



# Observatory for Inclusive Governance - **Watch and Act!**

The role of inclusive governance for development has occupied academic spaces and has been on the agenda of international financial institutions and development agencies in recent years. According to the OECD<sup>1</sup>, the question of how to promote governance processes that are more inclusive and representative and lead to development results that are more widely shared has emerged as a major priority in international development. This trend has been driven by the realisation that, on the one hand, in the long run, more open and inclusive states and societies tend to be more prosperous, effective and resilient. On the other hand, it is how countries that can be considered more inclusive today got to where they are, and how developing states and societies can forge more inclusive governance processes over time in ways that will also contribute to prosperity and well-being.

In any case, some virtues are notable of inclusive governance and its role for development: It allows people to exercise voice and influence in the processes that concern them and can provide the basis for forging a shared identity and common values and thus can galvanize social cohesion;

- It helps to promote inclusive development outcomes, but this process is not linear or automatic. It requires a great deal of strategic agency, vision, leadership and capacity to be effective. The role of the state in sustaining inclusive governance and inclusive development is also essential;
- It makes it possible to change power structures and redefine state-society

relations. This process of transformation involves dynamics and contestation. Thus, there are always tensions, dilemmas, and trade-offs between equally important and compelling priorities, and there are no easy or ready ways to resolve them<sup>2</sup>.

- Exclusivist governance institutions can have negative impacts on society:

- Poverty: Exclusivist institutions not only perpetuate economic disadvantage, but also negatively impact the non-economic dimensions of poverty. This includes lack of access to services, lack of voice in decision-making, and vulnerability to violence and corruption;
- Different socio-economic groups: Exclusivist institutions do not only affect the poor. Supporting social inclusion requires measures beyond increasing income;
- Intensified disadvantage: Exclusive institutions in one sphere can multiply disadvantage in others. The combination of gender, age, ethnicity, sexual orientation and place of residence has a greater impact on whether a person lives in poverty and is marginalised from enjoying resources and services than a single dimension of disadvantage<sup>3</sup>.

Taking into account the assumptions discussed above, this paper seeks to reflect on the dynamics of economic growth in Mozambique over the last decade. It shows that, despite having experienced high levels of economic growth, this growth has not been inclusive and has not translated into improved living conditions.

<sup>1</sup> <https://www.oecd-ilibrary.org/docserver/960f5a97-en.pdf?expires=1638788766&id=id&accname=guest&checksum=8E672EA203A1F78C04BE374FD02DD297>

<sup>2</sup> <https://www.oecd-ilibrary.org/docserver/960f5a97-en.pdf?expires=1638788766&id=id&accname=guest&checksum=8E672EA203A1F78C04BE374FD02DD297>

<sup>3</sup> GSDRC. Inclusive Institutions: Topic Guide. <https://gsdrc.org/wp-content/uploads/2015/07/InclusiveInstitutionsTG.pdf>



# 1. What is governance?

While the concept of governance is widely discussed among policymakers and academics, there is still no strong consensus around a single definition of governance or institutional quality. The United Nations Development Programme (UNDP) defines governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences”. In turn, the World Bank defines gover-

nance as the method by which power is exercised in managing a country’s political, economic and social resources for development<sup>4</sup>.

Linked to this concept, the concept of good governance has gained prominence in recent years, accompanied by guiding principles (transparency, accountability, participation, efficiency, and others). Good governance implies, among other things, predictable, open and enlightened policymaking with the aim of promoting strong but clearly delimited states capable of sustaining economic and social development and institutional growth<sup>5</sup>.

## 1.1. What is inclusive governance?

Inclusive governance refers to “a normative sensibility that positions itself in favour of inclusion as a benchmark against which institutions can be judged and also promoted”. Inclusion as part of the debate on governance and development is subdivided into two strands: process-based inclusion and outcome-based inclusion<sup>6</sup>.

- Process-based inclusion is about how decisions are made - who is included in decision-making processes and how and why, which voices count and how these dynamics and interactions shape the nature and quality of decisions made and how they are implemented. The extent to which governance is more or less inclusive has to do with the extent to which and the ways in which people and groups who have traditionally been left out or margi-

nalised groups (including women, youth, racial, ethnic and religious groups, persons with disabilities, etc.) are able not only to participate, but also to exert greater influence on political processes and hold government authorities accountable.

- Outcome-based inclusion relates to issues of distributional equity. This includes, for example, how key development outcomes such as growth, infrastructure, health, education, water and sanitation, social welfare, justice or security are distributed or shared. Outcome-based inclusion speaks to who benefits from prosperity, why and with what effect<sup>7</sup>.

Therefore, inclusive governance should be seen in the context of this relationship between the vectors highlighted above.

<sup>4</sup> <https://www.parlicentre.org/Governance.php>

<sup>5</sup> <https://documents1.worldbank.org/curated/en/711471468765285964/pdf/multi0page.pdf>

<sup>6</sup> [https://www.researchgate.net/publication/344783452\\_WHAT\\_DOES\\_INCLUSIVE\\_GOVENANCE\\_MEAN\\_CLARIFYING\\_THEORY\\_AND\\_PRACTICE\\_OECD\\_DEVELOPMENT\\_POLICY\\_PAPERS](https://www.researchgate.net/publication/344783452_WHAT_DOES_INCLUSIVE_GOVENANCE_MEAN_CLARIFYING_THEORY_AND_PRACTICE_OECD_DEVELOPMENT_POLICY_PAPERS)

<sup>7</sup> [https://www.researchgate.net/publication/344783452\\_WHAT\\_DOES\\_INCLUSIVE\\_GOVENANCE\\_MEAN\\_CLARIFYING\\_THEORY\\_AND\\_PRACTICE\\_OECD\\_DEVELOPMENT\\_POLICY\\_PAPERS](https://www.researchgate.net/publication/344783452_WHAT_DOES_INCLUSIVE_GOVENANCE_MEAN_CLARIFYING_THEORY_AND_PRACTICE_OECD_DEVELOPMENT_POLICY_PAPERS)



## 2. What tools have been used to measure the quality of governance?

Drawing on existing notions of governance, and on the assumption that governance refers to “the traditions and institutions by which a country’s authority is exercised, the World Bank identifies three areas:

- a) the process by which governments are selected, monitored and substituted;
- b) the government’s ability to formulate and implement sound policies effectively;
- c) the respect of citizens and the state for the institutions that govern economic and social interaction.

Thus, the World Bank constructs two measures of governance corresponding to each of these three (3) areas, resulting in a total of six (6) dimensions of governance:

**a) *The process by which governments are selected, monitored, and replaced:***

**1. Voice and accountability** - captures perceptions of the extent to which citizens of a country can participate in the selection of their government, as well as freedom of expression, freedom of association and freedom of the press.

**2 Political stability and absence of violence/terrorism** - captures the perceived likelihood that the government will be destabilized or overthrown by violent or unconstitutional means, including violence with po-

litical motivation and terrorism.

**(b) *The ability of the government to formulate and implement sound policies effectively:***

**3. Government effectiveness** - captures perceptions about the quality of public services, the quality of public service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.

**4. Regulatory quality** - captures perceptions about the government’s ability to formulate and implement sound policies and regulations that enable and promote private sector development.

**(c) *The respect of citizens and the State for the institutions governing economic and social interactions between them:***

**5. Rule of law** - captures perceptions of the extent to which agents trust and abide by societal rules, and in particular the quality of contract enforcement, property rights, the police and courts, and the likelihood of crime and violence.

**6. Control of corruption** - captures the perception of the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as the “capture” of the state by private elites and interests<sup>8</sup>.

<sup>8</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/3913/WPSS430.pdf?sequence=1&isAllowed=y>



### 3. Measuring inclusive governance in Mozambique - Watch and Act!

APD Mozambique is a platform for sharing experience and knowledge on inclusive governance and structural transformation for sustainable growth, where stakeholders and other participants are involved in the debate on the concept, framework and monitoring mechanisms.

The aim is to find a definition of “inclusive governance” as an approach that fits the context of Mozambique. At the level of APD Mozambique, four (4) main areas for inclusive governance are addressed: (1) effective participation in decision making; (2) level of access to information, autonomy of local actors and (3) level of private sector commitment to contribute to inclusive growth (4) level of commitment from government actors to effectively practice an inclusive approach within the governance structures in which they participate. As a mechanism for monitoring inclusive governance practices, the Mozambique 2020 APD devoted part of the concept note and kick-off meeting to identifying what are the most important indicators for assessing the level of inclusion in existing governance mechanisms. This process culminated in the launch of the Watch and Act! initiative as a mechanism to monitor inclusive governance, the assignment of labels as tools to consistently track and recognise progress and setbacks in relation to specific governance mechanisms. CDD will monitor these indicators annually

and launch an annual publication “Inclusive Governance: Watch and Act!” (aims to highlight progress and setbacks related to a governance mechanism addressed in the previous year and/or provide an assessment of a new governance mechanism to be assessed/monitored). The target audiences for this initiative are: governance bodies assessed by means of the indicators; relevant actors operating in the area of governance. In the future, it is also desirable that this initiative should provide regional comparisons (between different governance mechanisms existing in African countries). Preliminary indicators prevail as definitive ones, and it is through them that the monitoring process will be carried out. They are as follows:

- Effective participation of local communities;
- Effective participation of women in decision-making;
- Effective participation of young people in decision-making;
- Women in leadership positions;
- Young people in leadership positions;
- Mechanisms of choice;
- Mechanisms for participatory debate;
- Instruments to promote economic equality;
- Equitable distribution of income.