ''outside the system.'' Poverty reduction through formal institutions therefore becomes ineffective. Although political science and other neighboring social science disciplines offer insights into these peculiarities, these contributions have been largely ignored to date. One reason is that economists continue to dominate the international development policy agenda. Another is that political scientists have typically looked at how economic variables shape political ones, rather than the other way around, as implied in the current governance agenda. Governance remains an undertheorized area of research held back by two chasms, one between economists and other social scientists and another between the scientific and the policy communities, to the detriment of gaining a better understanding of how it may help reduce poverty in Africa.

informal institutions | Millenium Development Goals | development policy | politics

After 40 or more years of trying to assist sub-Saharan Africa to develop and modernize, the region remains an enigma to the international policy community. It has adopted a range of strategies and approaches spanning from the application of modernization theory in the 1960s to providing support for services aimed at meeting basic human needs and on to neo-liberal market theories and good governance. The proverbial elephant has been examined from all possible angles with only a minimal discovery of what really works in Africa. The main reason is that the international development community has been reluctant to learn what the elephant is all about when up close. It has continued to rely on its conviction that theories and practices that have proven effective elsewhere will also work in Africa.

For someone engaged in studying development in Africa since the early 1960s, it is shocking how little learning there is among agencies funding development in the region. Equally disappointing is how little the social sciences have been able to change this unproductive scenario. There is plenty of original insight into the social and economic conditions that characterize Africa, but most of it has been ignored in favor of theoretical interpretations that fail to capture these anomalies. The models that have been applied to analyze Africa are derived from historical experiences of the industrialized West. They ignore the fact that, due to only a late integration into the world economy and still a peripheral position in it, Africa has not yet been effectively penetrated by state and market that have developed fully elsewhere and that these models take for granted. In a historical perspective, Africa is different, but neither policy analysts nor social scientists have taken this observation *ad notam*.

This chasm between theory and the realities on the ground in contemporary Africa is the subject of this paper. I begin by discussing the more recent efforts by the international development community to assist Africa. I continue by showing how economists and political scientists have tackled the relationship between governance and poverty before turning to a closer examination of what has been generally left aside in these types of analyses. The conclusion draws the implications of this marginalization of relevant knowledge and how the international development community may become more effective in its attempt to assist Africa. Throughout, the paper draws on a recently published review of 50 years of political science research in Africa (1), as well as ongoing research in the social sciences.

What Matters for Policy: Economics or Politics?

Most prominent agencies in the international development community now acknowledge that poverty reduction is as much a political as an economic issue. It is evident in the United Nations' Millennium Development Goals (MDGs) and poverty alleviation strategies adopted by multilateral bodies, various bilateral agencies, and the U.S. Government's Millenium Challenge Account. The assumption is that accountable and transparent government, free and fair elections, the rule of law, and a vibrant civil society are necessary governance qualities for successful implementation of poverty alleviation strategies. These criteria form the core of the "good governance" agenda embraced in a number of recent policy documents, e.g., the Paris Declaration on Aid Effectiveness adopted by member governments of the Organization for Economic Cooperation and Development (OECD) in 2005 (2).

This effort to get not only prices but also politics right is ambitious and controversial but generally pursued in an astonishingly optimistic and assured fashion. This is particularly true in the African context, where socioeconomic conditions make both poverty reduction and improved governance especially difficult. With regard to the MDG to halve the 1990s one-dollar-a-day poverty headcount by 2015 (3), Africa lags behind all other regions in progress to date. Africa's increasingly faster growing economies have done little, if anything, so far for Africa's millions of poor people. About half of sub-Saharan Africa's 750 million-plus people still live on less than one dollar a day, a figure that has been static since 1990, whereas in South Asia it dropped from 39% in 1990 to 30% in 2001 and is dropping further, and in eastern Asia (mainly China) it fell from 33% to 17% in the same period and is now falling faster still (4). The 2005 progress report on the MDGs confirms this. Although definite progress is being made in South Asia, Latin America, and the Caribbean, no progress (or a deterioration, even a reversal) in sub-Saharan Africa is recorded with regard to such key indicators as (*i*) reducing extreme poverty by half, (*ii*) reducing mortality of under-5-year-olds by

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two-thirds, (*iii*) measles immunization, (*iv*) halting and reversing the spread of HIV/AIDS, and (*v*) halting and reversing the spread of malaria. With regard to reducing hunger by half, the report estimates that this target will not be met by 2015 if prevailing trends persist (5).

These figures ought to be a call for urgent and drastic action, but the international community has continued to rely more on business-as-usual than "thinking outside the box." Its efforts have continued to focus on transplanting institutional practices from the West with little attention to their fit in the African context and what timeline is suitable for such an approach. Building bureaucracies through public sector reform or democracy through the rule of law are processes that, in a historical perspective, have taken generations to complete. For the OECD countries, governance has become an end in itself. As its Secretary General stressed at a ministerial meeting in November 2005: "Good governance is the basis of all OECD activities, which is hardly surprising given that it is essential for all economic and social progress" (6). Although it would be wrong to imply that no progress at all is being made, the contribution toward "good governance" in Africa by the donor community is characterized more by a stumbling than a powerful stride forward.

With this record in hand, there are some who believe that a different approach is needed. Jeffrey Sachs, the principal architect of the United Nations' Millennium Project, is the most prominent "rebel" in the international development community. He has concluded that sub-Saharan Africa is too poor to grow and needs a "big push," which means large sums of foreign money (7). Much of this money, he believes, should go to local communities that are ready to develop a sense of ownership of such additional resources. For this reason, he and his collaborators within the United Nations system have been active in establishing Millennium Villages that are meant to be effective implementation entities and thus showcase a new and different approach.

As praiseworthy as this effort is, it has its own problems. It has produced criticism among those with experience of international development assistance in the past. First, there is doubt about the wisdom of massive capital transfers to Africa. Those that were made in the 1950s and 1960s by the World Bank never achieved what was intended. Poverty reduction, they would argue, is hardly the rocket science that Sachs wishes us to believe it is. Africa's earth-bound economies are not likely to reach flight velocity merely from an increased injection of fuel. A second line of critique comes from those who doubt that village communities are the magic entities for development in Africa. Forward and backward linkages are difficult to develop in rural settings, where households and villages are engaged in similar production activities and macro/microeconomic relations are poorly developed. Furthermore, these are not autonomous entities, but closely linked to urban or semiurban networks that draw resources away from the villages. Trying to make people stay on the land and develop agriculture is not as easy today after decades of failure in transforming peasant smallholder practices. This is not to imply that these critics are right and Sachs is wrong, but it does suggest that elevating the village to the status of driving force in national development is a leap of faith.

Whether Africa benefits more from a significant capital transfer or from stronger institutions is not just an issue for policy analysts in the donor community. It has occupied social scientists for many years. How helpful are their insights for understanding the development conditions in Africa?

What Economists and Political Scientists Say

The debate about what to do with Africa continues to be heavily influenced by economists who tend to focus on levels of external resources needed and the capacity of governments to handle additional resources. This debate has gone through several rounds, beginning as it did in the 1960s with the simple Harrod–Domar model, which implied that physical capital is the only factor of production, and aid therefore would have a direct impact on economic growth. Economists have since moved into more complex models to trace the relationship between capital and output. Some still provide models that show a positive relationship. Those, other than Jeffrey Sachs, who believe that a large increase in aid levels can be justified to meet the MDG target include Hansen and Tarp (8) and Lensink and White (9), who base their analyses on econometric estimates of the relationship between aid and economic growth. The number of economists who are critical is much larger. Collier and Dollar (10), using a different econometric model, conclude that significantly higher levels of foreign aid will not be helpful because the capacity of African governments cannot absorb such an enlargement. Easterly (11) also shows that foreign aid cannot really buy economic growth in Africa. Although somewhat more positive in their analysis, Rajan and Subramaniam (12) nonetheless conclude that the potential impact of foreign aid on economic growth is seriously circumscribed. The common denominator among these development economists it is that institutions are weak and absorptive capacity therefore is lacking. This is also the message that the international donor community has internalized.

Although economists may agree with the diagnosis that institutions in African countries are weak, the problem lies in the recommendations that are typically drawn from this analysis. Rather than asking the question of where institutions come from in the first place and what conditions are needed for a particular type to evolve, the economists (and by extension, the donors) tend to think in terms of institutional blueprints of "good governance." They assume that improved governance will help reduce poverty. There are two problems with this assumption. One is with the causal relation between politics and economics, or governance and poverty. The other is with the definition of governance and how it is operationalized.

The directionality of the relationship between governance and economic development is in considerable dispute. Research into politics in the last 20 years has found the predominant influence flowing from the economic development realm to that of governance. Research highlighting an opposite causal relationship has for long been overshadowed by the former but has been bolstered by a few important studies in the last couple years.

Mainstream political scientists have been primarily interested in democratization. Democracy is to operationalize than governance and has been widely preferred by scholars. Much literature in the past two decades has concentrated on how economic development influences democracy and how gains of a democratic transition can be consolidated. This thesis goes back to the original formulations of Lipset (13) and Cutright (14). Writing in what was then a dominant modernization perspective, they saw a strong correlation between high levels of economic development, measured as GDP per capita income, levels of industrialization and urbanization, and numbers of educated people, and democracy. This thesis has been revisited by other scholars, e.g., Burkhart and Lewis-Beck (15) and Gasiorowski and Power (16), who largely confirm it, but add the finding that being in the periphery of the world economy stacks the odds against democracy especially high. Therefore, the conventional wisdom in political science is that the causal relation goes from economics to politics. This applies to a study by Przeworski and Limongi (17), who show that economic variables do not explain the transition from authoritarian-

ism but at least have a positive correlation with the survival of democracies.

This structuralist approach is complemented within the discipline by a multitude of agency-based studies that have their origin in the experience of regime transition in southern Europe and Latin America in the past 20 years. Influential contributions have been made by O'Donnell and Schmitter (18), Przeworski (19), and Linz and Stepan (20). Using a rational choice approach, much of it focuses on the negotiations that characterized the transition from a military autocracy to a civilian democracy in those countries. It treats the transition as a game in which actors aspire to cut their losses and make as large gains as possible.

None of these mainstream approaches makes immediate sense in the African context. Being the poorest region and definitely occupying a peripheral place in the world economy, the prospects for democracy, according to this literature, are by definition the slimmest. Furthermore, attempts to democratize in Africa have typically not involved a formal negotiation between military and civilian leaders. Conditions in Africa instead have led to a transition driven by ruling single-party cliques agreeing under different degrees of pressure to a multiparty arrangement. For this reason, elections following such an agreement have become particularly important vehicles determining the outcome of this process. A recent comparative study of elections in Africa 1989–2004 confirms this and also shows that holding elections in and of itself is a democratizing factor. Lindberg (21), joining others, e.g., Seligson and Booth (22) and especially Anderson and Dodd (23), who show how elections furthered democracy in Central American countries, indicates how elites across Africa tend to adjust their behavior and strategies in accordance with increasing experience with elections. Regime survival, in his view, has little to do with level or rate of economic development. Also, poor countries can experience democratization through holding regular elections (even if the first or second attempts may be tainted by fraud or other irregularities). By focusing on elections as institutions, Lindberg avoids the excessive reliance on either a structural or actor-based explanation. The conclusion is that few argue that the causal relationship goes from political to economic development or, by extension, from governance to poverty. Yet, it would be wrong to assume that such a relationship exists. The point is that mainstream political science has not really explored it in any meaningful degree.

In contrast to these academic studies, which tend to avoid the challenge of operationalizing the governance concept and instead operate with a "minimalist" definition of democracy, as in the works of Schumpeter (24) and Dahl (25), focusing on participation and contestation as key dimensions, donor agencies have been using a broad definition of governance that is normatively loaded in favor of such factors as predictable, open, and enlightened policy-making, a bureaucracy imbued with a professional ethos, an executive arm of government accountable for its actions, a strong civil society participating in public affairs, and every one conforming with the rule of law (26).

This multidimensional definition and use of governance has made it difficult to apply in academic studies. The most ambitious attempt in that direction, not surprisingly, therefore comes not from university-based political scientists but from econometricians based in the World Bank. To attempt to capture the many dimensions of "good governance," researchers at the World Bank Institute have in recent years ranked countries with respect to the following qualities of governance: (*i*) voice and accountability, (*ii*) political stability and absence of violence, (*iii*) government effectiveness, (*iv*) regulatory quality, (*v*) rule of law, and (*vi*) control of corruption (27). These six dimensions, neither adequately delineated nor sprung from a theory, are a loose assemblage that the authors assume are independent of each other and when operationalized really measure what they purport to measure. The World Governance Indicators, as this project is called, covers 213 countries and territories and is based on several hundred variables produced by 25 different sources, including commercial data providers.

The project has several design flaws. The six clusters lack a common theoretical foundation and are arbitrarily selected to suit policy priorities within the World Bank and the international donor community. They are merely summary descriptions of the indicators in each cluster, even though there is often lack of coherence within each one of them. For instance, "voice" and "accountability" come out of very different sets of literature and are not really theoretically compatible. Yet, in the World Governance Indicators, they are found in the same cluster. This and other shortcomings in the project are now being highlighted by critical observers, the best summary being a review done on behalf of the OECD (28). It is for these reasons that one should question Kaufmann and his colleagues' claim that good governance has a very large development dividend. They call it the "300% dividend" because, according to their analysis, a one-standard-deviation improvement in governance raise incomes per capita in a country by $\approx$300% in the long run (29). Policy practitioners and scholars alike have reason to take this claim with caution. They are better off accepting that governance remains an under-theorized area of research and that new sources of data collected with a more stringent and scientific approach are preferable.

The concluding points here are that governance is a contested and difficult concept that most political scientists have avoided for these reasons, that there is little evidence that governance serves as an independent variable in relation to poverty, and that neither economics nor political science has really explored variations outside the mainstream models in the respective disciplines. So, what significant insights in regard to governance and poverty reduction in Africa have they failed to include?

The Overlooked Economic and Political Realities

Wherever individuals have yet to become more fully dependent on a "system" driven by rational market and bureaucratic rules, the principal assumptions of mainstream market theory in economics, and increasingly political science, that mankind is rational, economic goals and motivations override all other considerations, mankind is afforded choices, and individuals have the information to know which choice will maximize their economic values, do not really hold. As Ekeh (30) noted in a seminal piece, the loyalty of most Africans is to their kinship unit, and to the extent that they have access to public resources provided through state or market mechanisms, they use these to assist the needs of kinfolk. What Waters (31) had to say about peasant's life, that it is not centered on specific bureaucratic goals, but more generally on growing enough food, having a large extended clan, and enjoying and protecting the family, is also applicable to the many millions of Africans who have migrated into urban slums. Even if they may not be able to grow their own food, and exercising parental authority is more difficult in the urban environment, they are not really part of a civic public realm and prefer to act outside the framework of formal institutions (32–34). Africans tend to resort to the "economy of affection," i.e., personal networks that provide instant support in a reliable fashion (35). They do so for good reasons: (*i*) transaction costs are much lower because it is easier for a poor person to approach a well endowed neighbor, relative, or friend to help provide a good or a service than associating with other poor people to try to collectively

obtain it; (*ii*) free-riding is not a real problem because, for instance, patrons take pride in providing a common or public good even if others do not contribute, giving them the power over others they seek; and (*iii*) the moral hazard is low because even if the risks tend to mount with the break-up of old community boundaries, seeking out others informally for problem solutions is less risky than relying on formal institutions to do so. Although much of the structuralist critique of the 1970s, e.g., Rodney (36), Leys (37), and Amin (38), is still valid when it comes to understanding Africa's predicament, agency matters in the local African context (39–41). Much of it amounts to coping under very difficult circumstances, but the point is that this behavior undermines formal institutions and renders them ineffective as instruments of development.

Classical and modern theorists, including Smith, Marx, Weber, and Polanyi, agree that to support larger numbers of people than in agrarian societies, the economy needs to be "rationalized" so that it can generate a more productive society. A country needs functioning market institutions and also a rational–legal type of bureaucracy to make sustainable progress. Today's poverty alleviation strategies are based on this assumption, but they have only limited effects in contexts where the majority of actors rely on informal institutions like kinship networks, clientelist relations, or unregistered micro credit and savings groups. Donor strategies ignore the behavioral traits associated with premodern social formations. Although there is a school of structuralist scholars who may disagree with this, the notion that peasants in Africa are "uncaptured" (42) remains valid. In fact, this label still holds and applies not only to rural producers but also to the rapidly growing number of people seeking a livelihood in the urban informal sector spurred by economic liberalization and, ironically, poverty reduction programs like primary education. Although there are "pockets" where agriculture is still faring quite well, e.g., the highlands of East Africa and the vicinity of large urban markets, migration to the urban areas is at risk of turning these lands into vegetable farms or subsistence plots. In fact, it is already happening in various places (43).

One reason why money is not invested in agriculture has been lack of price incentives. Another equally important reason is the high dependency ratio that characterizes African households. Large families mean many dependents per bread-winner, a situation that has been aggravated in recent years because of the prevalence of HIV/AIDS in many parts of the continent. Social obligations are typically ignored in the theories that guide agricultural development policy. Current poverty alleviation policies follow the market or commodity theory associated with Schultz (44), who asserts that once farmers accept commodity production, they respond to market demand within constraints placed upon them, maximizing production to the level of maximum reward. The power of this theory stems from its success elsewhere, especially Asia. African peasants have generally proved to be more risk-averse (45, 46), but they have not followed the trajectory assumed in the model of Hayami and Ruttan (47), according to which peasant farmers can be induced to innovate by adopting technological and institutional changes that are endogenously derived as a result of shifts in resource endowments and demand. Binswanger and Pingali (48) showed that mechanization was making a difference to agricultural productivity in West Africa, but such cases have remained isolated rather than a common practice across the continent. Risk aversion in rural Africa is much more dramatically manifest in diversification into off-farm sources of income, and agriculture is being marginalized without the benefits that have accrued to other regions of the world that have gone through this transformation (49, 50).

A more appropriate model for understanding poverty reduction in Africa is the consumption-based or "needs" theory with origins in the work of Chayanov (51) and Boserup (52, 53). It asserts that production is driven by household needs. A positive scenario associated with this theory, especially in the writings of Boserup, is that with a higher population–land ratio, farmers are "forced" to employ greater labor and technical inputs to achieve greater productivity. A comparative study in the early 1990s showed that such changes were evident in densely populated areas of east and west Africa (54). Farmers were innovating and as a result also increasingly integrated into the market economy. However, economic liberalization has, somewhat ironically, encouraged the opposite: a move out of agriculture. The growth of the informal sector across Africa provides ample evidence of its prevalence. The social networks of support, drawing on relatives and friends who have an obligation or incentive to do so, has been weakening in the rural areas but continues to keep urban and rural people together in new ways (55, 56).

This lack of agricultural transformation in Africa may limit economic development at the macro level, but it leaves room for social mobility that is not found in Asia and Latin America, where society is more heavily stratified. An analysis of statements made by poor people in different countries of the world in a study sponsored by the World Bank confirms that subjective perceptions of poverty differ in accordance with the objective realities of these various places (57). Thus, poor persons in regions outside Africa overwhelmingly stress social exclusion, humiliation, and the impossibility of surviving in circumstances where the rich make life difficult through regulations (or lack thereof). In Africa, in contrast, being "poor" is perceived to stem from inherited traditions discriminating against women, lack of access to health and education, or being "overeducated," e.g., an academically trained person having to work in the informal sector. The only references to social exclusion are in discussing HIV/AIDS. This important study of the voices of the poor tells us a paradox: where poverty is most prevalent, the sense of oppression is least apparent (except in the context of individual households).

Turning now to governance, conditions in Africa are again different from prevailing policy assumptions. The international donor community assumes that corruption is the source of not only "bad" governance but also lack of economic development. Thus, the governance agenda has been largely reduced to an anticorruption campaign. The vast majority of African countries are among the most corrupt in the world, together with Bangladesh, Myanmar, and Paraguay (58).

Corruption is generally treated as the absence of adherence to formal rules that are transparent and allow for holding officials publicly accountable. Because formal rules in Africa are prevalent, combating corruption is different from regions like Latin America or Asia, where corruption tends to stem mainly from the relative strength of state institutions in society rather than the weakness of these institutions as in Africa. Because governance there is extensively reliant on informal relations, power does not stem from occupying official positions alone. It comes from the ability to create personal dependencies, from mastering a clientelist form of politics (59).

Plenty in the literature of political science and anthropology confirms this. Especially relevant is the rich treatment of how African countries are ruled. It dates back to the early 1980s with contributions, for example, by Jackson and Rosberg (60), Callaghy (61), and Joseph (62). In recent years, this literature has provided interesting accounts of how these informal power relations shape the capability, accountability, and responsiveness of formal

governance structures. Some contributions [for example, by van de Walle (63)] show how collective action is inhibited by the prevalence of these informal power relations. However, others [for example, Chabal and Daloz (64)] point to the vibrancy of indigenous institutions and the cost of ignoring them. Galvan (65) shows how local actors in rural Senegal "reinvent" formal institutions and turn them into "hybrid" entities that serve the development needs of local communities. In sum, there is no consensus among scholars as to what informal relations mean for the quality of governance in Africa.

The principal message to the international development policy community, particularly well articulated by Fukuyama (66), is that transferring institutional practices from rich to poor countries is highly problematic. Donors find it difficult to conceive of legitimate political authority in developing countries except in terms of models that have worked relatively well in developed countries: a merit-based bureaucracy, an independent judiciary, and programmatic political parties. Even if there are signs in some donor agencies, for example, the United Kingdom's Department for International Development (DfID) and the Swedish International Development Cooperation Agency (Sida), of a growing interest in more in-depth political and institutional analysis (67), this new direction is controversial in donor circles because it does not support the "big push" initiative that many seek. It underlines the need for policy and institution building to be driven by a local political process, which takes time and is beyond the control of donors.

Implications for the Future

The prevalence of informal instead of formal institutions makes Africa a major challenge to policy analysts and practitioners in the international development community. With a large percentage of the population living in the margins of the economic and political systems, and having the capacity to circumvent formal rules, getting a "handle" on the poverty issue in Africa is especially hard. African society is not legible in the same way as societies with strong formal institutions are legible (68). Mainstream models of economic development and governance fail to grasp this. The inevitable result is that policies, to the extent that they are adhered to in the first place because of the dominance of clientelism, fall short of expectations. It is one reason why international donors in the past two decades have argued in favor of relying on the market for resource allocation. In contexts where sharing with other people is viewed as far more important than saving or investing, the market also has problems of providing incentives that tie people closer to its principal institutions. Savings remain foremost a women's activity. They save in rotating savings-and-credit groups, but these add little to the growth of the national economy and are aimed more at coping with hardship than anything else. The vast majority of the rapidly increasing number of urban residents in Africa operates in the informal sector doing their best to avoid the "claws" of city councils and other regulating institutions. A large percentage of these residents constitute the one-dollar-a-day population that the international development community hopes to reach with its interventions. They are poor, but the difference between this population and the poor in Asian and Latin American countries is that they have more alternative social mechanisms to fall back upon. Coping through sharing is still widely practiced in Africa. Although this moral economy, the economy of affection, may eventually give way, it continues to be important as long as market penetration remains limited and state control is ineffective. Not only peasants but also an increasing number of urban residents, as Shanin (69) noted long ago, make the economists sigh, the politicians sweat, and the strategists swear, defeating their plans.

What one can do in these circumstances? Three approaches with different objectives may be of particular relevance. I call them here the evolution, diffusion, and insulation models, respectively.

The evolution model assumes the opposite to current mainstream approaches by building on what already exists on the ground. Thus, it does not *a priori* reject informal institutions but instead tries to explore which of these institutions are congenial to evolution in a direction that is more in line with the rational, and formal, requirements of national development. This model would benefit from a closer understanding of the scientific knowledge that so far has been largely left aside by mainstream theories in economics and political science. It is in line with the thinking within agencies like DfID, which aims at identifying "drivers of change" that explain why policies succeed or fail in African countries.

The diffusion model assumes that not everything is horrid in the public sector in Africa but that there are "pockets of productivity." The task, therefore, must be to identify where they are and how they can be not only sustained but also spread to other agencies or sectors. It relies on identifying "champions of success," individuals who have the qualities of inspiring others while also seeing opportunities that average public servants do not realize. It also implies allocation of resources to support the "success of success." It is more opportunistic than the typical approach among donors, which focuses on carefully designed plans before approval. There is quite a lot of evidence in the literature on organization theory that supports this kind of approach. The question is whether the donor agencies and government departments can incorporate it into their modus operandi.

The insulation model assumes that the detrimental aspects of informal institutions like clientelism can be contained. Rather than heaping money on African governments or nongovernmental organizations (NGOs), the insulation model argues for retention of the inflow on foreign aid money in development funds that are controlled not by political patrons like the president or a cabinet minister, but by a troika made up of representatives of government, civil society, and resource providers. With such a triad on the board of these funds, the game-theoretic model shifts in the sense that three-party games reduce the likelihood of money being misappropriated because there will always be the chance of a whistleblower. This model also allows foreign aid to become demand instead of supply driven. Local communities, local governments, or NGOs will compete with each other for money from these funds and will have to prove their competitiveness before they get the money. This encourages them to engage in institution-building while bidding for and implementing a development project like a health clinic, water supply, or school. This approach, which has been field tested and is contained in a document from an expert consultation (70), would avoid the problems associated with the Millennium Village approach, which simply pumps in the money without attention to local capacity because of the belief its architect, Jeffrey Sachs, has in economic incentives.

These models are not mutually exclusive. They offer a repertoire for action that is based on the socioeconomic and political realities of contemporary Africa. They are realistic and would give Africans an opportunity to take charge of their own development in ways that the current reliance on foreign "blueprints" does not. The fact that they have not been seriously considered so far is a testimony both to the inadequacies of the donor agencies and to the problems of incorporating knowledge that does not fit mainstream science models. Taking on this twofold challenge with greater interest would not itself solve Africa's problems, but it would offer a better shot at doing it than 40 years of development thinking in the international community has managed so far.

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