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Africa Social Contract Report

Understanding Social Contracts in Sub-Saharan Africa

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SPL



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EXECUTIVE SUMMARY

While some African countries are catching up to higher income countries, many are falling behind despite their best efforts and those of the development community. Since their independence, a number of African countries have faced state-building and governance challenges, sometimes in the context of widespread political turbulence, civil conflict, military-rule, and state failure. This has resulted in unevenness of national state capacities (asymmetrical state capabilities which vary across sector, scale of government and over time), weakened political settlements and ineffective civil society. The 2019-2020 coronavirus pandemic could exacerbate these challenges and lead to the emergence of new ones due to the socio-economic effects of containment measures.

To explain current development outcomes and inform reforms, an increasing number of development partners are integrating socio-political framings into their strategies and programs. Development policy of the 1980s and 1990s often focused on liberalization, privatization and austerity, aimed at reducing or limiting the size and scope of the state. These reforms were later criticized for their shortcomings which spurred a re-thinking of the approach to state building and development. The 2017 World Development Report (WDR) on Governance and the Law, for example, argues that *“policies that should be effective in generating positive development outcomes, are often not adopted, are poorly implemented, or end up backfiring over time,”* and that the radically uneven character of public policy formulation, implementation and enforcement is a matter of governance: namely, *“the process through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power.”*

One particular socio-political framing attracting attention is based on the ‘social contract’. Within the World Bank, for example, a recent report by the Independent Evaluation Group identified 21 Systematic Country Diagnostics (SCDs) that *“use a social contract framing to diagnose and explain complex development challenges such as entrenched inequalities, poor service delivery, weak institutions, and why decades of policy and institutional reforms promoted by external development actors could not fundamentally alter countries’ development paths.”* The reason for this phenomenon is that social contracts relate to (i) the literature on the nexus between politics, power relations and development outcomes, while (ii) also bringing into focus the instruments that underpin state-society relations and foster citizen voice. Social contracts as a framing tool also directly speak to many contemporary development trends such as the policy-implementation gap, the diagnostic of binding constraints to development, fragility and conflict, taxation and service delivery, and social protection.

In Sub-Saharan Africa, however, an explicit treatment of social contracts has been largely absent from the development discourse. Over the last four or five decades a complex and sophisticated body of scholarship from Africa has addressed the challenges of state-building and governance, sometimes against the backdrop of widespread political turbulence, civil conflict, military rule and in some instances, something approaching state collapse. That said, an explicit social contract lens has been most often missing. The lack of centrality of social contract theory in explaining Africa’s recent history and development is perhaps not surprising given the theory’s European roots and the need to ‘reinterpret’ and adapt critical elements to some of the particular features present in African states. With this in mind, this report seeks to lay the foundation for a unified framework to apply

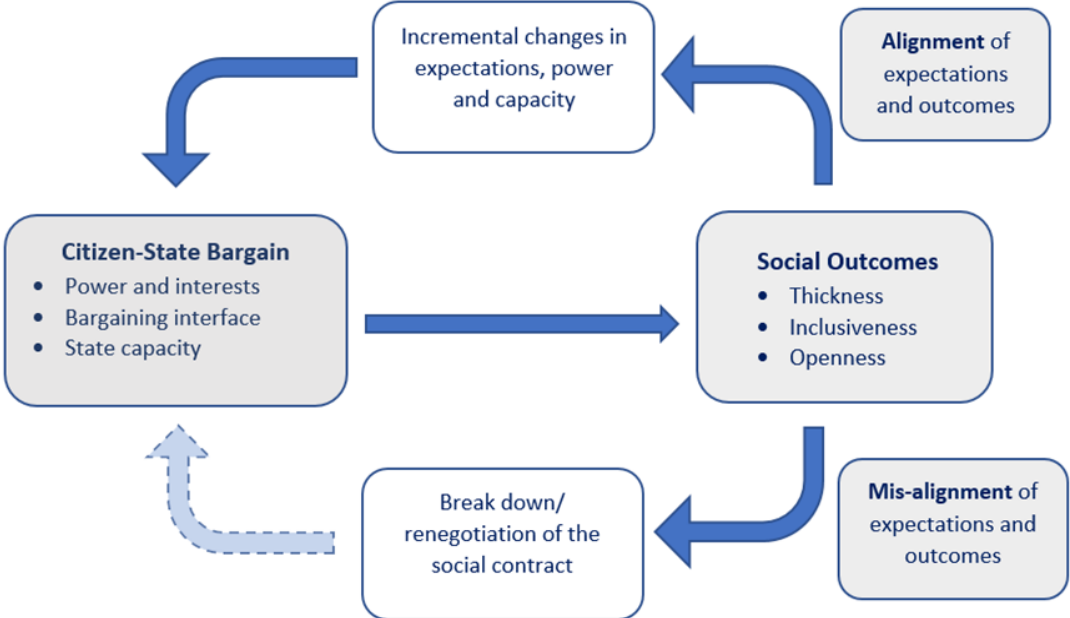
a social contract framing to development policy and use it to analyze the nature of social contracts in Africa. To this end, the work makes a significant effort at setting up a practical framework to allow the wide applicability of a social contract lens to relevant development challenges in specific sectors, countries or regions in the continent. In doing this, the report—and the broader research program on which it rests— aims to address one of the critical limitations of the use of social contract diagnostics at the World Bank so far, that is, the lack of a formal conceptual framework or shared understanding of what the term means. The report, hence, focuses on the process by which social contracts are forged in the region, how they change over time, and how a more in-depth understanding of social contracts can help inform reform efforts. This approach stands in contrast to a normative approach that details the desirable content for the social contract in particular areas.

Main Messages

The key messages from this report are:

1. Africa’s progress toward shared prosperity requires looking beyond technical policies to understanding how power dynamics and citizen-state relations shape the menu of implementable reforms. A social contract lens can help diagnose constraints, explain outbreaks of unrest and identify opportunities for improving outcomes.
2. Social contracts can be understood as “a dynamic agreement between state and society on their mutual roles and responsibilities.” Social contracts can be evaluated on three ‘compasses’: (1) process, i.e. how formal and informal bargaining mechanisms mediate civil and state interests and capabilities (2) outcomes, i.e. the extent to which they deliver inclusive developmental policies and outcomes; and (3) resilience, i.e. the extent to which they are responsive to and aligned with citizen expectations.

Figure 1: Social Contracts Conceptual Framework



Source: Report team, based on Cloutier (2020) for this report and OECD (2018) definition of social contracts.

3. In order to understand social contract dynamics in a country, region, or sector,

measurement is critical, combining quantitative and qualitative tools to understand the deeper structural and socio-political factors that shape social contracts. This also allows for a more granular study of social contracts at subnational and sector-specific levels. The report offers an indicator framework that can be used to measure key dimensions of each of the three social contract compasses.

4. While social contracts in Africa are both heterogeneous and dynamic, a number of common factors affect the three compasses: (1) processes of state formation and how this has shaped political settlements; (2) the strong role of non-state authorities – religious traditional, military and other – in mediating the relationship between citizens and the state; (3) electoral politics and the role of patronage and clientelism; (4) demographics of largely dispersed rural population, a small middle class and limited independent private sector; and (5) natural resource and aid dependency.

5. In recent years several African countries have experienced significant opportunities for renegotiation of the social contract, some successful and some less so. In some cases this took the form of constitutional or electoral moments (DRC, Gambia, Kenya, Malawi, Togo), in others economic shocks, and anger over corruption, and ethnic exclusion triggered large scale protests and demands for deeper change, sometimes succeeding in ousting heads of state (Ethiopia, South Africa, Sudan, Zimbabwe). In all cases it was civil capacity – mass mobilization sustained over long periods – that created the possibility of reshaping social contracts.

6. Adopting a social contract lens has significant implications for engagement by the World Bank and other external partners:

a. **Diagnostics:** The conceptual and empirical framework presented in this report can complement technical diagnostics by focusing on the socio-political aspects that are often the reason for chronic policy failure and may hold clues for reform opportunities. This can be applied at the national, subnational, sectoral and issue-specific levels. The World Bank should further invest in new forms of both quantitative and qualitative data relevant to social contracts, including disaggregation of citizen perceptions and trust, understanding of the role of non-state authorities and how sector-specific policies affect and are affected by the prevailing contract.

b. **Strategy:** The framework can provide consistency and concreteness in the use of social contract language and on how World Bank strategy can reflect the opportunities – and pitfalls – of its engagement with respect to local bargaining dynamics. This involves self-awareness of how international actors like the World Bank can unintentionally skew civil and state bargaining capacities and affect different dimensions of the social contract.

c. **Operations:** Operations should aim to strengthen government systems in ways that institutionalize mechanisms for effective civil bargaining. This implies, for example, shifting from upstream public financial management reforms to engagement at the points where government and citizens interact for service delivery. Sectoral projects should be careful not to create parallel systems that undermine citizen-state accountability.

PART I Social Contracts in Sub-Saharan Africa: A Research Program

Despite significant gains in the fight against poverty and tremendous continental heterogeneity, the Africa region continues to lag across development indicators. While the incidence of extreme poverty fell from 54 percent in 1990 to 41 percent in 2015, persistently high fertility rates led to an absolute increase of Africans living under \$1.90 a day from 278 million to 413 million in that same time frame. By 2030 extreme poverty is expected to be an exclusively African phenomenon. African countries account for 24 of the 25 lowest scores on the Human Capital Index 2020. Trailing other regions, energy access is at 37 percent; only 5 percent of agricultural land is irrigated; adult literacy is at 58 percent; and Africa's share of global foreign direct investment has hovered around 3 percent for the last decade.

In many states, public goods and service delivery remains wanting; and the expected dividends from shifts to multi-party democracy in most parts of the continent have failed to yield either economic dynamism or enhanced state capability. The skills gap with other regions is increasing. The pace of structural transformation is slow, and the move out of agriculture is to a large extent into low productive and vulnerable informal jobs. Over 50 percent of the world's conflicts are also in Africa, while the region has only 16 percent of the global population (United Nations; World Bank, 2017); large swathes of the continent suffer from the devastating effects of large-scale internal displacement, refugee flight, and economic out-migration.

There is a myriad of explanations for Africa's poor performance and persistent challenges, but the World Bank has generally focused on the issue of policy, positing that by adopting and implementing the 'right policies' African states can break out of poverty traps. But the mixed record of decades of policy advice and technical assistance requires us to look more deeply at the underlying factors that explain policy uptake and outcomes in different contexts. The charge for this study was to use the lens of 'social contracts' to explore these challenges and identify implications for World Bank engagements.

This approach seeks to build on the increased attention paid to social and political economy factors that further gained traction with the publication of the World Development Report 2017, Governance and the Law (WDR 2017). That report argues that: "Policy-making and policy implementation do not occur in a vacuum. Rather, they take place in complex political and social settings, in which individuals and groups with unequal power interact within changing rules as they pursue conflicting interests."¹ Who bargains, who is excluded, and what rules shape the nature of the bargain determine the selection and implementation of policies and, consequently, their impact on development outcomes. Simply stated, policies and outcomes tend to reflect the interests of those with greater power.

The social contract angle focuses on a particular dimension of this power dynamic: that between citizens and the state. It hypothesizes that a healthy social contract, in which state policies reflect the demands and expectations of society leads to more stable equitable and prosperous outcomes relative to those that do not. It also draws attention to the nature of the citizen-state bargaining process and the factors that shape and mediate the interests that are represented and the capabilities of delivering on expectations. The study, hence, focuses on the process by which social contracts are forged in the region, how they change over time, and how a more in-depth understanding of social contracts can help inform reform efforts. This approach stands in contrast to a normative approach that details the shortcomings and desirable content for social contracts, without grappling with the realities that shape them.

¹ World Bank (2017).

The onset of the Covid-19 pandemic in 2020 has placed the spotlight on these relationships, as states face the public health threat, impacts of containment and the global slowdown, stressing state and citizen relations. The outbreak has set off the first recession in the region in 25 years, with growth forecast between -2.1 and -5.1% in 2020 from a modest 2.4% in 2019. In turn, the pandemic shock has seriously impacted relations between rulers and ruled and highlighted the importance of trust and legitimacy along with technical capability.² This is against a backdrop of increased protest over the last decade,³ now compounded by lockdown measures,⁴ that in turn is impacting the effectiveness of addressing pandemic outcomes.

In this context, this report provides a timely synthesis of findings from a regional research program that engaged a multi-disciplinary group of scholars to explore the role of social contracts in explaining and addressing contemporary African development challenges. The research program involved multiple layers of engagement and exploration of the topic, including:

- **Working paper series:**⁵ two framing papers focused on developing a working framework and understanding of social contracts in Africa as well as one aimed at quantitatively characterizing social contracts in the region; six country studies (Cameroon, Niger, Nigeria, Senegal, Somalia, and South Africa); four thematic studies (two on human rights, one on taxation and one on social protection); and four Spotlights on issues of importance to the region in terms of operations.
- **Seminars and Presentations:**⁶ including i) with academics and researchers to obtain a clear set of concepts around the social contract; ii) an author's seminar of thematic and country case studies and; iii) a number of presentations of members of the wider 'social contract' team to World Bank staff including by Michael Watts, Professor Emeritus, Berkeley, Leonard Wantchekon, Professor, Princeton University and Belinda Archibong, Associate Professor, Barnard College; as well as presentations to wider audiences on specific themes of the report.

² Khemani, An Opportunity to Build Legitimacy and Trust in Public Institutions in the Time of COVID-19, 2020, World Bank.

³ Mueller, Political Protest in Contemporary Africa, 2018; Branch and Mampilly, Africa Uprising: Popular Protest and Political Change, 2015; LeBas, From Protest to Parties: Party-Building and Democratization in Africa (Oxford University Press, 2011).

⁴ Ramdeen, Social and Political Protests Exacerbated by the Covid-19 pandemic on the increase in Africa, Accord, July 2020

⁵ The working papers included: (i) States, Societies and Social Contracts: Understanding State Capacity, Political Orders and Civil Society Engagement in Africa, Michael Watts; (ii) Social Contract Indicators and the Case Study Countries, Mathieu Cloutier; (iii) Social Protection and the Social Contract, Arthur Alik LeGrange et al; (iv) Tax Revenue and Social Contract in Africa, Oyebola Okunogbe; (v) Human Rights as a Tool to Strengthen the Social Contract in Africa, Ada Ordor; (vi) Human Rights, The Social Contract and Development, Kristina Bentley; (vii) the State and the Social Contract in Somalia, Aisha Ahmad et al; (viii) Social Contract and State Effectiveness in Cameroon, Cyprian Fisiy; (ix) the Social Contract in South Africa, Michael Watts; (x) the Social Contract in Senegal; (xi) the Social Contract in Niger; and (xii) the Social Contract in Nigeria.

⁶ Those academics and researchers participating included: Mamadou Diouf, Professor, Columbia University; Leonard Wantchekon, Professor, Princeton University; Peter Lewis, Professor, John Hopkins University; Erin McCandless, Associate Professor, University of Witwatersrand, Cyril Obi, Director of African Peacebuilding New York; Michael Watts, Professor Emeritus, Berkeley University; Tim Kelsall, Senior Research Fellow, Overseas Development Institute; Lisa Mueller, Associate Professor, Macalester College; Danielle Resnick, Senior Research Fellow, International Food Policy Research Institute; Ada Ordor, Associate Professor, University of Capetown; Kristina Bentley, Senior Researcher, University of Cape Town; Aisha Ahmad, Associate Professor, University of Toronto; Abdi Samatar, Professor, University of Minnesota; James Habyarimana, Associate Professor, Georgetown University; Tidjani Mahaman Alou, Professor Abdou Moumouni University; Maty Konte, Associate Professor, University of Maastricht; and Belinda Archibong, Associate Professor, Barnard College.

- **Applications of the ‘social contract’ regional study:** the team supported country teams in selected Systematic Country Diagnostics and country strategy work in bringing in the social contract lens (e.g. Malawi, Nigeria, Somalia, South Africa, Sudan, Tunisia) as well as its application to understanding how to support development at the local level (Haiti).

Parts 2 and 3 of this report aim to address one of the critical limitations of the use of social contract analysis to date, that is, the lack of a conceptual framework or shared understanding of the term. Part 2 explores the evolution and application of social contract terminology within the literature of African politics and development on the one hand, and within World Bank discourse on the other. Building on this, Part 3 puts forward a working definition of social contracts and a conceptual framing for identifying the critical components and factors that characterize them in specific contexts. This framing is accompanied by a qualitative and quantitative methodology for assessing social contracts and comparing them across space, time and different sets of development challenges. It offers overarching findings from application of the quantitative framework broadly across the continent.

Parts 4 and 5 apply the conceptual and quantitative framework to a series of country case studies and thematic spotlights. These are not meant to be comprehensive accounts; one important aspect of our framing is that countries cannot be reduced to a single social contract, but are characterized by multiple, overlapping spaces of citizen-state bargaining. The examples serve to illustrate how a social contract lens can shed light on broad development trajectories as well as to identify productive entry points.

Part 6 sets out practical implications of the study for World Bank strategic and operational engagement in the region. Given the inherently contextual nature of social contracts it does not provide prescriptive recommendations. Rather, the focus is on how to apply social contract analysis from a methodological perspective as well as a strategic one. It examines how, on the one hand it is overreaching to suggest that the World Bank can seek to shape social contracts in client countries. Yet, on the other, by injecting resources, expert advice and support into contested spaces, Bank interventions will inevitably have an impact on internal bargaining dynamics. Accordingly, a social contract lens and theory of change is critical to making informed choices about engagement.

PART 2 Tracing Social Contract Theory

2.1 Social Contract Theory and Development in Africa⁷

Social contract theory can trace its origins as far back as antiquity. Plato's Republic describes a social arrangement for what the philosopher saw as a perfect society. The field has also been a staple of Euro-American political theory since the seventeenth century with philosophers such as Hobbes, Locke and Rousseau discussing the role and purpose of the state, and of the ruler.

It goes without saying that the social contract has been understood in different ways throughout history. The classical theorists such as Hobbes, Locke and Rousseau, were interested in the question of the origin and legitimacy of states and rulers. For them, the social contract is an agreement whereby individuals consent to lay down their rights and subject themselves to the coercive power of the state, subject to everyone making a similar commitment. For modern social contract theorists, such as Rawls, the existence of the state is often taken as a given and the focus is put on identifying the social institutions and policies that reflect justice as a foundational virtue of a society or that try to optimize some function of the state. These social contract theories can also be seen through the lens of the conditions under which negotiation over the social contract takes place. On one hand, *contractarians* argue that agents are driven by the rational pursuit of personal interest, while *contractualists* see agents as concerned with reaching a reasonable agreement on universal principles of justice that are capable of governing society.

The first explicit engagements with social contracts in development theory emerged in the 1990s and early 2000s from different directions in different regions. In the Middle East, the collapse of oil prices and structural adjustment programs of the 1980s brought to the fore the need to rethink social contracts based on handouts to maintain social peace. In Latin America and East Asia in the 1990 and 2000s, direct engagement with the social contract emerged around social welfare politics, examining the changing forms of social protection in 'incipient welfare states.' A third engagement took place as scholars attempted to explain social stability in the 1980s in the Soviet Union and the Eastern Bloc through the existence of an 'implicit social contract' that citizens should remain quiescent to the degree that the party-state provided secure jobs and services, subsidized housing and (controlled) consumer goods.

In contrast, the language of social contracts was largely absent from the expansive body of Africanist research on the post-colonial state and its colonial and pre-colonial legacies. Over the last four or five decades a complex and sophisticated body of scholarship from Africa has addressed the challenges of state-building and governance, sometimes against the backdrop of widespread political turbulence, civil conflict, military rule and in some instances, something approaching state collapse; however, the explicit social contract lens has often been missing. The lack of centrality of social contract theory in explaining Africa's recent development is perhaps not surprising given the need to

⁷ This section is derived from Watts, Michael. 2019. *States, Societies and Social Contracts: Understanding State Capacity, Political Orders and Civil Society Engagement in Africa* (background paper for the Africa Social Contract study). That paper contains a more detailed discussion of the evolution of social contract theory, its use in development literature and Africa specifically, and a proposed framework for its application.

'reinterpret' and adapt critical elements of the theory to some of the particular features present in African states. Many of the assumptions that underlie the modern approach to social contract theory, such as an emphasis on the dichotomy of state and citizens, or even taking the existence of a state for granted, do not translate seamlessly to the study of Africa. On one side, the historical context of colonial legacies (pre-colonial empires, settler states, peasant or resources-fueled economies, forms of direct and indirect rule), and the paths to independence (liberation movements, negotiated settlement) shaped the African state. On the other side, the theory was not adapted for some important aspects of the context. Mahmood Mamdani's book *Citizen and Subject*,⁸ emphasizes certain of these aspects, including the continued role of so-called customary law and institutions and chiefly powers, the tensions between 'indigenes' and 'settlers' (newcomers) in multi-ethnic states, the incomplete character of citizenship, and the entrenched tensions and separation politically between town and country. These historical approaches powerfully established the path-dependencies of forms of colonialism, the co-existence of multiple and overlapping forms of authority in Africa (chieftainship, local government, religious authority), and the enduring significance of culture (ethnicity and religion) in understanding political change.

None of this is to suggest that questions of state capacity or questions of political authority or legitimacy were ignored – quite the contrary.⁹ But the social contract as a body of theory was for the most part undeveloped.¹⁰ It is in the last decade that a very different picture emerges. The fact that social contract theory as a tool of analysis has contemporary currency is witnessed in the frequency with which the term appears in contemporary development literature (analytical and prescriptive), not least in the case of Africa.¹¹ One of the first explicit treatments of social contracts focused on food security. Alex de Waal's research¹² addressed what he called "anti-famine contracts" which was in large measure a response to Amartya Sen's important work¹³ on starvation. De Waal emphasized the complex forms of inclusion and exclusion associated with these contracts and the fact that donors ("the humanitarian international") sometimes circumvented the anti-famine contracts and state authority.

Social contract concepts have also been explicitly used in relation to three arenas of growing salience in African development. One is the case of taxation in Africa – 'no representation, no taxation' is a core component of contractual thinking – and the notion that a very basic measure of state capacity is total revenue collection. A recent book on

⁸ Mamdani (1996).

⁹ For a detailed account of the multiple strands of literature on African political economy and their engagement with historical dependencies and concepts of power, incentives and collective action see Watts 2019.

¹⁰ There are, however, three important exceptions: two are specific to two wildly different state formations (Senegal (Babou 2016) and South Africa (Sisk 1995; Heller 2018), and the other (Nugent 2010) provided a typology of various "African state logics" to grasp how the state mediates the production and reproduction of inequalities.

¹¹ A Google Scholar search of social contracts and development theory in Africa since 2014 yields 17,000 citations. See Alston, L. J., Melo, M. A., Mueller, B., & Pereira, C. 2013; Addison, T. and Murshed, S. M. 2001; Kaplan 2017; World Bank 2018; Loewe, M. et al., 2016.

¹² de Waal (1996).

¹³ Sen (1993).

taxation in Africa (Prichard 2015) shows how the bargaining between citizens and governments over tax collections varies across the continent but reliance on taxation has in fact increased responsiveness and accountability by expanding the political power wielded by taxpayers.

The second arena in which social contract language has been central to policy debate is post-conflict reconstruction and peacebuilding (for a review see UNDP 2014; NOREF 2016; McCandless 2018, 2018a).¹⁴ The question of so-called fragility, resilience, and endemic conflict – which encompasses everything from civil wars to the rise of militias and transnational gangs and terror groups – centers on the legitimacy of states and their despotic powers (or limits thereon). The rise of non-state armed groups is almost by definition a marker of a fractured or contested social contract.

The third arena is that of social protection, where Hickey et al (2018) argue that variation in degrees of coverage and embeddedness results from the contestation and negotiation between political elites, voters, bureaucrats, and transnational actors. The formation of ‘policy constituencies’ around social protection – that is to say the embedding of some social contractual principles whereby social protection can become a ‘structural linkage’ suturing states and citizens through forms of bargaining and agreement - is evident at low levels in some countries already, as with the long-standing if minimalist Public Welfare Assistance Scheme in Zambia (Harland, 2014). Conversely, the danger is that external interventions – as de Waal found in the 1990s around food security - can undermine the development of a social contract.

For social contract theory to add value to the broader study of political economy and development in Africa it must be able to accommodate the critical features of African state formation and state-citizen relationships and allow for a thick empirical – rather than normative – analysis. We discuss, next how social contract theory has been applied within the World Bank in other regions before turning to a conceptual framing adapted for the African region.

2.2 Social Contract Theory at the World Bank

In the 1980s and early 1990s, the approach to development involved many reforms (liberalization, privatization and austerity) aimed at reducing or limiting the size and scope of the state. These reforms were later criticized for their shortcomings which spurred a re-thinking of the approach to state building and development. This led to the increasing realization that many intangibles factors have an impact on the success of development programs, contributing to the rise of “inclusive liberalism”¹⁵ and emphasis on good governance, accountability and state capacity. The World Bank’s work includes many examples of this shift in development philosophy. The WDR 2011¹⁶ Conflict, Security and

¹⁴ As a new UNDP (McCandless 2018) report on fragile and conflicted states notes: “A resilient national social contract is a dynamic agreement between state and society, including different groups in society, on how to live together, how power is exercised and how resources are distributed. It allows for the peaceful mediation of conflicting interests and different expectations and understandings of rights and responsibilities (including with nested and/or overlapping social contracts that may transcend the state) over time, and in response to contextual factors (including shocks, stressors and threats), through varied mechanisms, institutions and processes”. See McCandless, *Forging Resilient Social Contracts*, UNDP/Friedrich Ebert Stiftung, 2018, p.11.

¹⁵ Craig and Porter (2006).

¹⁶ World Bank (2011).

Development post-conflict recovery addresses the need to construct “inclusive-enough coalitions” and to engage with informal institutions and patronage networks, in the attempt to acquire “broader societal legitimacy” and “proactive communication ... to build public understanding and support.” Central to the report’s model is the grounding of post-conflict transitions in fairness and the “political inclusion of all citizens.” The WDR 2017 directly addresses the importance of the law and the power bargains that surrounds policies and programs. The report argues for the need for the World Bank to integrate an analysis of these intangible factors when designing projects. These reports, while not framed in terms of the social contract, contain critical components of social contract theory (legitimation, agreement and negotiation, pact arrangements etc.).

In the last decade, the World Bank has increased its use of the concept of social contract. Former World Bank President Robert Zoellick first referred to social contracts and development in 2009 following the financial crash, and it became a more central plank of the World Bank discourse in the wake of the Arab Spring in 2011 and 2012. In the exposition of its Twin Goals, the World Bank calls for “social contracts within each country demanding that the poor be a priority in the policy environment that supports the growth process”.¹⁷ Recent examples (Box 1) show the growing use of the social contract concept in the World Bank’s engagement: the 2015 MENA strategy and the 2018 Europe and Central Asia (ECA) Region Flagship report *Towards New Social Contracts*. The 2015 MENA strategy represents one of the World Bank’s most ambitious attempts to translate social contract diagnostics into country operations. According to the Independent Evaluation Group (IEG), anchoring the MENA strategy around social contract renewal created new policy reform opportunities and improved the World Bank portfolio’s coherence and targeting of lagging regions. The 2018 ECA Region flagship report *Towards New Social Contracts* explicitly states that “the report put an economic interpretation on the concept [of social contract]” and defines it as the “individuals’ agreement for the broad outline of economic policies if the outcomes of these policies coincide with their preferences.” Redefining social contracts as an economic equilibrium helped justify the World Bank’s foray into social contract renewal and its recommendations for what social contracts should look like. However, stripping social contracts of their socio-political dimensions could be seen as problematic because of its reductivism.¹⁸

Box 1: Uses of the Social Contract across the World Bank

Social contract terminology in the World Bank has been found useful at the regional level to reflect on major trends, and to call for reform. In the past years, in the wake of the financial crisis, the Arab spring, and increasing concerns about conflict and inequality, the World Bank and several other organizations have been adopting the concept of the social contract at the country and regional levels when analyzing development outcomes and possible reforms. In this context, social contracts are often used as a tool to describe the functioning (or lack of functioning) of specific aspects of the relationship between states and citizens. However, in the absence of a common conceptual framework and guidance on its applicability, the notion of the social contract then takes different meanings and is applied very differently across the board. Two prominent examples are:

¹⁷ IEG (2019).

¹⁸ Ibid.

Social Contract in the Middle East and North Africa: According to the 2015 World Bank Strategy for the region, prior to the Arab Spring, the prevailing social contract was based on stable public jobs, subsidies and decent services for citizens while the state retained autocratic control with little accountability. The Strategy argued that that social contract had been abrogated as the constraints upon state resources had undermined the ability of the state to deliver its side of the bargain, leading to the Arab Spring (and resurgence of radical Islam). This created the need for – and opportunity to -- redefine the Social Contract to address grievances and rebuild legitimacy, based on enabling private sector-led jobs, improving services and increasing citizen voice and accountability.

Social Contract in Europe and Central Asia: In the 2018 regional report Towards New Social Contracts, the social contract is seen as an equilibrium between distributional outcomes generated by market forces, modified by public policies and people’s preferences. Preferences are grounded in values of distributional equity and entitlements, but these are increasingly out of line with the outcomes produced by market forces and public policies. This in turn, is leading to questions of generational shifts, youth frustration, income inequality, labor market polarization and market driven distributional tensions, giving rise to right-wing authoritarian populism and racist xenophobia. What is needed to regain equilibrium, the report argued, was a focus on distributional equity, and hence a redefinition of the social contract.

Despite the increased use of the term ‘social contract’ in World Bank analytical and operational work, the lack of a common framework is seen as a limitation for truly embedding notions of the state-citizen relationship in analyses and policy recommendations.¹⁹ For example, in many cases reports and diagnostics find that social contracts are “broken”, and they recommend their “renewal” or “re-building” but without offering a satisfying definition of what it means for the social contract to be broken or on how it can be rebuilt.

Within the 21 Systematic Country Diagnostics (SCDs) examined by IEG (2019), there is uneven rigor in how “social contract” is used, leading to ambiguity over how social contract diagnostics can guide actions. Despite adopting a social contracts approach in their diagnostic, 45 percent of the SCDs sampled did not provide a definition of the concept. Another 23 percent employed a state-focused definition that exclusively emphasized the role of the public sector to deliver public goods and services, provide social protection (social safety nets and subsidies) and create an environment conducive for growth. In contrast, 9 percent had a citizen-focused definition that emphasized greater citizen engagement as central to increasing long-term growth, as well as economic and social inclusion for peace and social stability. Finally, less than a quarter provided a more nuanced definition that combined, to some extent, the roles (and rights) of, and relationships between, the state, citizens and other stakeholder groups.

The IEG report concluded that “social contract diagnostics are useful analytical innovations with relevant operational implications.” However, the report noted that “currently the World Bank has no formal conceptual framework or shared understanding

¹⁹ IEG (2019).

of social contracts, leading to uneven quality of use.”

Hence, the utility of this regional study examining social contracts in Africa aims to fill that gap and provide a conceptual framework and shared understanding of the term. By definition this must be a working understanding, that may change over time subject to more analysis, but a conceptual framing is important in identifying the critical components and factors that can influence government and partner policy and investments. To these issues the paper now turns.

PART 3 Social Contracts in Africa: A Conceptual and Empirical Framework

3.1 Social Contract Definition and Conceptual Framework

A main objective of this report is to propose a conceptual and empirical framework to analyze the nature of social contracts and their link to development outcomes. We adopt the following simple definition of a social contract: “a dynamic agreement between state and society on their mutual roles and responsibilities.”²⁰ This definition highlights what we see as the three core aspects of the social contract: the citizen-state bargain, the social outcomes and the resilience of the contract. First, by emphasizing that social contracts are agreements, although often implicit ones, the definition introduces the idea that some form of bargaining is involved and therefore that the parties to the contract have bargaining positions and bargaining powers. This relates closely to the framework set out in the Governance and the Law WDR 2017, which defines governance as the processes through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules, and is shaped by, and in turn shapes, power relations (Box 2). Second, when the definition mentions the roles played by the actors and their responsibility toward each other it implies that the policies that results from the citizen state bargain influence the observed and experienced social outcomes. In other words, a country’s policies, programs, and laws represent the contents of the social contract and impact how resources and rents are allocated within society. Third, by recognizing that the agreement is dynamic, the definition also highlights that social contracts are not static. They are continuously renegotiated, they are subject to self-reinforcing cycles and feedback loops, their evolution is highly endogenous and path-dependent. Social contracts can also break down, therefore a framework for understanding social contracts needs to consider how they evolve over time and their level of resilience.

Box 2: WDR 2017 and Social Contracts

The conceptual understanding of social contracts presented in this report is grounded in the ideas of the 2017 WDR on Governance and the Law. The 2017 WDR argues that many development challenges are less about identifying and crafting robust policies, legislation or laws than the political challenges of adopting, implementing and enforcing them (the so-called ‘implementation gap’).²¹ Social contract thinking reinforces the notion that framing poor governance and state deficits as the failure to follow best practice, or a lack of political will or state capacity, has a constricted view of what constitutes policy or the policy arena and reform initiatives on the one hand, and largely ignores how formal and informal institutions that distribute power, different ways of ordering power, shape the rules of the game on the other.²²

²⁰ OECD (2008).

²¹ See also DFID (2010).

²² Slater (2011) and Chatterjee (2004).

Policies do not occur in a vacuum, they take place “in complex political and social settings” marked by “unequal bargaining.... interact with changing rules as [groups] pursue conflicting interests.”²³

The framework developed in the WDR 2017 connects to social contract theory through the notion of citizen-state bargaining. The WDR 2017 defines The distribution of power, who holds power and the power asymmetries among different actors and agents, is a key element of the ways in which the policy arena (both the rules of the game and the outcomes of the game) actually functions and whether and what quality of public goods and services are delivered. How effective, in the broadest sense, policies are, in terms of their design and capabilities to achieve development goals, depends on key institutions, and their three core functions: enabling credible commitment, inducing co-ordination and enhancing co-operation. The existence and operation of these functions, however, will be shaped, and possibly compromised by, the ordering of power and the dominant power asymmetries. That is to say, by the types of regime, by the existence (or not) of political parties and electoral systems and by the more or less organized forms in which social actors such as the military, parties, the executive, business lobbies, the judiciary, organized labor, civil society groups, populate the policy bargaining process. The patterns and mechanisms of elite bargaining, citizen engagement and popular struggle within the policy space shapes the likelihood of whether the core institutional functions obtain. These elements are recognized in the following description by the OECD:

“The social contract emerges from the interaction between a) **expectations** that a given society has of a given state; b) **state capacity** to provide services, including security, and to secure revenue from its population and territory to provide these services (in part a function of economic resources); and c) **élite will** to direct state resources and capacity to fulfil social expectations. It is crucially mediated by d) the existence of **political processes through which the bargain between state and society is struck**, reinforced and institutionalized. Finally, e) **legitimacy** plays a complex additional role in shaping expectations and facilitating political process. Legitimacy is also produced and replenished, or, conversely, eroded by the interaction among the other four factors... Taken together, the interaction among these factors **forms a dynamic agreement between state and society on their mutual roles and responsibilities** – a social contract.” OECD 2008, *Concepts and Dilemmas of State-building in Fragile Situations: From Fragility to Resilience*, p.17, emphases added.

Approaching the social contract from a citizen-state bargain perspective is useful for many reasons. First, it directly connects with many of the ideas suggested in the WDR 2017 that can be adapted and extended. Second, it suggests a straightforward way of explaining some of the observed variation in outcomes across different contexts. Third, it gives the framework some predictive power since changes in the bargaining powers

²³ World Bank (2017).

should naturally lead to changes in the bargain outcomes. The conceptual framework of this report examines three aspects of social contracts, which we refer to as ‘compasses’:

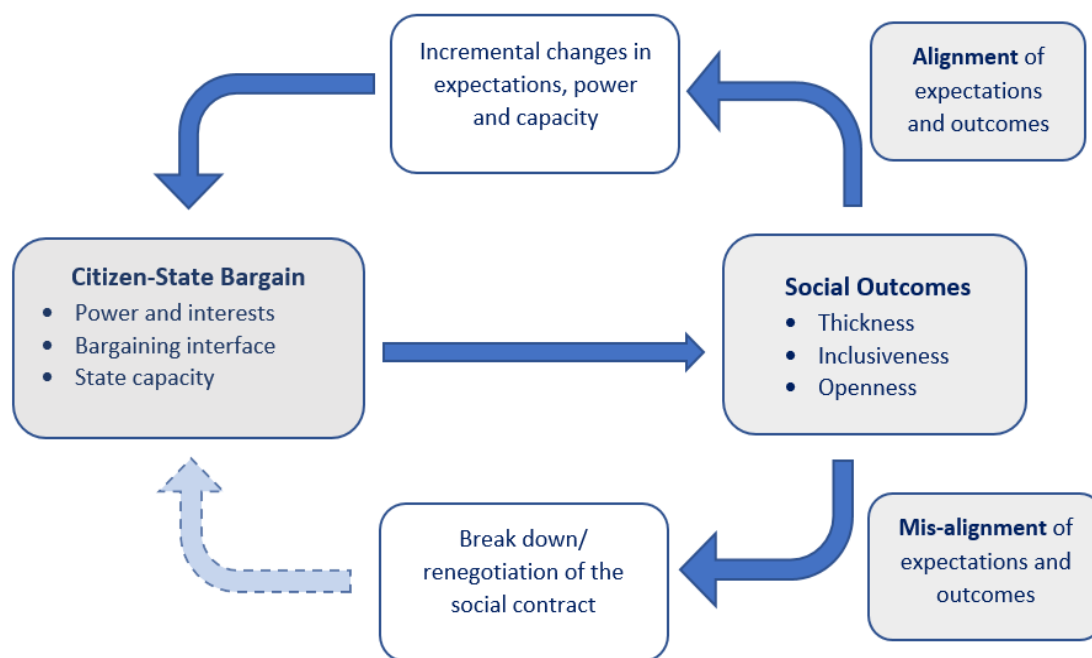
(1) **process**, i.e. what is the nature of the bargaining space for social contracts? Drawing on WDR 2017, this element seeks to understand how formal and informal bargaining mechanisms mediate the range of state and non-state interests and capabilities.

(2) **outcomes**, i.e. what is the substantive outcome of the bargain? What does the state commit to deliver in return for compliance, stability, or staying in power etc.

(3) **resilience**, i.e. to what extent is the outcome responsive to and aligned with citizen expectations (or to what extent is it misaligned and counter to expectations), how open is the dialogue between citizens and the state, and how does this in turn lead to changes or breakdowns in the bargaining dynamic?

As illustrated by Figure 1, these compasses form a feedback loop of self-reinforcing cycles.

Figure 1: Social Contracts Conceptual Framework



Source: Report team, based on Cloutier (2020) for this report and OECD (2018) definition of social contracts.

Compass 1: Process, The Citizen-State Bargain

The citizen-state bargain is a complex process involving many heterogenous groups of actors with different interest interacting through diverse channels and means. Citizens are not a homogenous group and coalesce in multiple overlapping

coalitions and groups. Some groups are very broad and loosely organized for example the youth or the middle class. Other groups are narrower and can form interest groups such as workers in a specific sector forming a union. Finally, elites can be understood as the smallest groups usually consisting of a very powerful individual or family. By powerful, or having a lot of bargaining power, we mean that the group's capacity to influence the willingness to act of decision-makers, or in other words its bargaining power.²⁴ These groups can change over time and are constantly interacting between them and with the state. These interactions are mediated through channels and mechanisms such as elections and protests, or through intermediaries such as the press, social media, lobbies, and political leaders, etc.

In this report, we posit that one of the most important form of bargaining power for inclusive and equitable development is the one of the broadest coalitions of citizens. This is referred to as civil capacity and represents the capacity of citizens to resolve the collective action problem and to present a united front to make demands to the state and to hold it accountable to its commitments. Civil capacity is aimed to capture a variety of dimensions, including (i) citizen mobilization, that is, how engaged citizens are on public forums and how involved in politics they are; (ii) citizen organization, referring to how well organized the civil society is, for example, in terms of the number of civil society organizations and their role and influence in society; and (iii) citizen cooperation, that is, the absence of fractionalization or group grievances among citizens.

Despite civil capacity being a relatively new term, there is a large literature covering related concepts and their role in the social order of societies. The concept of social capital, in particular, has played an important role in understanding the workings and role of society in critical processes such as democracy or addressing collective action problems.²⁵ Social capital emphasizes the functioning of social groups through interpersonal relationships, a shared sense of identity, understanding and norms, shared values, trust, cooperation, and reciprocity; the concept of civil capacity focuses on how effectively this social capital can be leveraged in the citizens' relation with the state. There is evidence that, across countries, elements of "social cohesion," such as income inequality and ethnic fractionalization, endogenously determine institutional quality, which in turn causally determines growth.²⁶ In Africa, social cohesion has been found to partly explain a diverse set of outcomes, including agricultural innovation²⁷ and health outcomes.²⁸

A second critical dimension in the citizen-state bargain of the social contract framework is state capacity. State capacity determines the size of the pie being divided among the groups of citizens and the state itself. It covers three domains: (i) deployment of state authority, that is, the capacity to enforce the monopoly of violence and laws over the whole territory; (ii) resource mobilization and taxation; and (iii) the efficiency of its

²⁴ This is similar to the definition of the WDR 2017 which defines power as "the ability of groups and individuals to make others act in the interest of those groups and individuals and to bring about specific outcomes."

²⁵ Putnam (1993, 2000).

²⁶ Easterly et al (2006).

²⁷ van Rijn et al (2012).

²⁸ Story (2013).

bureaucracy to spend these resources efficiently.²⁹ Administrative or bureaucratic capacity is a growing topic in the development literature, including at the World Bank's Bureaucracy Lab.³⁰ The evidence on the importance of civil capacity continues growing but existing evidence makes it clear that it is critical for the delivery of public goods and, hence, to the trust and workings of the social contract. In Nigeria, for example, improving management practices was found to be an important determinant of bureaucrats' capacity to deliver services.³¹

Importantly, the framework captures both formal and informal relations. Social contracts in African settings typically involve formal and informal relations, they are more or less explicit and implicit, they express complex forms of socio-political inclusion and exclusion, they are sometimes fragmented and sometimes cohesive and they encompass complex and overlapping forms of authority. The informal networks of power outside of formal political channels, customary and religious forms of authority, and the role of "external forces" (from multilateral development agencies, to peacekeeping forces to traveling development ideologies and practices to global market shocks) provides local context which have fundamentally shaped the construction and reproduction of contracts. Social contracts are dynamic and changing too, and even where there is a "balance of social forces" producing periods of stability the facts remains that critical junctures and ruptures punctuate the trajectories of all African social contracts.

Compass 2: Social Contract Outcomes

The citizen-state bargain through multiple, iterative and dynamic processes described in Figure 1, affects (and is affected by) social contract outcomes, hereby, affecting development outcomes. There are many potential social contract outcomes that could be measured, but in this report, we focus on three categories: thickness, inclusiveness and openness.

- **Thickness: refers to the involvement of the state in providing services, public goods and the redistribution of income/wealth (e.g. education, health, social protection, or public infrastructure).** This dimension can be seen as a typology based on a "thin" to "thick" spectrum where a "thin" social contract would be one of economic laissez-faire and minimal involvement of the state in the economy while a "thick" social contract would be characterized by a more involved state. This aspect is related to the size of the government in the economy for example as measured by public expenditures versus GDP but nuanced by the distribution of those expenditures by sector (for example, in health or education as opposed to in the military) or by final beneficiaries (for example, the rich, the middle class, or the poor).
- **Inclusiveness: measures whether the social contract is geared toward benefitting the broad population or a select few.** It is based on mainly two pillars: (i) fair opportunity, social inclusion and

²⁹ These three sub-indicators mirror the three dimensions of state capacity outlined in Hanson and Sigman (2013): extractive capacity, coercive capacity, and administrative capacity.

³⁰ <https://www.worldbank.org/en/research/dime/brief/Bureaucracy-Lab>

³¹ Rasul and Rogger (2016).

absence of inequality and (ii) the existence of rule of law, meaning the absence of abuse of powers such as corruption and clientelism. In this outcome, there is also a spectrum, going from an extractive social contract to an inclusive one. An inclusive social contract would involve fairness of opportunity and an important level of socio-economic mobility for the general population. The ways a social contract could be extractive is through corruption, clientelism and barriers to entry (in business or in politics) or through social exclusion of certain minorities or vulnerable groups. An extractive social contract would exhibit the kind of rent extraction and extractive institutions described in the work of Acemoglu and Robinson.³²

- **Openness: refers to how open the state is to diverging opinions and its use of repression to silence criticisms.** This outcome has a spectrum ranging from a repressive social contract to a responsive one. An open social contract would feature freedom of the press and of expression, while a repressive social contract would feature censure, political killings and torture. Openness also introduces the different mechanisms, interfaces, and intermediaries that are involved in the bargaining and implementation of the social contract. An important literature related to this dimension is the choice of political system and the roles of election. For example, an important field of research³³ discusses whether democracy is linked to economic outcomes such as growth. These considerations of democracy and elections are one of the possible forms that the citizen-state bargain can take and, therefore, are deeply connected to the social contract. Although a social contract outcome, openness is closely associated with the responsiveness of the state to changes in citizens power and interest. Without enough Openness, peaceful renegotiation of the social contract is more difficult which increases the likelihood of a break down. For this reason, Openness is included in the Resilience compass when mapped.

Compass 3: Resilience and Dynamicity

In this framework, expectations are central to the dynamic nature of social contracts, in particular the alignment (or not) of the citizens' expectations with their perceptions of the social contract outcomes. Elements of trust and legitimacy are fundamental here.³⁴ The alignment dimension can also be expressed as a spectrum from a misaligned social contract to an aligned one. Citizens' conception of what an aligned social contract is changes from country to country, depending on history, culture and many other factors. One of the propositions of this framework, substantiated by empirical analysis,³⁵ is that citizens' expectations are also linked to their perceptions of the state's capacity and their own civil capacity. Citizens are mostly aware of the kind of service delivery they can expect given the state's capacity or what kind of protection of their rights they can expect given their civil capacity to hold the state accountable. When applied to the alignment dimension, this means that one could imagine citizens in a country with

³² See for example Acemoglu and Robinson (2005).

³³ See for example Acemoglu et al. (2019).

³⁴ Trust and legitimacy are terms that are often used in the literature, although in many different ways. For example, Fukuyama (1995) notes that trust can have two dimensions: trust in the state and trust in the government of the day. Trust in the state refers to the extent to which citizens believe that 'the state' (in this case the executive branch of the state) has the expertise, technical knowledge, capacity, and impartiality to make good judgements; that is, that it has an adequate number of people with the right training and skills to carry out the tasks they are assigned, and to do them in a timely and professional manner. Trust in the government of the day, in contrast, is more about trust in the politicians that form the government.

³⁵ See Cloutier (2020).

little civil capacity or state capacity expecting little from the state which could, for example, make a thin, extractive and repressive social contract be perceived as aligned. Alignment and openness, jointly, are an indication of the resilience of a social contract.

This third compass is linked to the dynamic nature of social contracts. The main implication of this dynamic nature is that all the elements in the framework are endogenous and interdependent. State and civil capacities influence social contract outcomes, but they are also themselves a product of prevailing outcomes. An example to illustrate this endogeneity could be to imagine an increase in the thickness of a social contract through an expansion of the delivery of public education. This could then lead to a more educated population composed of citizens that can then better organize, increasing their civil capacity over time and hence increase their capacity to demand more education services from the state in a self-reinforcing cycle of incremental change.

As an alternative to incremental change, history is full of examples of revolutions and critical juncture moments when social contracts can be renegotiated drastically within the span of a few years or when a complete breakdown leads to years of social unrest and civil war. The end of Apartheid in South Africa (as illustrated in the corresponding case study) is a clear example of such a critical juncture that led to a drastic renegotiation of the social contract; the Nigerian civil war of the 1960s, or the revolts against term duration reforms in Burundi, Guinea, Togo are examples of situations where the social contract breaks down, leading to social unrest.

In the framework, this dynamic is captured by presenting two possible paths for the evolution over time of the social contract. The path taken depends on the alignment dimension which captures how aligned the citizens' perceptions are with their expectations. First, when the level of alignment is above a certain threshold, meaning that citizens' perceptions of the social outcomes are relatively in line with their expectation, the evolution of the agreement is incremental. This would be the case of the education example given above. Second, when the alignment has been decreasing for a certain time or when a sudden change in one of the social contract dimensions generates a large shock in alignment, the social contract can potentially break down, meaning that it cannot keep going on the same path. In this situation, renegotiation is possible but only if there is an open dialogue such as through elements measured by the openness dimension. If that is not the case, conflict and unrest could be unavoidable.

The dynamic aspect of social contracts also stresses that social contracts can be very path dependent. Prevailing social contracts are influenced by a range of factors outside of the critical pillars discussed here: the historical context of the country, the culture of its citizens, economic conditions, among many others. This said, as discussed in the next section, an analysis of the critical social contract dimensions in the region, case studies and sectoral spotlights, and empirical analysis done by authors of background papers, support the claim that the citizen-state bargaining process remains an important determinant of social contracts and possesses a significant predictive and explicative power. This predictive capability of the framework can be useful to analyze exogenous changes to the capacities of a country coming from either the intervention of outside actors such as the World Bank or the introduction of new technologies which can dramatically impact capacities. For example, such an interpretation has been proposed to link how higher social media penetration had impacted the organization of social

movement during the Arab Spring.³⁶

3.2 Measuring the Compasses: An Indicator Framework

Moving from this constellation of features and concepts to a measurable framework requires a narrower focus that takes into account empirical limitations.³⁷ The dimensions of the three compasses identified in the framework do not exist in a vacuum, but need to be interpreted in light of a thick understanding of the historical structural and ideational context that shape the particular possibilities in a given country and around a given issue. This kind of analysis requires qualitative and quantitative methods drawing from multiple disciplines. In chapter 4 we discuss some of the common characteristics that shape African social contracts and illustrate them in country case studies and sectoral applications. Here we offer an approach to measuring some of the core dimensions of the conceptual framework using available cross-country indicators.

Social contracts themselves are not observable or explicitly described anywhere, making it difficult to characterize their nature or to measure their evolution. The usual approaches to circumvent this difficulty involve finding a proxy for the quality of the overall compact³⁸ or to focus on measuring specific outcomes related to the social contract such as inequality, prosperity or stability. The approach taken in this report tries to combine both methods. The framework identifies specific dimensions of the contract to be measured and classifies them as being either inputs of the social contract bargain or as being outcomes. Then, the framework offers a theoretical lens to interpret these individual dimensions in a way that informs the overall compact such as in the former method. It is this integrative and systematic view that allows the measurement of critical dimensions of the social contract.

Using indicators from multiple sources (including expert assessments and self-reported surveys)³⁹ we developed a means of mapping six dimensions from our conceptual framework: state and civil capacity, on the bargaining side; inclusiveness, thickness and openness on the outcome side; and alignment on the resilience and dynamic evolution side. Indicators come from readily available indicators from multiple sources (Table 1). The final score for each dimension is the equal weighted average of the score for each of its sub-dimensions, with all the indicators used as proxies scaled to a [0,1] interval. Most of the data corresponds to 2015, but there is a range between 2013 and 2017 with some

³⁶ Howard et al. (2011).

³⁷ The first limitation is data availability. Perception surveys, in particular, are available for relatively few years, usually coming in the form of waves and for selected countries. All data sources also come with their own biases and measurement errors. Another limitation comes from the approach of using secondary indicators as proxies. The selected variables were the best that were available but are imperfect; sometimes they capture broader effects than desired and sometimes, narrower effects. These limitations were addressed as much as possible by considering a large selection of data sources and many combinations of the indicators. New data sources and indicators are continuously being created and the framework could gradually become more precise as these are integrated. Country-specific work can also allow for better measurement in a number of cases.

³⁸ Hoogeveen (2018).

³⁹ While the two approaches attempt to measure the same thing, it is generally recognized that one of the biases that affects perception surveys is related to the subjectivity of the perceptions relatively to the expectations of the surveyed population. Combining these two sources thus provides some information on the state of both perceptions and expectations of citizens, which is a critical element of social contracts.

data limitations. Globally, this covers 178 countries; in Africa, it covers 22 countries (due to data limitations arising from the use of the Afrobarometer). Annex 1 presents summary statistics for the measures of the 14 sub-dimensions.⁴⁰

Table 1: Measuring the social contract in Africa: Indicators

Sub-dimensions	Data Sources
Civil Capacity	
Citizen Organization	V-DEM
Citizen Mobilization	V-DEM
Citizen Cooperation	Fragile State Index
State Capacity	
State Authority	Fragile State Index
State Resources	Economist Intelligence Unit
State Efficiency	Worldwide Governance Indicators
Thickness	
Public Goods	V-DEM Afrobarometer
Social Safety Nets	Fraser Institute Afrobarometer
Inclusiveness	
Equal Opportunity	Freedom House Afrobarometer
Absence of Corruption	Transparency International Afrobarometer
Openness	
Human Rights	V-DEM Afrobarometer
Freedom of Expression and of the Press	V-DEM Afrobarometer
Alignment	
Civil Compliance	Worldwide Governance Indicators Afrobarometer
Popular Support	The PRS Group Afrobarometer

Note: A table showing the summary statistics and detailing the variables of the indicators can be found in the annex 1 of this report.

The summary statistics of the indicators used as inputs to the framework suggests that countries in Africa span the whole range of the indicators' spectrum. Averages for African countries tend to be lower than the rest of the developing world in terms of income per capita and taxes per capita, while being above the other regions on indicators describing the quality of the civil society and social safety nets. Most importantly, the

⁴⁰ Data sources and measurement strategy are described in more detail in the relevant background paper for this report: Cloutier 2020.

minimum and maximum ranges show the large heterogeneity of social contracts in Africa. The region features countries that do better along most dimensions than other middle income or lower income countries, to countries that score at the bottom of almost all categories and mixed-cases countries. Among the top scorers we can find Botswana, Mauritius, Namibia, Senegal, and Seychelles, while at the lower range we mostly find countries experiencing or coming out of conflict such as Somalia, Sudan, and the Democratic Republic of Congo.

Indicators of social contracts for Africa (and globally) support the validity of the model for the region.⁴¹ As predicted by the framework, both higher civil capacity and higher state capacity are strongly correlated with better social contract outcomes. This result supports the core assumptions that the state-citizen bargain is at the center of the formation of social contracts in Africa. Furthermore, there are also strong correlations between better social contract outcomes and a higher alignment. A less intuitive prediction of the model is that perceptions on these outcomes should matter more for alignment than expert-based measures of these outcomes. This prediction is empirically supported by showing that the perceived level of outcomes from citizen surveys better predicts alignment compared with more expert-based measures. This suggests that expectations and perceptions play a major role in determining citizens' satisfaction with the social contract. Taken together, this evidence suggests that the framework has explicative power.

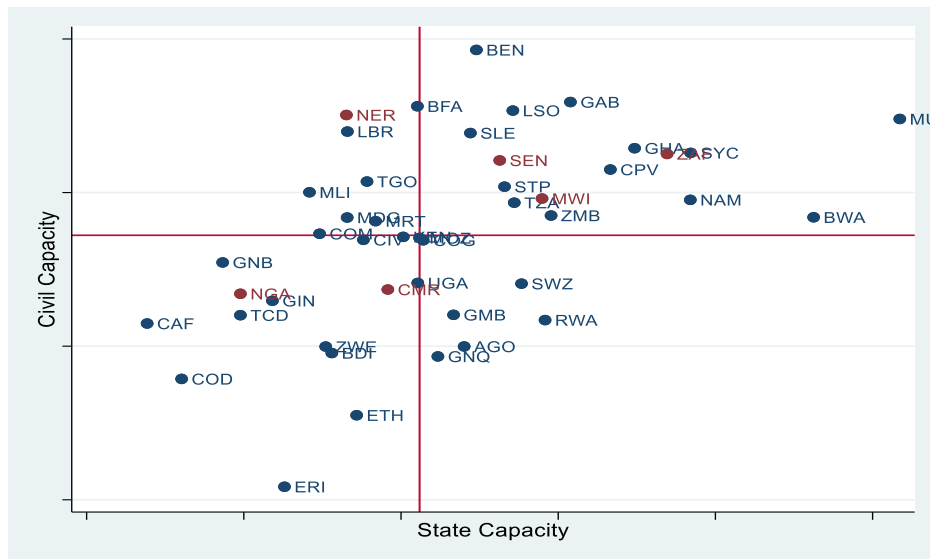
Following the conceptual framework, we focus on three key social contract compasses (~~or comparative maps~~) to characterize the social contract: Citizen-State Bargain, Social Outcomes and Resilience. Figures 2 through 4 present the aggregate indexes per country for the dimensions included in each of the social contract pillars. In the figures, the red lines represent the median scores for African countries for each dimension; the red dots identify the six countries that are covered as case studies in this report. Each country score is calculated using the methodology presented above, where the score for each dimension is the equal weighted average of the score for each of its sub-dimensions, with all the indicators used as proxies scaled to a [0,1] interval. The list of country acronyms can be found in the table of Annex 2.

First, we map the capacities, including both civil and state capacities. Lack of capacity can be a constraint to improvements in the social contract, for example, when a state does not have the resources or know-how necessary to implement reforms or programs, or from citizens struggling to mobilize with sufficient strength to sway policy. Figure 2 indicates a strong correlation between civil and state capacity. A possible explanation for this phenomenon is the kind of feedback loop that was previously discussed, and which relates to the strong endogeneity of the dimensions; there can also be external factors that drive both civil and state capacity. For example, an increase in civil capacity could shift the social contract toward improved access to education which could in turn feedback into higher civil capacity through a better educated population, but also increase state capacity as the state could hire better trained bureaucrats. Similarly, improvements in the quality of the education system requires a certain level of state capacity to recruit and pay the teachers as well as some level of civil capacity so that the

⁴¹ See Cloutier (2020).

state devotes the resources to it. Given the endogeneity and feedback loops mentioned, it is likely that countries in the southwest and northeast quadrant are in an equilibrium.

Figure 2: Civil and State Capacities across Africa



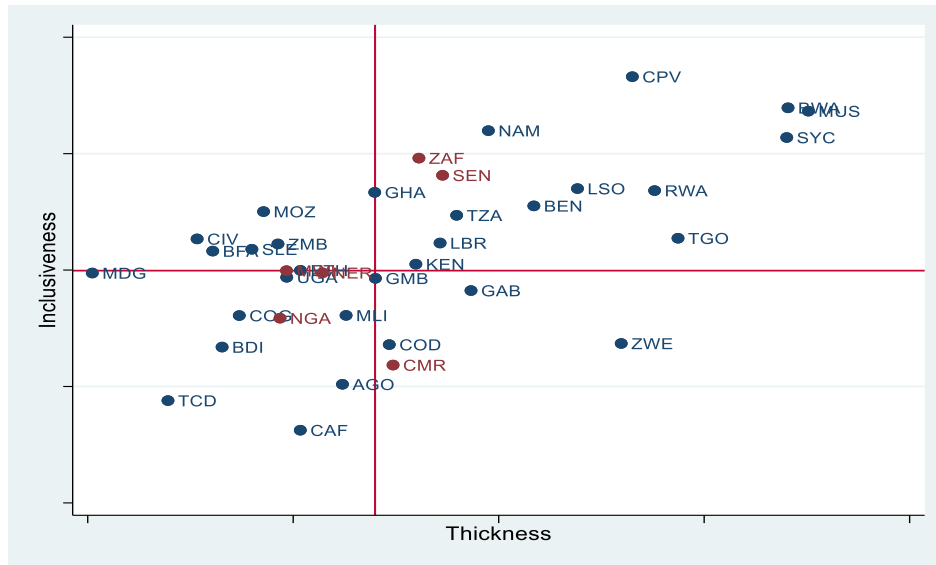
Source: Authors' calculations based on data from V-DEM, Fragile State Index, the Economist Intelligence Unit and Worldwide Governance Indicators. The score for each dimension is the equal weighted average of the score for each of its sub-dimensions scaled to a [0,1] interval. The red lines are median value for each dimension.

Despite the high correlation between state and civil capacity, a number of countries also have a mixed picture. Countries in the northwest quadrant exhibit high levels of civil capacity for their levels of state capacity, while countries in the southeast quadrant have low levels of civil capacity given their state capacity. One clear example of a mixed capacity country is Niger which has a particularly high civil capacity level for its level of state capacity. The context and socio-historical origins of this situation are discussed in the Niger case study. How these mixed capacities, and the resulting social contracts, evolve over time in these contexts is less clear. In particular, there can be cases where a high state (civil) capacity can help increase low civil (state) capacities; that said, there can also be cases where the opposite happens and low state (civil) capacities pull down high civil (state) capacities.

Second, in terms of social contract outcomes, Figure 3 characterizes the degree to which social contracts in the region are thick and inclusive. In the graph, thicker and more inclusive social contracts are situated in the northeast corner while thinner and more extractive social contracts are in the southwest corner. The positive correlation seen on the graph is consistent with the framework's assumption that the citizen-state bargain explains to some extent both outcomes. Of particular interest are countries where these social contract outcomes are not that strongly correlated. Countries in the northwest corner have high levels of inclusiveness given their level of thickness, while countries in

Figure 3: Social outcomes across Africa

the southeast corner have relatively

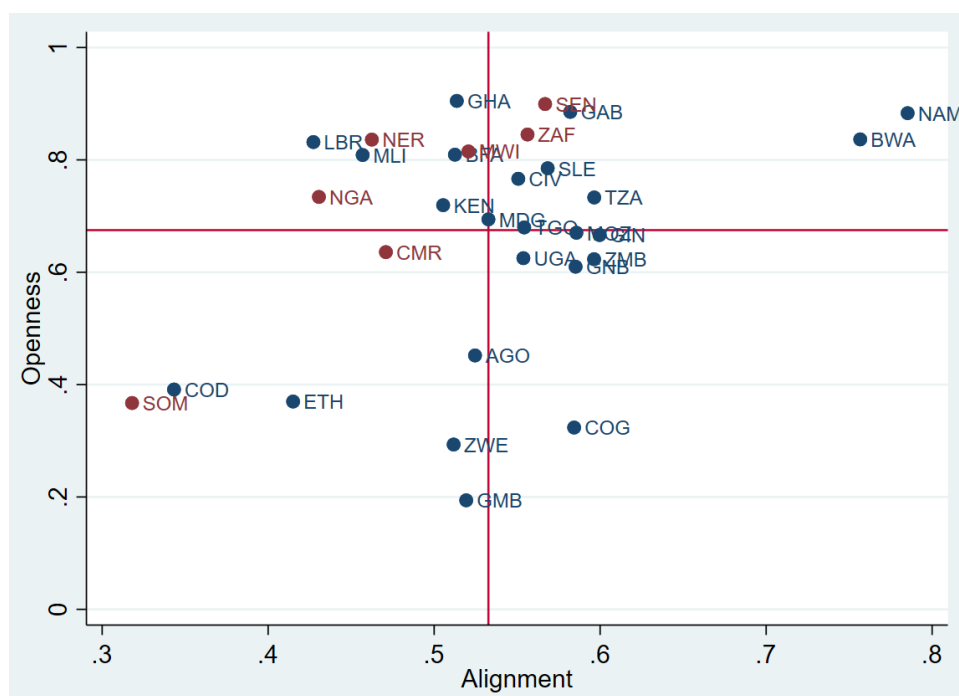


Source: Authors' calculations based on data from Afrobarometer, V-DEM, Fraser Institute, Freedom house and Transparency International. The score for each dimension is the equal weighted average of the score for each of its sub-dimensions scale. The red lines are median value for each dimension.

high levels of thickness given their level of inclusiveness. In some cases, these outliers could present opportunities and entry points for potential policy dialogue. For example, a country might have gone through a period of high citizen mobilization and political will around a social project to improve health services which boosts thickness. It is possible that this mobilization of state and civil capacities also laid down favorable conditions, for an equivalent reform program to reduce corruption or increase the fairness of the justice system, which would boost inclusiveness of the social contract.

Third, we focus on resilience, mapping countries along the two dimensions of openness and alignment (Figure 4). The resilience of the social contract can contribute to anticipating or explaining social unrest and breakdowns of the social contract based on the hypothesis that a misalignment between citizens' perceptions on social policies and their expectations could be resolved through peaceful renegotiation only if there is space for open dialogue. Without enough openness from the state, the social contract could struggle to adjust to changing expectations, perceptions, preferences or bargaining powers and a growing misalignment could eventually lead to a breakdown, conflict or social unrest. In the figure, data points in the southwest quadrant (bottom left) are characterized by low levels on both dimensions and could be associated with low resiliency social contracts. Countries in the northeast quadrant (upper right) have higher than median scores for alignment and openness which could be associated with resilience. Botswana, not surprisingly is in this quarter, being the oldest democracy in Africa and having the lowest perceived corruption in the region for decades in an environment of fast economic growth. Countries in the northwest (upper left) quadrant have an openness above the median but below the median alignment. Finally, countries in the southeast (bottom right) quadrant have below median openness levels but above median alignment levels. Somalia is in this quadrant and, as the case study prepared in this work program indicates, alignment and openness are both unsurprisingly low and where the relationship between state and citizen is moderated by a number of actors that both substitute and undermine the state.

Figure 4: Resilience in Social Contracts across Africa



Source: Authors' calculations based on data from V-DEM, Worldwide Governance Indicators and the PRS Group. The score for each dimension is the equal weighted average of the score for each of its sub-dimensions scaled to a [0,1] interval. The red lines are median value for each dimension.

The links between openness and alignment indicate possible self-reinforcing dynamics. The framework suggests that countries in the northwest quadrant would tend to move eastward and improve alignment as openness can lead to better aligned policies when capacities are not a constraint. Likewise, countries in the southeast quadrant would tend to move westward with worsening alignment as the lack of openness would hinder the capacity of the social contract to adapt to changing conditions. Interestingly, both the northeast and southwest could be an equilibrium—in the absence of external shocks—due to self-reinforcing cycles. Comparing the positions of some of the countries in 2015 to their situation today offers some anecdotal support to the validity of the prediction.

Some important findings are suggested by this comparative analysis of social contract dimensions. First, there is a wide heterogeneity between African nations across all dimensions. Acknowledging this heterogeneity is critical to understanding social contracts in Africa. Second, there is a significant heterogeneity within countries on the compasses. Some countries score relatively well on all dimensions, but many have clear strengths and weaknesses that, notwithstanding feedback loops, can help identify policy entry points for reform. These feedback loops and reinforcing cycles can be positive if a country finds itself in a “good” equilibrium but can constitute poverty traps when in a “low” equilibrium. Potentially, when in a low equilibrium, development interventions could help to nudge a country on a different path.

The framework provides some additional insights.⁴² First, it is clear that better social

⁴² The evidence and discussion of these findings are more thoroughly discussed in the relevant background paper for this report: Cloutier (2020).

contract outcomes are strongly correlated with alignment of the social contracts, suggesting that citizens usually desire thicker, more inclusive and more responsive social contracts. Second, it is suggested that the best predictors of alignment of a social contract are the perceptions of citizens, collected through perceptions-surveys, rather than the expert-based measures of social contract outcomes. Finally, a key finding from this analysis is that state capacity without civil capacity is not sufficient to generate high levels of social contract outcomes. This finding has important operational implications that are particularly relevant for international development institutions who often focus most of their engagement on building state capacity through trainings and technical assistance and often invest less on building citizen capacity.

This empirical framework is most useful when it is combined with a multi-disciplinary qualitative analysis. This approach helps address the data limitation described above while also having three other advantages. First, as mentioned earlier, the citizen-state bargain, albeit central, is not the only factor affecting social contracts. That said, while external factors are not explicit in the framework, they can be introduced indirectly through its impacts on the critical dimensions of social contracts included in the framework. Second, we apply this framework at the national level, while at the sub-national level or in specific sectors, social contract dynamics can play out very differently. While this level of granularity is difficult to implement quantitatively, the framework can be easily applied in a qualitative manner beyond the national level, as we show in this report in some of the case studies (e.g. Nigeria) and in the sector-specific spotlights. Third, and arguably most critically, the quantitative application of this framework needs to be combined with a qualitative and detailed analysis of intermediaries and bargaining mechanisms that frame the state-citizen relations in each context. The qualitative and country specific nature of this aspect means it requires a country per country analysis as is done in the case studies prepared under the research program at the basis of this report.

Part 4 Application: Country Case Studies

4.1 *The Conceptual Framework in Context*

Some common features, albeit manifested in heterogenous ways, characterize the nature of social contracts across Africa. This report does not suggest a common social contract narrative for the region. Instead, it unpacks the concept to allow for its application to different contexts. At the same time, as evidenced in the existing literature and the program's case studies, there a number of common characteristics of development in the region that are fundamental in understanding the often-skewed bargaining dynamics between citizens and the state.

First, of the common features are the historical legacies of colonialism and state formation. In most cases, social contracts in Africa have enabled the building of nation states where they did not previously exist and in challenging circumstances, but often in ways that rely on elite bargains and forms of rents and patronage that compromise the public interest. These have taken different forms since independence, including centralized 'developmental patrimonialism', military coercion, and 'competitive clientelism.' In certain circumstances, relatively stable settlements increasingly constrained by decreasing resources have fragmented (as in Cote d'Ivoire in the early 2000's). Conversely, this decade has seen elite settlements founded upon military liberation struggles translate into relatively stable pacts that have begun to deliver positive development outcomes (e.g. Ethiopia and Rwanda). In a number of instances, elite bargains have not held together, or regions are left with limited statehood, leading to fragmentation or violence (hence the number of states in Africa on the harmonized Fragility Conflict and Violence (FCV) list). All of the case studies carried out under this task illustrate the role of elite bargains in maintaining stability (or failing to do so) and the costs this has imposed on the space for citizen-state bargaining.

Second, 'citizen-state' relations are heavily mediated by other actors and interests. Perhaps unique to Africa is the indirect relationship between the state and much of the citizenry. Much has been said about the evolution and role of 'traditional' or 'customary' authority in Africa,⁴³ but these features are widely heterogenous across the continent. In some cases, traditional or religious authorities are formally or explicitly integrated as intermediaries, in others they exercise de facto control over public goods (see the Senegal case study regarding the role of Sufi orders). These can be aligned in ways that sometimes promote public goods such as with the role of chiefs in delivering public goods in Zambia,⁴⁴ or in ways that compete with and undermine state-citizen relationships.⁴⁵ Importantly, at the community level, local social contracts can be important sources of public goods and resilience, including informal social protection arrangements.⁴⁶ While these can be important supplements or even de facto substitutes to the state, they are limited and increasingly coming under pressure from demographic and social changes.

Third, electoral politics favor short time horizons and clientelist behavior. Poorly

⁴³ See e.g. Mamdani (1996).

⁴⁴ Baldwin (2015).

⁴⁵ See Conteh (2017) on decentralization in Sierra Leone and Wilfahrt (2017) on Senegal.

⁴⁶ See Wantchekon (2003) on Benin and the Somalia case study.

institutionalized programmatic political parties, combined with relatively low levels of education and high levels of communal identity, means political survival often depends on appealing to identity issues and short-term visible goods (like private handouts), while maintaining patrimonial networks through rents.⁴⁷ There is ample evidence that such clientelist behavior results in lower provision of public services.⁴⁸ This in turn generates a negative feedback loop, where low and non-developmental expectations (subsidies, unrealized promises of free services) are cemented.⁴⁹ Some research has demonstrated that efforts to increase voter information about candidates can relax ethnic and party loyalty, and that when electoral competition is more intense, politicians respond with increased provision of local public goods. (Casey 2015).⁵⁰

Fourth, demographics of a largely dispersed rural population (often excluded from the market), a small middle class and a limited independent private sector constrain collective action and shape citizen expectations from the state. A dispersed, subsistence rural population is easy to control through appeals to identity and handouts. While there is much hope about the emergent middle class in Africa, the literature points to limited impact in terms of social contract bargaining, in part because of their tendency to either be linked to the political class, and/or to have the means of opting out of public services. Similarly, absent a sufficiently diversified and independent private sector, there is little pressure to break out of dynamics of capture and cronyism.⁵¹

Fifth, natural resource dependence contributes to undermining citizen-state accountability. Much has been written about the ‘resource curse’ and the impact that the windfalls from resource rents has on state-citizen accountability. Nigeria, as the corresponding case study shows, is a prime example of a social contract that has been shaped by the interaction of state- controlled oil resources with a large, complex, multi-religious and multi-ethnic society. On the one hand, oil rents have enabled some level of stability in an extremely fractured environment through fiscal federalism. On the other, they have cemented a system of elite payoffs and corruption with growing inequality, that undermines both sound macro-fiscal management and investment in public goods.⁵²

Sixth, aid dependence and other transnational factors can undermine social contracts. There is ample literature arguing that aid can undermine citizen bargaining dynamics vis a vis the state⁵³ through several channels, including by making states accountable to donor priorities which may differ from citizens’, and by undercutting tax bargaining dynamics by providing ‘windfall’ resources.⁵⁴ Various dimensions of globalization, from structural adjustment policies, to investments by multinational corporations, to illicit financial flows, constrain the state capability dimension of social contract bargaining.⁵⁵ The Somalia case study highlights the transnational influence on the social contract, arguing that the bargain between the international community and the

⁴⁷ Fujiwara and Wantchekon (2013).

⁴⁸ Khemani (2015) and WDR 2017; Habyarimana et al (2007).

⁴⁹ Resnick (2010).

⁵⁰ These findings are in line with Khemani 2016.

⁵¹ Resnick (2015).

⁵² Usman (2017); Watts (2018b).

⁵³ See De Waal (2017).

⁵⁴ See discussion in WDR 2017 chapter 9; Prichard (2015).

⁵⁵ Watts (2018).

official central government results in both dependency and detachment from the citizenry.

Importantly, social contracts are not static, but dynamic and fluid and constantly renegotiated at different levels. The case studies point to a number of drivers of change:

- i. **Constitutional moments.** Independence, introduction of democracy, regime change, and post conflict rebuilding are all critical opportunities for explicit and public renegotiation of the social contract. This was clearly the case in the transition in South Africa and the 1996 constitution (see South Africa case study). In Somalia, the reshaping of the state through a federal model is an opportunity to strengthen the social contract by addressing its multiple layers including the state-strong man relationships that mediate state-citizen relations. Sudan's post 2019 revolution Transitional Government has also emphasized the need to rebuild a social contract as a fundamental part of its democratic transition.
- ii. **Structural changes.** Both sudden shifts (e.g. natural resource discoveries; fiscal shocks; transnational factors) and the accumulation of gradual demographic changes and technological advances can change incentives and relative power in ways that can shift social contracts. Urbanization, for example, can strengthen collective action, as can digital technologies, but these are not panaceas. Efforts to strengthen state capacity and responsiveness to these pressures can be important to mitigate instability and repressive tendencies.
- iii. **Elite bargains.** The nature of elite bargains is also not static, shifting as political maneuvering and competition change the nature of rent distribution or *pacting* arrangements. The Senegal and South Africa case studies show how changes within elite coalitions can open some areas for more progressive social contracts, while closing off others.
- iv. **Subnational social contracts.** While a country-level social contract may be stagnant, there can be significant sub-national variation and opportunities for change. A good example of this is the case of Lagos, Nigeria, where from 1999 two successive governors were able to put together a reform coalition to renegotiate the social contract by producing significant improvements in transportation and sanitation also resulting in increased tax compliance and therefore revenue generation. As members of opposition parties facing hostility from the center, their political survival depended on delivering on popular demands.
- v. **At the sectoral or policy level.** Certain policy areas will have their own social contract dynamics and may be more or less subject to renegotiation. These sector-specific social contracts can, in turn, influence other aspects of the broader social contract.

The study commissioned country experts to undertake studies of the evolution of the social contract in six countries: Cameroon, Niger, Nigeria, Senegal, Somalia, and South Africa. These case studies illustrate different aspects of the social contract, and also highlight the path-dependency in prevailing contracts, but also moments of

change and reform. Outlined below are summaries of the country studies and how they relate to the above social contract framework.

4.2 Cameroon: Lack of Responsiveness in the Social Contract

Understanding the multi-faceted challenges in Cameroon,⁵⁶ requires considering many of the structural features which are common to the social contract in Africa. These include its colonial history, the linguistic bifurcation of the country and the incomplete unification post-independence in 1972 that allowed separation aspirations to linger. Other features that have shaped the current social contract in Cameroon and the pressures upon it include an economy heavily dependent on extractives, and the rise of a small urban middle-class that has been tied to the public sector. Referring to the graphs of the previous section, we see that Cameroon's social contract features characteristics associated with low resiliency (below median openness and alignment), low civil capacity, and low openness. The country case study paper addresses many of these aspects of which we summarize a few here.

The contested and fragile bargain between the state and citizens in Cameroon has revealed a low inclusiveness social contract that has been stretched, allowing for religious, linguistic and generational differences to be instrumentalized in the crisis. Given Cameroon's historical evolution, the primary emphasis since independence and reunification has been on state-building efforts without devoting equal attention to citizens' rights and duties in a multi-ethnic society. A burgeoning civil society sector, especially faith-based groups and cultural associations, has, in many instances, become associated with service delivery rather than establishing an accountability mechanism to improve quality of services and inclusiveness. In turn, the state, often seen as functioning for private gain, has increasingly become the norm.⁵⁷ The mindset of *'la politique du ventre'*⁵⁸ has led to the politics of cooptation based on the logic that *'la bouche qui mange ne parle pas.'*⁵⁹ The privatization of public services has progressively been striking at the very core of the concept of social contract. Further, the state relies 'mostly on a few large formal firms for tax revenue, as well as import/export taxes ... from timber and the oil sector.'⁶⁰ The state has little need to be responsive to citizens' needs and the virtuous circle of state-building is not triggered.

Endemic corruption and weak accountability: With the growing despondency that the state cannot deliver on the bargains which constitute the social contract, citizens no longer believe in a dream of shared wealth and prosperity, rather the acquisition of wealth depends on luck – geography is still destiny - and political connections. The state now relies "mostly on a few large formal firms for tax revenue, as well as import/export taxes ... from timber and the oil sector. " As the paper highlights the state does not need to be responsive to citizens' needs and the virtuous circle of state-building is not triggered.

⁵⁶ Fisiy (2019).

⁵⁷ See Bayart et al. (2009) *Hibou* (2004), Mbembe (2001) and Watts (2018).

⁵⁸ Bayart (1979).

⁵⁹ A phrase commonly used in Francophone West Africa; it means that "the mouth that eats does not speak" and depicts a classic situation of elite cooptation.

⁶⁰ World Bank, (2016).

Without taxation, citizens get treated as “subjects,” beneficiaries of government largess without their voices to hold those who govern them accountable.

State structure and responsiveness to citizens demand: After eleven years of reunification, Cameroon became a unitary state through the 1972 referendum, which put an end to the federalist system based mainly on the economic arguments that the cost of running the two-state federalist system of government was expensive. When the Anglophone crisis erupted in 2016, the pleas from federalist agitators, who used the protests initially organized by lawyers and teachers to fight for their sectoral rights, boisterously advocated that the country should revert to the pre-1972 two-state federal structure. These separatists used the metaphor of a failed marriage and that the logical next step is divorce.

4.3 Niger: Basis for a Responsive Social Contract

Niger is at the heart of a turbulent region marked by political and religious violence in northern Nigeria, armed movements in central Mali, and intercommunal violence and state collapse in southern Libya. According to the case study, soon after independence, Niger experienced 30 years of authoritarian regimes which only admitted relations with citizens based on subordination or confrontation. This was followed by a tumultuous transition period, between 1992 and 2011, with multiple coups. The 2011 democratic transition was accompanied by a participative public debate on a new constitution which attracted a lot of public attention on topics such as the duration of electoral mandates, the level of education of elected officials and on the role of the state. These debates involved many social organizations such as unions and associations who regularly make use of traditional means of protests and strikes, and of modern ones such as social media. Such organizations have been major actors for the democratization of Niger and were at the front row during the National Conference of 1991, the citizen mobilization on the cost of life “*la vie chère*” of 2005, and the protests around the fiscal measures in 2018 and 2019. The kind of bargaining underlined in the framework, as well as political and social dialogue such as the sanction of power through elections, are a part of governance that is still new, and society is acclimating to it very slowly.

The case study’s⁶¹ observations on Niger’s social contract are consistent with the empirical typologies. Niger is a country with significant civil capacity given its level of state capacity. The case study also places emphasis on the role of democracy (both in its electoral but also associative form), a major bargaining mechanism of the social contract, and on the public debates around the constitutional reforms suggest that the openness of the state which represents its resilience. According to the empirical measurements, Niger exhibits a relatively highly resilient social contract compared to other countries in the region. This could be connected to why Niger is faring better than some of its neighbors who have recently been experiencing social unrest and conflict.

4.4 Nigeria: Challenges for the Social Contract in Oil-Rich Contexts

⁶¹ Tidjani Alou (2019).

Strengthening the social contract has been identified as a necessary condition for Nigeria to achieve greater and shared prosperity.⁶² The challenge of post-colonial nation building in Nigeria was to build a robust and inclusive social contract out of a deeply regionalized and sectarian, multi-ethnic, multi-religious polity in which oil revenues are central. The demands of constructing an inclusive social contract increased as the country fell into civil war between 1967 and 1970. Nigeria is characterized by a durable political settlement underpinned by oil and managed through fiscal federalism. While being a diverse pluri-ethnic society, the centralized accumulation of oil resources risks shifting the balance of power in favor of a single group; Nigeria manages this risk primarily through an extensive institutional federal apparatus that aims to ensure that all groups have protected access to public resources.

The indicators of the previous section point to several salient aspects of the social contract in Nigeria: questions of state legitimacy, compromised state capacity, limited social inclusiveness and low state (and civil) capacity. However, these indicators necessarily paint an aggregate picture, and miss the forces that produce the particular shape of the social contract. A complex federal system such as that of Nigeria, embodies a large heterogeneity in terms of capacity, effectiveness and responsiveness across sectors and ministries, between states within the federation, and even at the level of city and local government. Hence, the question of civil capacity also requires careful consideration in Nigeria. The lack of citizen cooperation reflects political and electoral violence, competitive struggles over the allocation of an access to oil revenues and rents, and the existence over the last decade of two major insurgencies.

The case study⁶³ **argues that post-colonial Nigeria has constructed a social contract in and through the state capture of oil rents, which has produced an “elite cartel” which stands at the center of the social contract.** Nigeria’s social contract has been shaped by the interaction of state- controlled oil resources with a large, complex, multi-religious and multi-ethnic society. Since the oil boom in the 1970s, oil revenues reoriented an already fractious social contract around rent distribution- via a multi-ethnic provisioning pact. From 1999, a multi-party democracy produced an unstable, exclusionary and turbulent social contract held together by an elite consensus around power and rent distribution. Protest movements and violence are some mechanisms through which excluded groups attempt to contest this distribution of resources.

Over time, Nigeria has developed a set of formal and informal institutions by which the social contract links state and citizens, designed to produce the consent of and

⁶² World Bank (2019).

⁶³ Watts (2019).

legitimacy among contending ethno- regional constituencies. These have comprised: i) *fiscal federalism*: the formal distribution of oil revenues among the federal, state and local governments; ii) a '*federal character*': equitable representation of all of Nigeria's 36 states in the federal cabinet, the army, and the public sector; iii) *political zoning*: grouping of the 36 states into six 'geopolitical regions'; iv) *Presidential 'rotation'*: an informal consensus to rotate presidential power every eight years between the North and the South; and v) *petroleum subsidies*: the distribution of oil proceeds to citizens in the absence of comprehensive social welfare and public goods (education, health, social protection, infrastructure).

Social contract indicators point to several salient aspects of the social contract in Nigeria: questions of state legitimacy, compromised state capacity, limited social inclusiveness and low state (and civil) capacity. However, these indicators necessarily paint an aggregate picture, and miss the forces that produce the particular shape of the social contract. A complex federal system such as that of Nigeria, embodies a large heterogeneity in terms of capacity, effectiveness and responsiveness across sectors and ministries, between states within the federation, and even at the level of city and local government. Hence, the question of civil capacity also requires careful consideration in Nigeria. The lack of citizen cooperation reflects political and electoral violence, competitive struggles over the allocation of an access to oil revenues and rents, and the existence over the last decade of two major insurgencies.

4.5 Senegal: Collaboration Across Actors for a Stable Social Contract

Senegal is the only country in continental West Africa that has never experienced a coup d'état and has enjoyed expanding democratic freedoms since the reintroduction of the multi-party democracy in 1976. Domestically, the traditional form of Sufi Islam has 'provided for a substantial social stability, strong cultural identity and laid the foundations for inter-confessional and inter-ethnic harmony.'⁶⁴ The case study⁶⁵ examines this sustained stability by applying the social contract lens to analyze four issues that are particularly relevant for Senegal: i) the role of Sufi modernism in the plurality of the social contract, ii) citizen participation and engagement, iii) inequality and the inclusion of the youth, and iv) the Islamo-Wolof model of the social contract.

In the case study, the author observes that the social contract functions as a system for the exchange of services in which the state and Sufi orders, even though apparently situated in different sociopolitical spaces, collaborate in preserving peace and stability. The success of this system largely rests on the capacity of the brotherhoods' leaders to maintain their credibility in the eyes of the population by

⁶⁴ World Bank (2018b).

⁶⁵ Konte (2019).

keeping their distance from those in power in order to play the role of spokespersons for the voiceless and function as safety valves in times of crisis. The Muridiyya is considered the most important cog in the social contract machine. Support of the Murid shaykhs, considered the sole truly legitimate leaders by an important segment of the population, is indispensable in ensuring civil peace and the implementation of governmental projects, particularly the unpopular ones. This also connects to the Islamo-Wolof model which is composed of the political, social, and cultural arrangements (infrastructure and ideologies) that have been supporting both the operations of the colonial and the postcolonial states and providing the sources and resources for the legitimacy of their power. The Islamo-Wolof model binds the state and the brotherhoods in a complex web of social, cultural, economic, and political relationships. It covers the whole social field and, moreover, guarantees the hegemony of a modernity that is Wolof-inspired and driven, both at the ideological level and at the social level in the public sphere. Regarding the civil capacity side of the social contract, the case study observes that citizens in Senegal do not face many constraints to political participation, but the centralization of power in the executive branch at the expense of the legislative and judiciary branches and of local governments, makes genuine political participation less meaningful. Senegal's democracy has allowed many centers of influence to emerge and exercise a veto power in a highly politicized environment, creating a system good at designing abstract policies, but marked by evident inertia in implementation.

This qualitative analysis contextualizes and complements many of the results highlighted from the empirical framework. The high openness and above average apparent alignment of the social contract are consistent with the description of political stability and strength of the participatory networks of the Islamo-Wolof model. Similarly, Senegal is comfortably situated in the northeast quadrants of both the capacity and social outcomes typologies, indicating a social contract characterized by high state and civil capacity as well as provision of public goods and services in a fair manner relatively to other countries in the region. The disaggregated empirical framework suggests that there some underperformance in core areas such as social security, social protection and education. Low enrolment, completion, and high repetition rates in the formal education system result in Senegal's adult and youth literacy rates being the lowest across comparator countries. This mirrors the case study's discussion on the fact that large segments of the youth continue to remain outside of mainstream economic and social life. This has led to high youth mobilization and acts of civil disobedience, notably through the critique emanating from Senegal's hip-hop culture, in particular from the opposition group 'Y'en a Marre.'⁶⁶

4.6 Somalia: The role of Non-State Actors in Shaping the Social Contract

⁶⁶ 'We are fed-up' is a group of Senegalese rappers and journalists, created in January 2011, to protest ineffective government and register youth to vote, and associated with voting out the previous President, Wade.

Since the collapse of a central government in 1991, Somalia has been a classic case of state fragility. The crisis not only produced repetitive humanitarian disasters inside the shattered country, but also spilled over into neighbouring states, threatening border security and regional stability across the Horn of Africa. Given these extreme consequences, over the past 29 years the international community has invested enormous resources attempting to rebuild a coherent and responsive Somali state. Yet after countless failed and fledgling peace processes, the path to successful state reformation in Somalia remains elusive. Due to data limitations for Somalia, the country appears on only one of the three compasses of the previous section. On the resilience compass, the indicators suggest that Somalia has among the least resilient social contracts in the region due to low alignment and low openness.

The case study⁶⁷ posits a conceptual model of the social contract that is comprised of three essential bargains that shape and define the political and security landscape in Somalia. These comprise: (1) that between international partners and the federal government which results in both dependency and detachment from the citizenry; (2) the negotiated two-level bargain between the central government and local strongmen, which intervenes in the relationship between the state and the citizenry; and (3) the coercive relationship between *Al-Shabaab* and the citizenry, which exists parallel to the deals struck with the government and local strongmen.

Most alarmingly, while the official government struggles to establish a direct protection-taxation relationship with its citizens, the violent insurgent group, Al-Shabaab, has successfully developed its own coercive deal. Across large swaths of the countryside, the insurgency has developed strategies to directly tax citizens across clan lines, and also enforce their rule of law over these populations. While their methods are extraordinarily abusive, the fact remains that these insurgents have forged a type of protection-taxation relationship that resembles a rudimentary social contract between citizen and state. While the official government has struggled to forge a direct deal with its citizens, Al-Shabaab has learned how to effectively tax and govern local populations.

Why then has Al-Shabaab had greater success in establishing a direct protection-taxation across clan lines, while the Somali government has faltered in forging a viable social contract with its citizens? By examining the fragmentation of the social contract and modeling bargains as multiple and competing protection-extortion rackets, these deals have created perverse incentives that encourage powerholders to behave in ways that undermine true state consolidation. In so doing, international support for the Somali state has inadvertently encouraged these perverse processes, and thus made it more difficult to create a normal social contract between state and citizen.

⁶⁷ Ahmad (2019).

4.7 South Africa: A Dynamic Social Contract

South Africa's political transition is arguably one of the most remarkable in history, but its evolution to an inclusive, prosperous society remains incomplete.⁶⁸ However, the fragility of the social contract is seen as a symptom of an 'incomplete transition.' When many citizens are excluded from job opportunities and, hence, from joining the middle class, it puts significant pressure on the social contract.

The case study⁶⁹ starts with understanding Apartheid as a form of social contract predicated on an institutionalized form of racial exclusion, oppression and inequality. Over the course of the twentieth century the components of that contract were renegotiated around class and ethnic tensions within the white population as well as the changing strategies of coercion and consent with respect to the black and 'colored' populations. The collapse of a codified system of institutionalized racial segregation in the early 1990s produced a "negotiated transition" of the social contract based on pact-making, bargaining and brokerage institutions.

The post-apartheid social contract was a form of developmental welfarism which started during the Mandela presidency (1994–1999), though its specific institutional form took shape during the Mbeki era. It was organized around three policy platforms: (i) massive expansion of the social protection system, focusing principally on mothers and the aged; (ii) a strong focus on 'deracializing' control of the economy through affirmative action policies designed to fast-track the placement of black people into management and senior management positions; (iii) the transformation of white ownership of the economy through Black Economic Empowerment policies. Mbeki attempted to renegotiate the social contract through organizational shift of political control away from the ANC itself to the Presidency, an institution that he sought to build into a powerful apparatus of control and coordination at the center of the state. This shift was resented, particularly by provincial party bosses and black business classes and the party re-established control of the state by recalling a sitting state president.

The ascension of Zuma marked a radical unravelling of a nascent democratic contract, pushing the ANC from its place as the primary force for transformation in society. The democratic social contract was "repurposed" and replaced by a party hegemony operating like a "shadow state", a well-organized network that strives to manage what they call the symbiotic relationship between the constitutional state and the shadow state. At the center of this repurposed social contract

⁶⁸ World Bank (2018).

⁶⁹ Watts (2018).

stands a plethora of “broker networks” linking the party elites, controllers, entrepreneurs, brokers and middlemen, often transnational in scope and cross cutting party, business and ethnic lines.

The indicators developed for this report paint a complex picture of the social contract but one largely consistent with the sense of deepening corruption, state illegitimacy and civil society activism. South Africa scores slightly above average for civil capacity but also higher for state capacity compared to other African states. The relatively high score for state capacity is by driven by high state authority and state effectiveness, compared to the other countries in the region, capturing bureaucratic capabilities and patterns of administrative and organizational performance. State capacity does properly reflect however the institutional inheritances of the apartheid state and the extensive state-building undertaken since 1994. Civil society capacity is as expected quite high consistent with both the recent history of citizen pressures and engagement and the thickness on the ground of civil society groups and organizations.

When social divides are large, as in South Africa, it is difficult to build a strong social contract. The lack of job opportunities, especially for young people, is putting pressure on the social contract. This is observable in the recent protests for free higher education. The *#FeesMustFall* demonstrations from 2015 onward were partly in response to awareness among young people that tertiary education, which has been unaffordable for many, is critical for the prospects of obtaining a job. The inequality of income and assets results in contestation of these resources, be it to redress injustices of the past, provide dignity to the most vulnerable, or strengthen the sense of fairness in society. This is evident in the redistribution of income and assets. The unequal distribution of resources can also result in illegal and violent forms of contestation, such as crime and corruption.⁷⁰

⁷⁰ World Bank (2018).

Part 5 Application: Sectoral and Thematic Spotlights

The study examined how social contract dynamics shape and are shaped by a number of sectors and themes. The first spotlight explores how social protection is increasingly shaping and being shaped by social contracts in Africa. The second spotlight highlights the fiscal contract as a specific component of the broader social contract and how tax compliance, trust and state capacity are related in a context of often low taxation. The third sectoral spotlight expands on the challenges social contracts face in resource-rich countries. The fourth spotlight highlights the role of fragmented social contracts can be a driver of conflict, and how prevention and peacebuilding can benefit from a social contract framing. The fifth spotlight describes recent protest trends in Africa and highlights their role as social contract negotiation events. The sixth spotlight introduces a normative role of social contracts within the context of human rights. The seventh spotlight highlights the role of the social contract when designing and implementing policies aimed at addressing inequality and redistribution policies. The eighth spotlight examines how social accountability tools can be used to strengthen social contracts. Finally, the ninth spotlight looks at social contracts in the context of the 2020 COVID-19 pandemic.

5.1 Social Protection: Increasingly Shaping and being Shaped by Social Contracts in Africa

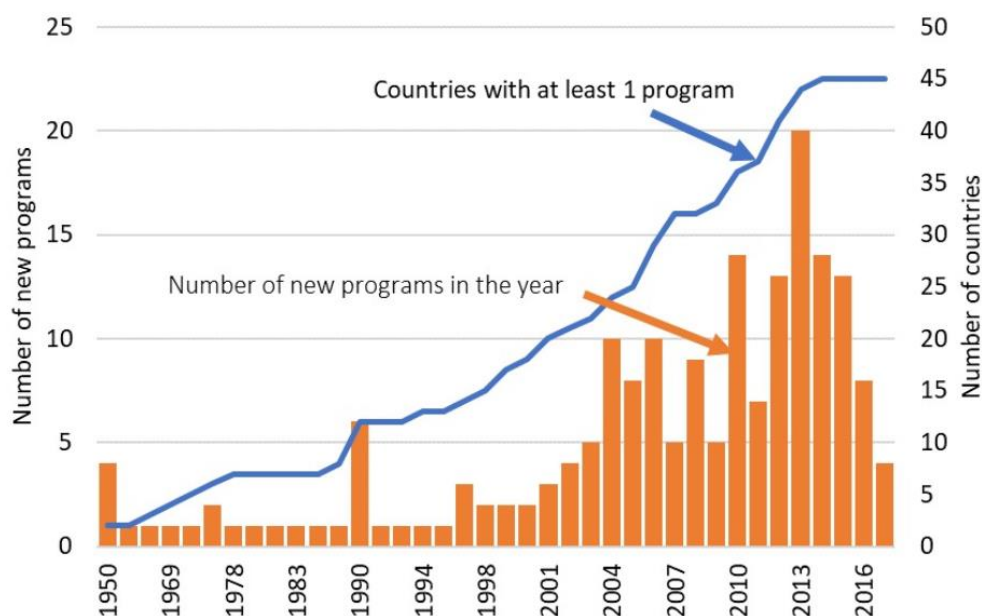
Social protection programs encapsulate the expectation (and attendant obligation) that states provide a basic level of protection to society's most vulnerable. Emerging from social-contractual ideas that states and citizens have rights and responsibilities towards one other, social protection programs rest on citizens' delegation to state authority. Citizen consent in turn stems from the government's commitment to protect its citizens from harm. Social protection connects to many aspects of the framework presented in this report. It often is a responsibility of the state and therefore the way it is implemented affects the thickness and inclusiveness of social contracts.

Africa has seen a significant expansion of social protection programs over the last two decades (Figure 5). More than 45 countries now have social safety net programs in place to address chronic poverty and to help poor households diversify their livelihoods and invest in their children's health and education. During Covid-19, many countries are expanding their social protection programs, social assistance, insurance, and labor market programs, significantly.⁷¹ Owing to fiscal and capacity constraints, and arguably also political economy related to prevailing social contracts, however, social safety net programs often cover only a small proportion of the poor and are concentrated in rural areas where chronic poverty is highest (but also where many governments in power find a significant political base).⁷²

⁷¹ Gentilini et al. (2020).

⁷² Beegle et al. (2018).

Figure 5: Establishments of Safety Nets in Africa



Source: Beegle et al 2018.

Hence, with the rapid expansion in social protection schemes in the region, this type of support is one of the returns that citizens increasingly expect from governments in Africa. In fact, social protection is a service that is particularly important at the local level, being, often, the first or one of the few (positive) encounters of vulnerable citizens with the central state. As a result, social protection programs can shape citizens' confidence in state institutions and consequent willingness to delegate authority.⁷³ There is, hence, a two-way relationship between social protection programs and social contracts: the latter is an expression (outcome) of the former, but the latter is also a force in the making and remaking (inclusiveness, thickness) of the social contract.

There are four main features of social protection programming through which program design can shape state-citizen relations,⁷⁴ affecting what governments provide to citizens, as well as citizens' delegation and consent to govern.⁷⁵

The first set of features can affect state capacity. Many social protection programs in Africa are being expanded and upgrading with the help of social registries and technology (for administration but also, for example, for payments).⁷⁶ Creating citizen registries and introducing technological innovations can bolster state capacity, infrastructure and

⁷³ Sacks (2012).

⁷⁴ Based on Dreier, Lagrange and Lake (2020), a background paper commissioned under this research program.

⁷⁵ Levi and Stoker (2000); Risse and Stollenwerk (2018).

⁷⁶ World Bank (forthcoming).

surveillance. Even without extensive state involvement, social protection programs can serve to consolidate and centralize the exercise of state power. These effects can be economically expedient and politically stabilizing. However, in states with enduring legacies of violence and oppression, social protection programming that increases states' monitoring and surveillance capabilities can also be harnessed towards more politically sinister authoritarian agendas.⁷⁷

The second set of features affect civil capacity. Poverty reduction and the alleviation of associated harms can enhance individual and community participation in social, political and economic life.⁷⁸ Increased public participation and engagement in these realms can reconstitute individuals as citizens with rights, responsibilities and duties that derive from their membership of a broader polity and extend beyond their immediate communities and kinship networks.

Additional features of social protection programs can shape social contract outcomes more directly through their impact on the thickness, inclusiveness or legitimacy of the social contract. Two examples of this are targeting and conditionality of programs. First, targeting. One of the most fundamental decisions required when designing any social protection program has to do with determining the eligible population and final beneficiaries. While there is increasing debate about the merits of universal approaches to social protection programs, given limited resources and efficiency considerations, programs are most often targeted through a variety of mechanisms (e.g. community-based, geographical targeting, categorical targeting, proxy-means test). Yet, the decision to target or not, and how to do it, can have significant implications beyond the program itself: is it considered fair? When are errors of inclusion worth it in order to avoid exclusion? is there a legitimate actor, even if not the state, that can justify the targeting and the mechanism chosen? How do considerations about the social contract enter when making these decisions?

A second example has to do with program conditionality. Program conditionality can consolidate state authority; cement the rule of law; and contribute to building human capital through investments in health and education, for example. In doing this, conditionalities reflect but can also impose a social contract arrangement between citizens and the state. As such, which conditionalities can strengthen the overall social contract at the local and national level? Which behaviors can generate a virtuous cycle to help communities and countries move to a better equilibrium in their social contract? Are there cases where conditions can have negative effects on the social contract dynamics? Background work commissioned for this report illustrates these patterns with specific programmatic examples, highlighting promising avenues for advancing democratic accountability and citizen participation, while guarding against strengthened authoritarian

⁷⁷ Beresford, Berry, and Mann (2018).

⁷⁸ Carpenter, Mallett, and Slater (2012).

control.

5.2 The Taxation Challenge in Africa: Cause and Effect of Prevailing Social Contracts

Many countries in Africa struggle to collect taxes, partly both a cause and a consequence of prevailing social contracts. The collected tax⁷⁹ to GDP ratio in the region is, on average, 19 percent, but there is wide variation across countries, with taxes representing less than one percent of GDP in Somalia or between 7 and 10 percent in countries such as Ethiopia, Angola or Madagascar; in contrast, in Namibia and South Africa, taxes represent around 27-28 percent of GDP.⁸⁰ In countries where the tax collection is low, the capacity of the state to provide services is undermined, thus, possibly undermining the stability of the social contract if these resources were to be used effectively. Hence, a key challenge for many countries in Africa is to be able to increase taxation and improve the accompanying use of resources.

The World Bank, through its Innovations in Tax Compliance project, accounting for social contract dynamics, has developed a conceptual framework for developing more effective approaches to tax reform and compliance in developing countries.⁸¹

The project places fiscal contracts squarely at the center of its approach to tax reform. It goes beyond traditional approaches which solely rely on enforcement and facilitation and brings in trust. By combining complementary investments in enforcement and facilitation, as well as trust, reformers can not only strengthen enforced compliance but can also (a) encourage quasi-voluntary compliance, (b) generate sustainable political support for reform, and (c) create conditions that are more conducive to the construction of stronger fiscal contracts. This raises the question what the relation is between taxation, fiscal contracts and (dynamic) social contracts as illustrated by Figure 1 in this report. The Tax Compliance framework of fiscal contract connects to many aspects of the social contract framework proposed in this report, this includes the relation between state capacity, tax enforcement and revenue mobilization, the importance of the citizen-state bargain in the reform process, and the fiscal contract as a driver of responsiveness and state accountability, an idea also explored in the next spotlight on natural resources.

Taxation is an integral part of many social contracts; it is the result of a bargaining process between citizens and states. Put in its simplest form, states seek to raise revenue, and citizens expect to receive services in exchange while also trying to minimize their tax liabilities. While states can coerce citizens into paying, they typically do not have the capacity to coerce taxpayers into full compliance. Therefore, states have to make

⁷⁹ Collected taxes being one of the possible revenues of a government.

⁸⁰ World Development Indicators.

⁸¹ Prichard (2019).

concessions to taxpayers in order to secure “quasi-voluntary” compliance. Or put differently, citizens will be less reluctant to pay their taxes if they are satisfied with what they receive in return for their taxes and if they feel like they have influence over what happens with their taxes. Taxation, thus, generates incentives for explicit and implicit “tax bargaining” between citizens and states, as increased tax collection is exchanged for greater responsiveness and accountability. In turn, this process may provide the basis for the construction of durable fiscal contracts,⁸² which contribute in important ways to social contract outcomes, strengthening the overall social contract.

Through its impact on the social contract, taxation contributes to state-building by possibly bringing about more capable, responsive and accountable governments.

Research highlights the historical centrality of taxation to state-building and the expansion of political accountability in early modern Europe in particular. In their search for revenue to finance wars, states expanded taxation but were also forced to expand accountability in order to secure the support and tax compliance of wealthy taxpayers, leading to the emergence of national assemblies.⁸³ The availability of alternative sources of finance, such as aid and natural resource revenues, has cast some doubt on whether this mechanism still works for contemporary developing countries.⁸⁴ This challenge is particularly salient in a number of African countries, where ability to raise tax revenues from other sources is limited, increasing reliance, when the resources exist, in these other forms of revenue where the stakes for the population tend to be more obscure, making accountability more difficult. Yet, a growing body of literature suggests that taxation still contributes to the development of more responsive and accountable states.⁸⁵ Somaliland’s dependence on local tax revenue, for example, provided those outside the government with the necessary leverage to press for inclusive, representative and accountable institutions.⁸⁶

The social contract itself also affects taxation as taxpayers’ compliance depends on their bargain with the state. Traditionally, approaches to tax compliance have stressed the importance of enforcement and, more recently, of facilitation. This focus has reflected early models of tax compliance, which presented the decision to comply as the product of the cost of the penalty of non-compliance and the cost of compliance.⁸⁷ Yet, looked at through the prism of a fiscal contract, tax compliance equally depends on whether citizens trust that they will get something in return for the taxes they pay, i.e. that the state will uphold its end of the fiscal contract. Recent research finds that where fairness, equity, reciprocity and accountability, the different dimensions of trust, feature more prominently, taxpayers are not only be more likely to comply but also more willing

⁸² Moore (2004) and Levi (1988).

⁸³ Tilly (1990).

⁸⁴ Moore (2015).

⁸⁵ Prichard (2015).

⁸⁶ Eubank (2012).

⁸⁷ Allingham and Sandmo (1972).

to support reform.⁸⁸

5.3 Challenges for a Responsive Social Contract in Resource-Rich Countries in Africa

The social contract in Africa’s resource-rich countries often feature distinct bargaining dynamics and tends to be less responsive. In countries specifically endowed with non-renewable resources i.e., oil, gas and minerals, the nature of state-society relations has identifiable characteristics. There are 19 mineral-rich and 12 oil-rich economies on the continent, defined by the International Monetary Fund as having mineral rents contributing at least 25 percent of their exports.⁸⁹ In these resource exporters, the institutional mechanisms of accountability are profoundly shaped, and in extreme cases, distorted by resource revenues. Since the state derives most of its revenue from an external source, policy makers can feel less obligated to provide public goods. Citizens can have limited influence on policy makers to effectively demand for public services. Overall, external factors, including commodity price swings can be hugely disruptive, reinforcing or providing an opening for renegotiation of the social contract in meaningful or destructive ways. These resource revenues, especially via oil, have a structuring effect on institutions⁹⁰ as their scale (volume, their source (not from taxes), stability (volatility and unpredictability) and secrecy (easily hidden).

However, it is not necessarily the existence or features of these resources that cause social contracts to have these characteristics, but the socio-political context of their utilization. Resource-rich countries share certain properties of “*stateness*” and decision-making unless significant state-building has occurred prior to a resource windfall.⁹¹ In other words, state-society relations can be profoundly influenced by the timing of a resource windfall: whether it occurs in the early stage of state-building when institutions are still malleable or in the latter stages when institutions have set. Thus, Botswana is one of Africa’s most stable and prosperous middle income countries today partly because when diamond mining began in the 1970s, there was already a strong and stable social contract that built on precolonial institutions and that incorporated the interests of various groups in society on the platform of the Botswana Democratic Party.⁹² With stable institutions underpinned by an inclusive political coalition, Botswana has prudently managed its diamond revenues, invested substantially in building human, physical and social capital, and accumulated foreign reserves including a well-managed

⁸⁸ Gatt, L., & Owen, O. (2018).

⁸⁹ Lundren, Thomas, & York (2013).

⁹⁰ Ross (2012).

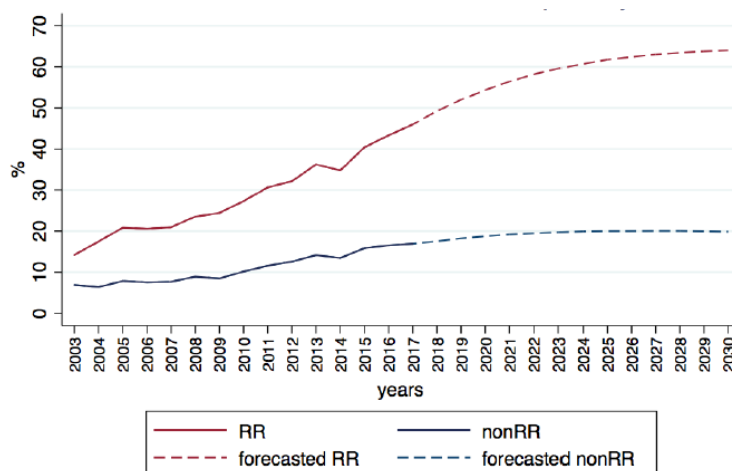
⁹¹ Karl (1997).

⁹² Sebudubudu & Botlhomilwe (2011).

Sovereign Wealth Fund.⁹³

A key characteristic of the social contract in resource-rich countries is that policymakers often have limited obligations to provide public goods and social welfare. Policymakers are less constrained to be responsive to society because the state derives most of its revenue from an external rather than domestic sources. Therefore, institutional checks and restraints towards accountability, such as executive, legislative and civil society oversight, are neither strong nor effective. It is not unusual in these countries, especially those that are oil-rich, to have massive public expenditures but derive so little value. While there may be large and prestige infrastructure projects, like roads, airports, stadia and global tournaments, human capital investments can be lower, and their outcomes often poorer, than in resource-poor countries (Figure 6). Public investments can easily be squandered by corrupt and unaccountable elites, as these resource revenues are easily amenable to diversion. To address this issue, it has been suggested, that if, instead of making (unaccountable) public-spending decisions with their oil revenues, governments were to distribute these revenues directly to citizens (in equal amounts to all citizens), and then tax them to finance public goods, there would be at least two effects. First, citizens would have a better idea of how much revenues there were. Second, since expenditures were being financed from their tax payments, citizens may have greater incentive to scrutinize these expenditures.⁹⁴

Figure 6: The world's poverty share among resource-rich (RR) and non-resource-rich (non-RR) countries in Africa



Source: Cust, James and Zeufack, Albert (The Dog that Didn't Bark: the Missed Opportunity of Africa's Resource Boom, forthcoming)

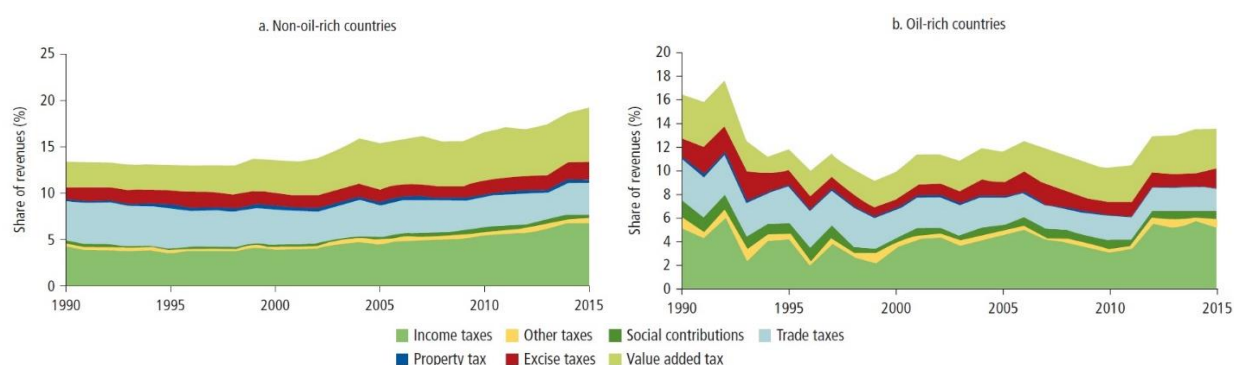
Another characteristic of the social contract in Africa's resource-rich countries is that citizens

⁹³ Africa Natural Resource Centre (2016).

⁹⁴ Devarajan (2017).

have limited avenues to influence decision-making. The unique impacts of the Dutch Disease in low-income economies at an early stage of development profoundly undermines structural industrial transformation. Producer groups, business associations and trade unions that would normally be the important institutional mechanisms for influencing public policy tend to be weak due to the low productivity and limited competitiveness in sectors like agriculture, manufacturing and other tradables. Given the weak productivity and competitiveness of these tradables sectors, they generate limited revenues through the mechanism of export earnings and taxes (Figure 7). The tax capacity of these countries remains small and underdeveloped. Within this context, it is not uncommon for decision-making to be captive to special interest groups, such as privileged elites, multinationals and other large firms operating within and around the resource sector.

Figure 7: Oil-poor countries outperform oil-rich countries in tax collection



Source: Choi, Jieun; Dutz, Mark; Usman, Zainab (The Future of Work in Africa: Harnessing the Potential of Digital Technologies for All, 2020)

Opportunities for renegotiating the social contract occur at critical junctures of external shocks.

Due to the economic dependence in resource-rich countries on global commodity markets, these shocks tend to come from sharp global price swings. During periods of high commodity prices, the oil and mineral windfalls provide the revenues to sustain and reinforce the status-quo, autocratic governments awash with petrodollars coerce and coopt citizens, the Dutch Disease results in severe import dependence to the detriment of the productive sectors, and policymakers are insulated from pressures for accountability. However, the sudden collapse of global commodity prices, especially in oil-rich countries, creates strong fiscal pressures that can lead to a renewed reform orientation among policy makers.⁹⁵ Such policy reforms include tax, public financial management and domestic resource mobilization, a market orientation towards commercialization and privatization of state-owned enterprises, and deregulation and liberalization of key sectors such as energy, trade and financial services. Reforms that lead to a greater reliance on tax revenues for the fiscus and enable the participation of new and more

⁹⁵ Usman (2020).

private actors in the economy can ultimately tilt the balance of power and reorient state-society relations.

Other external shocks that may disrupt the social contract in these resource-rich countries include technological change as well as the energy transition. The digital technologies driving the fourth industrial revolution are set to change the business models and operations of the mining sector in ways that could have profound socio-economic implications for mineral-rich countries in Africa. A recent case study of mining companies in high and low-middle income countries, concludes that as new technologies are rolled out, host countries will be at risk of reduced socio-economic benefits from mining in terms of lost local employment and personal income tax revenue, and also reduced employment-related local procurement.⁹⁶ Similarly, the ongoing global transition to clean energy technologies propelled by the 2015 Paris Agreement on Climate Change may depress the long-term global demand for oil and gas in Africa's producers. For mineral exporters, they are likely to see a sharp demand growth for 'climate minerals' such as cobalt, copper, iron lithium and nickel, solar panels, wind turbines, batteries and other renewable energy hardware.⁹⁷ In both cases, disruptions to long term global demand for oil, gas and minerals will affect revenues available to policy makers, the benefits of these resources accruing to citizens and communities and therefore the balance in state-society relations.

5.4 The role of social contract fragmentation in conflict and fragility

Some 18 of the 30 fragile and conflict-affected situations on the World Bank's FCV harmonized list reside in African states; violence and weak institutional capacity remain a major impediment to shared prosperity on the continent. As raised earlier, there has been a recent resurgence of the use of social contract theory in the literature on peacebuilding and conflict.⁹⁸ Part of this has been driven by events, such as the Arab Spring,⁹⁹ and part a reaction to the focus in the discourse on elite bargains¹⁰⁰ and political settlements.¹⁰¹ One of the compasses presented in the framework relates to conflict and fragility. The assumption is that social unrest can be a response to a low level of alignment between the citizens perceptions on the outcomes of the social contract and their expectations. When this low level of alignment is also combined with a lack of responsiveness from the state, unrest and violence could arise as a last resort form of bargain or as a break down in the social contract. The role of unrest as a bargaining mechanism is further described in the next spotlight.

⁹⁶ Cosby et al (2016).

⁹⁷ Arrobas et al (2017).

⁹⁸ See for example, Leonard (2013), Kaplan (2014), and UNDP (2018).

⁹⁹ See Devarajan and Ianchovichina (2018) and Toska (2017).

¹⁰⁰ World Bank (2011).

¹⁰¹ Di John and Putzel (2009).

This study finds that the degree to which the state is responsive, and a ‘people-centered approach to conflict prevention’¹⁰² can be realized, is contingent on the nature of the state-society bargain. The South Africa case study shows how important was the strength of civil capacity, symptomized by the mobilization within the African National Congress, in shaping the social contract that emerged in 1994 and the fall of apartheid.

In examining the nature of violence or the fragility of a peace process, the ‘social contract’ framework is useful to understand the causes of armed conflict as well as understanding state and civil capacities while countries are in conflict. Further, it can be used to help define the policy and operational options for external institutions in advancing peacebuilding and development objectives.

The theory on the causes of conflict has been dominated by two approaches; greed vs grievance.¹⁰³ The first is the greed hypothesis, which posits that the availability of rents and resources provides the interest and opportunity for rebel groups to rise up against the state.¹⁰⁴ The second, the grievance hypothesis suggests that armed conflict arises from relative deprivation, horizontal inequality¹⁰⁵, polarization,¹⁰⁶ creating drivers for collective action and mobilization of group identity around arenas of contestation.¹⁰⁷

However, there may be contexts in which the fault-lines of greed and grievance exist, but the social contract is sufficiently resilient to not allow for the triggering of armed violence.¹⁰⁸ When the ‘social contract’ is not sufficiently inclusive or responsive this can lead to narrow elite bargaining, interrupted transitions of power, and a breakdown of the ‘rules of the game’ resulting in armed violence. Examples of such breakdowns include those of the arrangements around fiscal revenue sharing (e.g. Nigeria) or unstable transitions after the death of a head of state (e.g. Cote d’Ivoire).

In settings beset by armed conflict, the social contract is weakened and fragments. Subgroups may form agreements along regional or identity dimensions in competition with the state; and hence local social contracts are stronger than ones at the level of the national government. Sometimes these can have positive deviance such as in Somaliland¹⁰⁹ but more often lead to the break-up of the social fabric, such as in Sierra Leone and Liberia in the 1990s and early 2000s.

What is observed are two types of contracts (what has been called a dual-citizenship) that may be in competition: i) within the local community, ethnic or

¹⁰² World Bank and UN (2019).

¹⁰³ Berdal (2000)

¹⁰⁴ Collier and Hoeffler (2004).

¹⁰⁵ Stewart (2008).

¹⁰⁶ Esteban and Schneider (2008).

¹⁰⁷ World Bank and UN (2019).

¹⁰⁸ Murshed (2009).

¹⁰⁹ Phillips (2020).

religious identity and ii) between those groups and the state.¹¹⁰ When armed conflict fractures along identity lines for example around religion or language¹¹¹ then those identity loyalties may be stronger than allegiance to the state. In turn, armed groups may begin to offer more effective governance arrangements, that can be coercive but also reciprocal in nature. Armed groups such as Al Shabaab extort taxes but also provide justice and customary dispute resolution.¹¹²

Two other aspects of the social contract are important to note. First, is the nature of the bargain between armed force and political power often which leads to a conflation between the two and military leaders assume political power. The second, is the intermediary role of international partners and their relationship with the state. Here the social contract, even enshrined in a compact, maybe more important to the state than the relationship with citizens given the access to international aid and legitimacy.¹¹³

What does this understanding mean for development actors? Supporting a social contract in such conflict settings is the product of ongoing explicit and implicit negotiations between different interest groups and a range of formal and informal power holders. This is where the links between peace-making, mediation, peacebuilding and development are found. As highlighted by the UN-World Bank partnership, what is critical is sustained engagement given how those negotiations can remain unresponsive and unstable.¹¹⁴ Where this study and the recent literature¹¹⁵ seem to converge is on the normative policy aspects of using the social contract, and in particular the focus on three critical areas:

The first is the inclusivity of the social contract, and specifically the inclusivity of the political settlement. Mediation and negotiation are not usually seen as the preserve of the World Bank and more for the diplomatic community or specific arms of the United Nations system. Yet, underlying the bargaining of many political settlements are socio-economic issues (revenue sharing, natural resources, land, lagging regions) to which development institutions such as the World Bank can lend its technical expertise. Recovery and Peacebuilding Assessments¹¹⁶ as well as the work on national dialogues are examples of how development actors can scale up this kind of support to broaden the political settlement beyond the immediacy of elite-power sharing.

Secondly, it concerns responsiveness and institutions delivering effectively and inclusively. In some respects, the World Bank has made great strides in terms of integrating social inclusion into its policies and operations. This has been particularly the

¹¹⁰ Leonard et al, (2011).

¹¹¹ Fisiy (2019).

¹¹² Ahmad (2019).

¹¹³ Ibid.

¹¹⁴ World Bank-UN, (2019).

¹¹⁵ Kaplan (2014), McCandless (2019).

¹¹⁶ <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/recovery-peacebuilding-assessments-faqs>

case with regard to gender, disability, indigenous persons, and with LGBTQI individuals.¹¹⁷ More sensitive for the World Bank has been the ability to measure and act upon exclusions which may be of religious or ethnic identity in nature.

Thirdly, with regard to civil capacity and social cohesion and the broadening and deepening social covenants. As much of the social contract has been focused on vertical relations between state and citizen, the conflict literature¹¹⁸ places emphasis on the relative social cohesion between different groups. While some work has been undertaken to better understand the way to measure social cohesion, it could be argued that very few resources are devoted to peacebuilding, inter-group mediation and building platforms for collective action.

The real challenge for the World Bank in a fragmented contract, such as during an armed conflict, is that as a lending institution primarily for governments it can be perceived to be acting in a one-sided manner. The institution has begun to place a focus on civil capacity, such as its focus on citizen engagement, albeit the record here is mixed.¹¹⁹ However, while its resourcing for civil society institutions remains so small,¹²⁰ will it continue to be seen as working only one side of the social contract.

5.5 African Protests and Reshaping the Social Contract

Protests are an important bargaining mechanism through which large group of citizens can manifest their political weight. 2019 has been referred to as the year of global street protests and mass demonstrations.¹²¹ In their geographical coverage, the protests were unrivalled in scope and variety, with comparisons often made to 1989 and even to the waves of insurgency in 1948. Typically seen as cases of 'insurgent' or 'street' citizenship,¹²² the protests were on a scale capable of radically disrupting daily life, and inducing panic measures from governments as far afield as Hong Kong, India, Chile, Bolivia, Ecuador, Colombia, Spain, France, the Czech Republic, Russia, Malta, Algeria, Iraq, Iran, Lebanon and Sudan.¹²³ Popular mobilization across such disparate locations, coupled with their variety of political repertoires, goals and forms of organization, defy easy generalization. But their impact is not in question. Street protests and strikes saw Evo Morales, the President of Bolivia, forced from office in November after 13 years in power; Presidents Abdelaziz Bouteflika of Algeria and Omar al-Bashir of Sudan both fell in April 2019 after decades in office.

Africa was no exception to the global pattern of protests, and in many respects,

¹¹⁷ World Bank (2018c).

¹¹⁸ Kaplan (2014).

¹¹⁹ IEG (2019b).

¹²⁰ See for example the Global Partnership for Social Accountability, www.thegpsa.org

¹²¹ Rachman (2019).

¹²² Holston (2009), and Giugni and Grasso (2019).

¹²³ Brannen et al. (2020).

they proliferated more quickly and more widely than in other regions. In 2019 there were 10,793 demonstrations in Africa according to the Armed Conflict Location & Event Data Project (ACLED), compared with 819 in 2009.¹²⁴ This did not come out of nowhere; Africa witnessed the largest increases in anti-government protests in the world over the last decade increasing by 23.8 percent each year (more than twice the global average), and protests increased by 746 percent over the decade.¹²⁵ Armed violence and fatalities increased in Africa after 2010, largely accounted for by insurgencies in the DRC, Nigeria, Sudan, South Sudan, CAR and Somalia (though decreasing since 2014 and part of a longer term downward trend). Yet the number of fatalities per protest has declined steadily from 2001, from 9 per event to less than 3.¹²⁶

During earlier waves of protests, demonstrations typically endured for days or weeks, but in recent cases, Malawi, Sudan, Togo and Guinea for example, they have continued for many months. Especially large mobilizations occurred during 2019 in Sudan, South Sudan, Ethiopia, Kenya, the Democratic Republic of Congo (DRC), South Africa, Cameroon and Nigeria typically triggered by highly localized events. Ethiopia was rocked by mass street protests across its Oromia and Amhara regions over grievances about political exclusion. In South Africa large-scale and persistent student unrest at virtually all of the campuses over fees, hiring and curriculum significantly disrupted the academic year. Highly contested elections saw widespread protests erupt in the DRC, Gabon and Uganda and even in countries – Chad, Angola and Zimbabwe – where the public and political spheres are tightly regulated. Protests in Malawi against the reelection of the incumbent President, in May 2019, led to the Constitutional Court in February ordering a rerun, only the second time judges have done so in African history, following Kenya's example in 2017. Underlying all of these movements, lies the larger question of what full citizenship should entail, and the validity of the social contract. Protests question the contract's tacit and common agreements, its legitimacy and authority in short, on what citizens expect from the state and the state's capacity and willingness to deliver on these expectations.

According to survey data, the average age of protestors is 35 years and is likely to be male, urban and educated. Roughly 10 percent of those surveyed by Afrobarometer across the continent (2002-2015) had participated in a protest in the preceding 12 months (South Africa is the extreme outlier where the comparable figure is over 18 percent). The occupational profile of protestors, however, is complex: informal sectors workers, domestic workers, and farmers represent a significant proportion of protestors. Africa's youth, particularly those residing in urban areas, operate in broadly similar ways to their

¹²⁴ See <https://acleddata.com/2018/03/12/recent-trends-in-political-violence-protests-in-africa/>; and *The Economist*, March 5 2020, Young Africans want more democracy (<https://www.economist.com/middle-east-and-africa/2020/03/05/young-africans-want-more-democracy>).

¹²⁵ Brannen et al. (2020).

¹²⁶ Ciliers (2018).

counterparts in other regions of the world. In comparison with their older compatriots,¹²⁷ if youth vote less, they are more likely to demonstrate an attachment to opposition parties rather than any affinity to incumbent parties.

Over the last five years, protests have arisen across the continent for all manner of divergent reasons. In some cases, it proved to be flawed elections (Senegal, 2011), in others the price of oil (Nigeria, 2012), in some instances the abject failure of local government to deliver basic services (South Africa, 2012), and in others ethnic exclusion (Ethiopia, 2016). Survey data covering the period 2012-2015 for South Africa¹²⁸ the country with the largest number of protests and highest participation rate, suggests that labor, crime/policing, service provision, housing, transport and education triggered two thirds of all protests with a marked rural-urban contrast (in rural areas corruption, land water and jobs predominated). More generally, however, corruption figures quite centrally in protest motivation. The 2019 Transparency International global corruption barometer for Africa shows that over half of respondents felt that corruption was on the rise, that 1 in 4 surveyed had paid a bribe in the previous year for public service access, and that the police and government officials are seen as the most corrupt institutions.¹²⁹ Survey data from individuals across more than 30 African countries taken from the 2005-2006 and 2014-2016 surveys, reveals that a respondent who has the highest experience of paying bribes will have a 40 percent probability of taking part in anti-corruption demonstrations.¹³⁰

The nonviolent overthrow of the heads of state, Sudan and Algeria in 2019, are not aberrations and point to a number of continental trends for which the changing profile of social protests is a crucial indicator. First, is the democratic opening of the 1990s. The move to institute free and fair elections, to remove authoritarian and in some cases dictatorial leaders and to reform the 'gatekeeper states' that controlled access to foreign aid, receipts from natural-resource exports and taxes on trade has certainly been slow, laborious and uneven, but the gains were clear, clearing a space within which protest movements could both operate and grow. The spillover effects of the Arab Spring certainly reverberated across the continent even though social protests had begun much earlier.¹³¹

Second, is a growing commitment across the continent to democratic norms and forms. In an Afrobarometer poll of 34 countries published in 2019, 68 percent of Africans said that democracy was the best form of government, a share that was broadly stable over the previous decade. The figure is higher when respondents are presented with specific alternatives; 78 percent, for example, said they would not give up multi-party

¹²⁷ Resnick and Casale (2011).

¹²⁸ Lancaster (2006) and Matebesi (2017).

¹²⁹ See <https://afrobarometer.org/blogs/whats-behind-wave-protests-africa>

¹³⁰ Transparency International (2019).

¹³¹ Mampilly and Branch have shown, between 2005-2014 over 90 popular protests occurred in 40 African states (not counting labor strikes and local labor strikes); and yet it was only when the revolts broke out in North Africa that Western media began to pay attention. See Branch and Mampilly (2015).

elections for strongman rule. Across Africa the demand for democracy is outstripping supply and young, urban populations in particular want the right to express themselves, to vote in fair elections and to hold leaders to account.

Third, since 2000 most demonstrations and protests there have been unarmed and peaceful. Over the past decade, mass uprisings in Africa have accounted for one in three of the nonviolent campaigns aiming to topple dictatorships around the world, almost twice as many as Asia. Africa's non-violent uprisings have, moreover, had the highest success rate in the world: over half of the uprisings aimed at overthrowing dictatorships have succeeded, in countries as diverse as Burkina Faso, Côte d'Ivoire, Madagascar, Mali, Niger, South Africa, Tunisia, Zambia, and, most recently, Algeria and Sudan. It far surpasses the success rate for movements against autocratic regimes in all other regions. Some commentators in fact claim that rising 'people power' across the continent is doing what global arrest warrants cannot.¹³²

Importantly, the growth of protest movements does not signal a linear pattern of positive change. Depending on a wide range of factors, protests and their aftermaths can and do take multiple pathways. Protests are sometimes framed as disruptive: protestors are troublemakers and destabilizers rather than heroic or constructive actors. Peaceful protests can, and do, turn violent: in South Africa of the 2880 protests between 2013 and 2015, 53 percent involved violence. Mass mobilizations can disrupt economic activity and losses, of revenue, property and life, may be substantial. Protests and social movements frequently achieve little except a ferocious backlash by security forces. Recent pro-democracy movements in Cameroon and Togo have so far led only to violent government crackdowns. And even when civil resistance works in the short term, the new system sometimes falls short of delivering real change. In South Africa, for example, the explosion of community protests after 2009¹³³ was matched by deepening corruption within both the ANC and the government producing a national debate over "state capture." Where popular upheavals have toppled dictators, a second wave of counterrevolutionary forces has mobilized against the new order, as with the popular coup that installed Abdel Fattah el-Sisi as president in Egypt. In Zimbabwe, since the November 2017 protests that helped drive President Robert Mugabe from office have seen the military take tighter control. As leaders of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) moved to take power and impede the democratic transition, repression increased against activists, forcing many to lie low and move away from opposition politics.

Most African countries display what has been called 'electoral authoritarianism' or 'violent democracy',¹³⁴ where the pageantry of voting obscures a lack of genuine democratic practice. Elections are regular but regularly rigged and often marked by

¹³² Marks et al. (2019).

¹³³ "Community protests refer to collective actions that take place within a highly localised geographic area, such as an informal shack settlement or a section of a township. They are popularly labelled as 'service delivery protests', in reference to common demands for services such as water and electricity...", Paret (2015).

¹³⁴ Miller (2011).

political thuggery and intimidation. And in some respects, the picture seems to have deteriorated. Freedom House classifies just seven countries in Africa as “free” (the lowest total since 1990). A closing of the public space in some places is apparent in new Afrobarometer survey data which shows that Africans who say they are free to say what they think declined from 79 percent in 2008 to 70 percent in 2018. From 2004 to 2018, 12 African countries passed laws making it harder for NGOs to operate and more are planning to do so, all aided and abetted by the ability to regulate social media platforms. Of the 21 countries that shut down the internet in 2019, 12 were African. There may be an emergent ‘democratic divide’ between those more open and partially democratic regimes which shift and morph under popular pressures and the authoritarian regimes which, in the face of opposition, turn the repressive screws.¹³⁵

Social protests can and do continue under such circumstances. For a younger generation of city dwellers – the nascent middle classes, educated youths, women’s organizations – democratic backsliding will be contested. Protests cannot always restrain a determined autocrat, but they can challenge repressive power and this explains in part why there been a rise in the number of peaceful, if not always democratic, changes of government. There have been 29 non-violent transfers of power since 2015, compared with just nine in the first half of the decade. Of the 49 African leaders as heads of state at the start of 2015, only 22 are in place today. Even African legislatures, typically dismissed as rubber stamping devices, have sometimes bowed to popular pressures by helping ensure that, since 1990, all but seven of the 47 countries in Africa that have non-ceremonial heads of state have term limits.¹³⁶ These limits are more than twice as likely to be kept as broken. Protests, mass mobilizations and armed militancy can shift the political dial, even if the post-protest trajectories appear varied and their consequences contradictory.

In some cases, single goal-oriented movements (e.g. popular protests over the price of bread) may simply evaporate overnight when the norm of a just price is re-established. In 2012, protests against removal of oil subsidies in Nigeria succeeded in keeping prices low, but at the same time left the system and its corrupt elite beneficiaries intact. Malawi provides an illustration in which civil society groups and popular protest have periodically acted as a sort of political ‘thermostat’ successfully limiting egregious attempts by the President to subvert democracy yet doing little to change the overall incentives and responsiveness of those in power. In Senegal, the two most important of several movements directed toward democracy and human rights – *Y’en a Marre* and *M-23* – reveal quite different pathways and trajectories. *M-23* focused on regime-related constitutional and political problems whereas *Y’en a Marre* strategically folded bread and butter and service issues into their messages and organization. *M-23* was ultimately

¹³⁵ Cheeseman (2015).

¹³⁶ *The Economist*, March 5th 2020, Young Africans want more democracy (<https://www.economist.com/middle-east-and-africa/2020/03/05/young-africans-want-more-democracy>).

absorbed (perhaps co-opted) into government; *Y'en a Marre* entered a phase of radicalization and grew its support base establishing satellite organizations (*esprits*) engaged in civic education and vocational training. If *M-23* lost legitimacy, *Y'en a Marre* became a powerful force capable of turning out diverse and mobilized constituencies and promoting reformist agenda's while retaining autonomy.

Finally, there is South Africa and its vital tradition of local and community protests, especially over the last decade. Pravin Gordhan who was summarily dismissed as Minister of Finance in 2017, observed that the ANC has “moved away from [its] duty to serve our people [...] we have broken that contract”. Municipal protests escalated in 2007 and subsequently reached unprecedented levels (there were on average roughly 375 protests annually between 2009 and 2017). Service delivery protests constituted 80% of the total and were wide-ranging addressing schooling, roads, housing and water provision. The 2016 Local Government Elections brought to power a new coalition of opposition parties in several municipalities that had experienced the largest protests. While it is too early to evaluate the impact of the coalition-led municipalities on service delivery, it seems plausible to conclude that the subsequent election of President Cyril Ramaphosa was not unrelated to the popular protests emerging from below. If the 2019 elections were a “referendum about rescuing South Africa”¹³⁷ these protests arguably were instrumental in resisting the decay in the country's social contract.

For policy purposes, there is no ready-made template of prescriptive measures which can be derived from Africa's growing role in the rise of global protests and mass demonstration. Ultimately, what is key is the extent to which protests are linked or contribute to opposition parties or more extensive forms of institutionalized politics capable of not only advancing democracy¹³⁸ but of enhancing state responsiveness and state capabilities, and therefore state legitimacy, which are at the heart of the social contract. It is not easy to predict *ex ante* which protests are likely to succeed in doing so. If much of the research on the third wave protests is correct, then the significance of cross class and cross generational alliances and the intersection of middle-class leadership under conditions of limited upward mobility (economic pessimism) can help identify conditions under which sustained popular mobilization might occur. Synergies between communities and local or provincial government have also proven generative, for example the community protests against local government service provision in South Africa.

5.6 Normative aspects of social contracts: The case of human rights¹³⁹

State-society relations, viewed through the prism of the social contract, invariably

¹³⁷ LeBas (2013) and Riedl (2014).

¹³⁸ Ibid.

¹³⁹ The spotlight presented here is taken from a background paper prepared for the report by Ada Ordor which was financed by the Nordic Trust Fund.

invokes the human rights construct as its enabling framework. In the midst of the multiplicity of influences that contribute to the shaping of social contracts in the African context, including the prevalent characteristics of socio-cultural variance, developmental asymmetry and legal pluralism, the human rights paradigm presents a constant pillar both for benchmarking and assessing the progress of the state in addressing the welfare of the governed. Human rights enter the social contract framework mainly through the responsiveness outcome as many of the fundamental rights concern freedom of expression and protection from violent repression such as torture and political killings.

Human rights have an important normative component.¹⁴⁰ As David Ozar explains, “when we say someone has a right of some sort, we are ... talking about what ought or ought not to be done. Rights talk is one kind of moral discourse. It is used to inform people of their obligations and to give explanations of our own and others’ choices and actions.”¹⁴¹ All human rights then would on this definition have some normative element to them. They are not necessarily about what empirically is, they are about what morally ought to be. It is important to bear this in mind when discussing human rights generally, but in Africa in particular, where the gap between the rights that are declared, and their realization in practice can seem impossibly daunting.

Secondly, Ozar observes that in so far as rights inevitably generate obligations on the part of others to respect or honor those rights, all rights imply relations between people in the course of their exercise. As Ozar puts it, ‘a right is a relationship; it is a relationship between a person who has the right and others who have corresponding obligations to act or to refrain.’¹⁴² So human rights then, consisting as they do of a set of normative standards which create duties for others, in particular the state of which one is either a resident or a citizen, set the parameters of a particular kind of relationship between the citizen and the state. Where human rights set the normative standard, or requirements for the state, they act as a bulwark against the encroachment of the state on the individual in various ways, but they also create requirements for the state in terms of how it ought to function in terms of delivering services, utilizing public funds, and managing natural resources.

There are three enabling factors that need to be in place in order to shift the bargaining power to embed human rights and strengthen the social contract in African contexts: (i) interactive procedures to resolve conflicts and hold the state to account; (ii) an inclusive environment that allows for unfettered participation, including that of CSOs; and (iii) representation that is empowering, inclusive and accountable. These factors are illustrated in the relevant in depth sectoral study through the examples of the Life Esidimeni tragedy in South Africa, proposed legislation designed to hobble

¹⁴⁰ Bentley (2019).

¹⁴¹ Ozar (1986).

¹⁴² Ozar (1986).

CSOs that aim to defend the rights of communities in the oil-rich areas of Uganda, and the decentralization process and the demand for directly elected local officials in Ghana, respectively.

5.7 Inequality, social contract and electoral support

A recent World Bank report on the social contract¹⁴³ stresses the importance of redistribution and taxation for both reducing inequality and broadly enhancing the welfare of citizens. It warns that the persistence of high inequality because of one's social background and ethnicity may weaken popular support for the market economy and the implicit social contract accompanying it.¹⁴⁴ A vibrant social contract, where citizens share a strong sense of collective solidarity and purpose, and broadly trust that private resources they forgo to the state will be spent on public goods and services benefitting society as a whole – both imbues taxation and redistribution policies with greater political support. The realization of these goods and services themselves reinforce the vibrancy of the social contract. Inequality takes a predominant place in the social contract framework presented in this report as it is one of the main pillars of the inclusiveness dimension.

One might want to ask what are the large patterns of support for those policies in different parts of the world, and in Africa, specifically? For example, in his 2018 article,¹⁴⁵ Piketty analyzes voting patterns in support of both taxation and redistribution in Western countries. He notes that previous support patterns between the left-wing and right-wing political parties have changed away from class-based identities. Traditionally, lower-income citizens with less education tended to vote for socialist, labor and democratic parties favoring higher share of taxation and redistribution, and citizens with higher incomes and more education increasingly voted for more conservative parties favoring *status quo*. Analyzing some European countries and the United States, he states that these patterns seem to no longer hold. Instead, there seems to be a new cleavage between cultural elites who vote for left-leaning parties, and business elites who vote for right-wing parties. People with lower education and incomes feel abandoned and turn for populist parties.

This structural change explains why there has not been a sufficiently strong electoral push against policies exacerbating inequalities. Social contract seems to have weakened in the Western countries. Discussing political ideologies in Africa in early 1970s, James Graham focuses on two main historic political ideologies: Pan-Africanism,

¹⁴³ Bussolo et al. (2019).

¹⁴⁴ IEG (2019).

¹⁴⁵ Piketty (2018).

an assertion of black identity, and African socialism, an attempt to apply traditional communitarian values to nation-building.¹⁴⁶ That explains why Jeffrey Conroy-Kurtz and Dominique Lewis highlight an important distinction from Western politics. In Africa, they write, “the candidate appeals on the basis of what Western observers would call ideology are rare in contemporary Africa”. In their study of African politics,¹⁴⁷ they find that major parties are not distinguishable from one another in terms of their adherents’ attitudes towards the proper role of the state in the economy. Their findings hold for all African “countries included in the analyses and are consistent across sub-groups (*ibid.*). Conroy-Kurtz and Lewis bring an example from 2011 elections in Uganda where the candidates called for adoption of federalism in the country, which would enhance the power of traditional rulers. However, the same candidates who made federalism a central call in their platforms, also “advocated for a significant expansion of government-run programs on health, job creation, education, infrastructure and tourism,” funded and overseen by the central government. The authors argue that such is the norm throughout Africa.

Cadman Atta Mills supports that conclusion bringing an example from Ghana. In the Brookings Institution paper,¹⁴⁸ he writes about Ghana’s largely free and fair elections that are vigorously contested. While the biggest parties have similar on-paper-ideologies (NDC claims social democracy while NPP is liberal democratic), they differ mostly on geographic support base and cannot draw its support from any identifiable socio-economic group. Mills concludes that “party supporters appear to be no more associations of prominent individuals, and their followers or fan clubs”. The absence of opposing ideology-based governing platforms has led to a situation where the administrations of both parties avoid negatively impacting organized labor and prefer indirect taxation for mobilizing domestic resources. As a result, the tax to GDP ratio is very low in Ghana, while economic rents are an important source of government revenue due to highly visible and lucrative infrastructure projects. Social tensions are heightened due to high unemployment and indebtedness. Inequality is increasing. Mills concludes that Africa needs political parties which are more inclusive and reflect the socio-economic aspirations of broad segments of population. Despite the finding of Rothstein et al (2012)¹⁴⁹ that poor governments undermine trust in state institutions and thereby decrease popular support for state-sponsored redistribution, previously inactive socio-economic groups need to find their voices and demand representation and reforms that can lead to both poverty and inequality reduction. For the social contracts to hold, the goal should be making elites more accountable to their citizens – by protecting open media, promoting greater civic participation, and conducting regular performance audits.

¹⁴⁶ Graham (1972).

¹⁴⁷ Conroy-Kurtz and Lewis (2011).

¹⁴⁸ Mills (2018).

¹⁴⁹ Rothstein et al (2012).

5.8 Social Accountability and the Social Contract

The 2004 World Development Report on “*Making Services Work for Poor People*” helped to put social accountability into mainstream development practice, by making citizen and civil society agency a critical factor in improving public policy and service delivery through accountable government. This has led to interest among practitioners and scholars alike in the relationship of social accountability and the social contract between citizens and the state. The creation in 2012 of the Global Partnership for Social Accountability¹⁵⁰ (GPSA) in the World Bank, for example, was inspired by a view of the Arab Spring as manifesting a citizen-led critique of a failed social contract, and a desire for its renewal, in which social accountability would be an important instrument for change.¹⁵¹ While this rationale was not informed by empirical study, it strongly suggested the potential utility of a social contract frame in understanding citizen-state relationships, aided by social accountability practice. In fact, immediately following the Arab Spring in 2011, the World Bank awarded a \$500,000 grant to support formation of the Affiliated Network for Social Accountability in the Arab World, a regional network for advancing social accountability practice, as a signal of this move.¹⁵²

Social accountability and the social contract – a view from 2011

“Two weeks ago, we convened a conference at the World Bank to listen to Arab voices– youth groups, women’s groups, change agents.

What do they want? They want opportunity, justice, a job. They want rules and laws that are fair, predictable, and transparent. They want food and shelter for their families, good schools for their children, and neighborhoods that are safe. They want police forces that are protectors, not predators; they want governments that can be trusted. They want voice, and accountability -- and they want it in villages, towns, and neighborhoods. They want a say over public services that have been so contorted so that they are neither open to the public nor offer real service. They want information and the right to know, and to participate.

They want a new social contract. They want dignity. They want respect. And if they are women, they want these same things. (my italics)

There are some in this audience who will say: Yes, that may be what they want, but that’s politics not economics. I am here to say: Some of that may be what we think of as politics, but most of it is also what we know is good economics; most of it is what we know is good for fighting corruption; most of it is what we know is good for inclusive and sustainable development”.

¹⁵⁰ Add GPSA description Established for the purpose of improving governance through social accountability,

¹⁵¹ The Middle East and North Africa: A New Social Contract for Development, April 6, 2011, Robert B. Zoellick speech at Peterson Institute, April 2011; and GPSA [Board Paper](#)

¹⁵² Funding agreement was signed by WBG President Robert B. Zoellick and Director of Governance and Civic Engagement, CARE-Egypt, Amr Lashin, September 22, 2011 (<http://www.ansa-eap.net/news/2011/09/25/>)

From: *The Middle East and North Africa: A New Social Contract for Development*, April 6, 2011, Robert B. Zoellick speech at Peterson Institute, April 2011.

Yet, above all it is the progression in social accountability theory and practice since the WDR 2004 that makes it a potentially useful companion of the social contract framework.¹⁵³ From the WDR 2004, social accountability is understood as an approach to public governance that involves citizens and civil society organizations (CSOs) in the management of public resources, in public decision-making and problem-solving, and in holding government accountable for its actions, including quality public service delivery.¹⁵⁴ Today, a ‘second-generation’ social accountability theory and practice has close alignment with the social contract framework of the Africa Regional Research Program report and its resonance with the WDR 2017’s notion of citizen-state bargaining. It has a clear strategic advantage in informing, supporting or even evaluating, social contracts. There are clear ‘pointers’ in the report to the significance of social accountability to the social contract frame: the references to ‘citizen-led accountability’, citizens’ capacity to hold state to account for its commitments, and ‘civil capacity’ associated with collective problem solving. The premise of this note is that the social contract report requires a clearer articulation of the relationship with social accountability.

This relationship with social accountability is manifested in the following specific areas:

1) Collaborative social accountability is a countervail to the Bank’s otherwise one-sided relationship with governments. It mitigates the perception of the Bank as working only one side of the social contract. To take one example, while the World Bank lends to the Government of Ghana, a GPSA grant to the CSO SEND Ghana supported CSO collaboration with the ministries of Local Government, Education and Health, and CSO-facilitated monitoring and oversight of health and education budgets and services by local communities.

2) Collaborative social accountability can reinforce the three ‘compasses’ the report argues are related to the cross-section of social contracts in Africa: First, the GPSA’s collaborative model has the advantage of being embedded in the World Bank’s compacts with governments, which helps to facilitate state responsiveness.¹⁵⁵ Through diverse participatory mechanisms (social audit, community scorecards and citizen report

¹⁵³ This note is based on the social contract as enumerated in the report ‘Understanding Social Contracts in Sub-Saharan Africa, Regional Research Program.

¹⁵⁴ Bousquet, F, Thindwa, J, Felicio, M, et al. 2015

¹⁵⁵ State responsiveness in this context is linked more to state response to citizen demands for better services than actions associated with macro-level ‘civic space’ which require much more complex interventions.

cards -qualitative and quantitative surveys-, participatory budgeting, tracking of citizen entitlements from the state or facilitating state-citizen interfaces and dialogues) social accountability processes work at making state provision of services respond meaningfully to citizen needs and preferences. Second, social accountability has direct implications for the second compass, binding constraints on the citizen-state bargain, which depends on mapping and addressing the civil and state capacities. The GPSA has validated the salience of these capacities with partners in Africa.¹⁵⁶ Equipping and empowering societal and state actors with appropriate skills is also vital to managing of expectations, mitigating grievances and more effective public management that can strengthen the social contract.¹⁵⁷ Third, social accountability can inform the third compass, on social contract outcomes. From gender budgeting and participatory budgeting experiments across the regions to social audits and service-related score cards, social accountability practice has been shown to support positive development outcomes. A GPSA-supported CSO coalition collaborated with local governments (Union Parishads-UPs) and facilitated participation of local communities in UPs' plans and budgets. This enabled UPs to meet the requirements of the 2009 Local Government Act for the statutory Block Grant allocation (which included targets for inclusion of women' priorities).

3) Collaborative social accountability, 'relational state building' and state legitimacy. Most discussions on 'strengthening the social contract' rely on an assumption that improved state-led service delivery to populations will automatically increase state legitimacy. An important feature of collaborative social accountability is its ability to make the citizens' experience of the state meaningful, through feedback to the state and facilitated in-depth participation and co-creation. It enhances the quality and inclusiveness of the process throughout the service delivery chain. This experience is considered to be key to increasing state legitimacy in the eyes of citizens.

4) Collaborative social accountability has the potential to strengthen social contracts in FCV settings and to support conflict prevention and transformation. The GPSA and its partners have been experimenting with this collaborative approach across the humanitarian, peace and development nexus, and have begun to produce important operational insights into applying this approach in hard places. The tools and processes of social accountability have shown a capacity to address all of these and more. Collaborative social accountability can be an avenue for addressing societal grievances and mediating society-state-society dynamics (Grandvoinnet, et.al. 2015) in FCVs. A GPSA-supported social accountability multi-stakeholder platform in Gorno-Badakhshan, Tajikistan, for example, facilitated direct policy engagement of disenfranchised youth on jobs with government authorities, fostering a sense of belonging.

5.9 Response to COVID-19

The utility of the social contract in understanding the behavior of states and citizens has also come to prominence with the onset of the COVID-19 pandemic.

¹⁵⁶ See evaluation reports for GPSA programs in Ghana, DR Congo; and GPSA partnership with Public Sector Accountability Monitor at Rhodes University, South Africa

¹⁵⁷ Government of Ghana has a directorate for social accountability in its Ministry of Local Government and Rural Development – Ghana which mediates government-civil society engagement and citizen oversight of government programs

The pandemic has triggered the first recession in Africa in 25 years, with growth forecast between -2.1 and -5.1% in 2020 from a modest 2.4% in 2019.¹⁵⁸ Due to the economic downturn and the legacy of increased public debt, the fiscal space for states to be able to respond to the primary public health impacts of the pandemic, let along the secondary impacts of the social and economic lockdown, are limited. Africa paid \$35.8 billion in total debt service in 2018, 2.1% of regional gross domestic product (GDP). In turn, it is estimated that the pandemic could cost the region between \$37 billion and \$79 billion in terms of output losses for 2020. The impact on household welfare is expected to be significant, with welfare losses in the optimistic scenario projected to reach 7% in 2020, compared to a non-pandemic scenario.¹⁵⁹ In a region where roughly 8 out of 10 people are engaged in (low-productivity) informal employment and often just making ends meet, the livelihoods of millions of households, and their human capital, are at risk. A combination of the pandemic, locust outbreak, global downturn and armed conflict is going to have a significant impact on food security in a number of countries in Africa. According to the FAO, 239 million people are already undernourished¹⁶⁰ and agricultural production may contract between 2.6% and 7%. Food imports would decline substantially (as much as 25% or as little as 13%) due to a combination of higher transaction costs, reduced domestic demand and export bans in the wake of the pandemic.¹⁶¹

The pandemic is impacting countries in different ways but straining the social contract across the board. Certain West African countries, notably Guinea, Liberia and Sierra Leone , have learned important lessons from the Ebola crisis by swiftly executing prevention measures adapted to the local context and less expensive than many measures taken elsewhere.¹⁶² Oil-revenue dependent states, including Angola, Nigeria, Chad and South Sudan have suffered additional fiscal shocks with the rapid decrease in prices due to the global downturn.¹⁶³ For conflict-affected countries, there are fears of cascading impacts in terms of constrained peacekeeping, hindrances on security presence and an increase in armed group activity that in turn could increase the humanitarian impacts on vulnerable populations, particularly in the Sahel and the Horn.¹⁶⁴

In this context, the COVID-19 pandemic has made notions pertinent to the social contract ever more salient, in particular in relation to the role of the state, the resilience of institutions, and the relationship between the state and its citizens. As social distancing measures have been executed, including stay-at-home and curfew orders, not only has the capability of the state been seen as important but also the trust of its citizens.¹⁶⁵ Given the secondary impacts of COVID-19 are going to be equally if not more harmful to vulnerable populations, critical to ensuring effective state policy response will be good communications, consent and community engagement.¹⁶⁶ Furthermore, not only are vertical relations between citizens and state essential, but also social cohesion

¹⁵⁸ World Bank (2020).

¹⁵⁹ World Bank (2020).

¹⁶⁰ FAO (2019).

¹⁶¹ Ehui (2020).

¹⁶² Richards (2020).

¹⁶³ Campbell (2020).

¹⁶⁴ Bryant (2020).

¹⁶⁵ Fukuyama (2020).

¹⁶⁶ De Waal (2020).

amongst different groups in society.¹⁶⁷

The pandemic further highlights a number of common development challenges that many African countries face, albeit they often manifest themselves in varying ways. These include modest growth rates, high levels of poverty, armed conflict, inequality, systematic weaknesses in institutions and challenges in the delivery of quality services. A plethora of common challenges, migration and forced displacement, economic integration and technological change, the climate crisis, rapid urbanization (more than half of Africa's population will live in cities by 2040), and a youth bulge in many countries (11 million youth annually will enter the labor market over the next decade), add complexity for policy-makers. These often render old 'business-as-usual' ways to tackle development obsolete. At the same time, the fiscal space is tightening and the urgency of expanding domestic revenue mobilization brings issues of governance and state-society relations to the fore.

¹⁶⁷ Soyemi (2020).

Part 6 Development through a Social Contract Lens

Applying a social contract lens to development assistance, including to World Bank analytical and operational work, is important but also complex. The IEG (2019) report concluded that a social contract framing can help to diagnose complex development challenges such as entrenched inequalities, binding constraints, poor service delivery, weak institutions, and why decades of policy and institutional reforms promoted by external development actors had uneven effects on countries' development paths. The report highlighted the importance of this work given the growing use of social contract terminology in the World Bank's lexicon, but that currently the World Bank has no formal conceptual framework or shared understanding of social contracts, leading to a wide variety of uses, sometimes not anchored in social contract theory or in a framework that can help trace a theory of change for reforms.

In this report, the focus has been in providing a conceptual framework to help client Governments and World Bank staff in the application of a social contract lens to the development challenges faced in Africa. Parts 2 of the report reviewed the literature on social contract theory and its application and defined the concepts relevant to the regional context. Part 3 introduced a simplified empirical framework to measure important dimensions of social contracts in ways that can help understand social contracts and the dynamics of change. In Parts 4 and 5 of the report, the concepts and framework were applied to country case studies and to specific sectors. These case studies and spotlights highlight the potential role of a social contract framing on country and sectoral diagnostics and policy design and implementation.

The conceptual framework and empirical operationalization, together with the more practical applications, can be a foundation for the region to develop a standardized terminology and adaptable empirical methodology that could facilitate the integration of a social contract lens in World Bank's strategies, reports and policy dialogue, as well as in the strategies and policy plans of governments and international organizations. Within the World Bank of particular interest may be its country engagement tools including: Systematic Country Diagnostics, the Country Partnership Frameworks, the Risk and Resilience Assessment and the Recovery and Peace Building Assessments, among others.

For such 'country strategy documents' the analysis presented in this report suggests the benefits of a social contract framing. These include: i) offering an integrated perspective connecting the different elements of a country's development spheres (political, social, and economic) in ways that help understand what drives reforms and what makes them sustainable; ii) helping to anticipate indirect impacts of international aid on the social contract which could lead to unforeseen consequences, as well as the role of external shocks that can alter social contract dynamics and serve as opportunities

for reform (or, on the opposite side of the spectrum, be a cause or at least provide justification for rolling back progress); and iii) most importantly, placing citizens front and center of development efforts and not only as beneficiaries but also as major stakeholders with agency.

More work is needed to grasp the complexity of the social contract construct and the remainder of this report explores unresolved questions and a potential path forward. First, a social contract diagnostics methodology could be developed to standardize the analysis for country or sector applications. To do so, the empirical framework could benefit from multiple extensions such as adding a time-series dimension, adding sub-national variations and considerations, and adding indicators to address the role of intermediaries and bargaining mechanisms. Second, the operational implications of a social contract lens need to be investigated more thoroughly. Third, the final section discusses the considerations for whether and how the Bank can engage with social contracts, building on the IEG 2019 report's indications that the World Bank's engagement could be particularly useful in times of social contract transitions.

6.1 A Diagnostic: Understanding Social Contract Dynamics, Opportunities and Obstacles for Reform

As a next step in broadening the applicability of the social contract lens to policy design and implementation is to systematize social contract analysis at the country, subnational or sectoral level (as appropriate). The diagnostic tool, a *Social Contract Diagnostic*, would be based on a mixed-method methodology which combines a quantitative analysis of a country's social contract aspects and dimensions with a qualitative analysis leveraging the knowledge of local scholars and stakeholders, and the analysis of particular features of social contracts in Africa identified through this research program. As part of that methodology, the purpose of the framework would not be to impose assumptions on the nature of the social contract but to offer a lens through which to interpret the empirical data and a structure to guide the discussions with key stakeholders around mutually agreed concepts and definitions. The framework can therefore facilitate a more coherent and interactive dialogue between multidisciplinary contributions.

A Social Contract Diagnostic could involve the following main steps:

1. Identification of the research question and of, any special topics to be addressed through a deep dive on some of the framework's dimensions or extension of the framework;
2. Stock-taking of the literature and of the available data, identification of any data gaps and possible mitigation strategies such as through rapid data collection methods (for example targeted phone surveys, stakeholder mapping exercises, etc.);

3. Quantitative analysis of the empirical data based on the framework’s structure, potentially cross-country comparisons, subnational comparisons and time-series analysis;
4. Identification of a broad list of local contributors to contact for interviews or more in depth dialogue structured around the preliminary findings from the literature review and the empirical analysis, this step could also include: Focus Group discussions, net-maps, individual interviews, academic type workshops where scholars are invited to present, call for papers, etc.;
5. Refining and qualifying the analysis of both qualitative and quantitative data into a final report with operationalizable recommendations.

As indicated, the quantitative indicators are at their most useful when they are combined with a qualitative approach to contextualize the measurements with local expertise. Together, the framework and qualitative approach form a mixed-method assessment that could provide insights to understand chronic policy failure and identify opportunities for reform, and how the Bank can engage with social contracts, as suggested by the IEG report. The approach described above is being piloted through analytical work in Haiti and Somalia (Box 3 below).

Box 3: Application of the Social Contract framing in Haiti and Somalia

Given the challenges of working in Haiti with government at the central level, an ASA was launched (P172485) to look at the entry-points for working at the sub-national levels of government. A social contract framing was used to organize the analytical work. The rationale was that it incorporates the double-side of local governance: (i) an examination of the capability of public institutions necessary for service provision including law and order at the local level and (ii) understanding the degrees to which citizens associate with authority and power. Such a framing is important in such a context as Haiti with weak state-institutions for two reasons: (i) to test sustainability and over time motivate citizens to pay taxes in return for service provision¹⁶⁸ and (ii) to explore ways in which to strengthen basic trust in local authority resulting in greater public safety and stability.¹⁶⁹

Building on this regional study, a Bank team drafted the report “Understanding Somalia’s Social Contract and State-Building Efforts: Consequences for Donor Interventions”.¹⁷⁰ The paper investigates the country development challenges through the three social contract compasses of citizen-state bargaining, outcomes and resilience. It applies the qualitative and quantitative methodology to analyze the relative strength and weaknesses of social contracts at different scales regarding security, taxation and education.

¹⁶⁸ Moore et al, *Taxing Africa, Coercion Reform and Development*, Zed Books, 2018

¹⁶⁹ McCullough, *Reconstructing our understanding of the link between services and state legitimacy*, SLRC, June 2020

¹⁷⁰ Cloutier, Hassan, Isser and Raballand (draft May 2021).

6.2 Analysis to understand chronic policy failure and identify opportunities for reform

It is often remarked that the technical policy solutions being offered for chronic development challenges in Africa are relatively well known; the challenge is in their adoption and effective implementation. In this sense, a social contract lens is a means of applying the conceptual framework of the WDR 2017, to identify underlying constraints to policy effectiveness. The IEG report concludes that: “*well-executed social contract diagnostics help teams understand policy failures, local political dynamics, and intractable development challenges and contribute to building partnerships.*” A number of Systematic Country Diagnostics in Africa¹⁷¹ have referred to the need to strengthen the social contract as a means of reversing negative pathologies, but with an inconsistent, and often thin, analytical basis to explain what that really means and what is possible.

Adopting a deeper conceptual framing of social contract as the outcome of bargaining dynamics, which are shaped by a range of ‘contextual’ factors can help keep a focus on more concrete empirical analysis of relevant factors as outlined in this study’s framework. Social contract analysis calls for an examination of the way societal groups bargain with the state to secure private and/or public goods; how a variety of factors shape the nature of the bargaining process and the bargains struck, and how these bargains enable or constrain progress on development outcomes. States shape citizenship and citizens shape states: it is this process of mutual constitution that stands at the center of robust social contracts. The Malawi Country Partnership Framework is grounded in this type of analysis (Box 4).

Box 4: Social Contracts in Malawi

The social contract in Malawi has traditionally been described as revolving around the politics of maize. Since independence, the legitimacy of the government (and loyalty of the citizenry) has been linked closely with government promises to guarantee food. These vows have manifested through interventions in agriculture, starting with the creation of the marketing parastatal, the Agriculture Development and Marketing Corporation (ADMARC) in 1971 and continuing through targeted inputs, subsidies, and price stabilization interventions. While these extremely costly programs have served as tangible evidence of the government “keeping its promise” to the people, they simultaneously keep citizens dependent on government food provision, crowd out other spending, and creating opportunities for patronage via non-transparent pricing and procurement. The historic political change recently recognized in Malawi was spurred

¹⁷¹ For example, South Africa, Senegal, Malawi, Mali, Niger.

by mounting public frustration that the government was no longer holding up its side of the “contract.” Public demonstrations around the disputed elections reflected deeper grievances against corruption, the lack of jobs, declining real wages, and poor-quality basic services. In the past, civil society groups and popular protest have limited attempts by the presidency to subvert democratic outcomes and constitutional limitations, but these movements faded away and were unable to change the underlying incentives facing incumbents. The question now is whether the momentum of collective action from the sustained, citizen-driven protests in 2019—in combination with increasingly mobilized urban youth, expanded access to information and technologies, and higher expectations of the new governing coalition—may begin to shift more sustainably the bargaining dynamics in the policy arena.

Excerpt from World Bank Group Country Partnership Framework for the Republic of Malawi for the period FY21-FY25.

This study does not provide all the answers but provides a framework as a starting point to provide a deeper understanding of state-society dynamics and situate World Bank engagement. In particular, the framework can be applied to better understanding sector reform in the following ways:

- i. This study puts forward a preliminary indicator framework, recognizing that this will need to be supplemented by additional investment in multi-disciplinary use of non-traditional data sources, including barometer surveys, perception-based data and political economy analysis. The study highlights the key elements of social contract bargaining that need to be understood: identification of the actors (state, non-state, transnational) involved in the bargain; the power imbalances that shape bargaining dynamics; and key contextual factors that explain persistence and/or change opportunities.
- ii. While social contract analysis can help explain the ‘big picture’ narrative and long-term trajectories, this will mask a rich complexity and variability within any given country at the level of specific development or sectoral challenges. More granular analysis of social contract bargaining around, for example, service delivery, social protection, security, business environment, political participation etc., will help identify potential levers of change and programmatic implications, as well as potential trade-offs. Similarly, analysis of social contract dynamics at different spatial levels (e.g. urban, lagging regions, and conflict-affected areas) will reveal asymmetrical possibilities of change.

6.3 How can the World Bank and other partners engage with social contracts?

On the one hand, it is overreaching to suggest that the World Bank can seek to shape social contracts in client countries, both as a matter of mandate and ambition. On the other, by injecting resources, expert advice and support into contested spaces, Bank interventions will inevitably have an impact on internal bargaining dynamics, by reinforcing the status quo, shifting relative power, or in some cases undercutting potentially positive bargaining dynamics. A social contract lens and theory of change regarding potential social contract impacts can be applied to World Bank programming as a *do no harm* principle at a minimum, and as a means of making informed choices.

Some operational considerations include:

- i. ***Can the Bank play a constructive role in a renegotiation of the social contract?*** Regime transition, post-conflict state building or constitutional junctures may be an important opportunity for the Bank to provide technical expertise, convening power and credible signals of change on policy options with significant implications for social contracts, for example around territorial and fiscal governance (federalism, decentralization, wealth sharing), addressing historical marginalization and inequalities, opening-up economies, or geographically targeted programming etc.
- ii. ***Can the Bank support opportunities at the national or subnational level to promote positive feedback loops between state capacity and citizen expectations?*** Given asymmetric capabilities between state authority and citizens, opportunities may arise from re-alignment of conditions (for example as emerged in the study on Lagos, Nigeria around infrastructure and taxation). The challenge is to look beyond an individual “reform champion” to assessing how the Bank can support a reform agenda, for example in infrastructure, agriculture, or the private sector, to reinforce inclusive and responsive bargaining dynamics.
- iii. ***Can the Bank use its citizen engagement mandate to strengthen bargaining mechanisms around particular policy areas (accountability, service delivery, business environment etc) both within and beyond individual projects?*** A social contract lens requires looking beyond the narrow citizen engagement requirements that are specific to Bank projects to consider how interventions can have an impact on the underlying *rules of the game* in ways that reinforce positive bargaining dynamics around specific outcomes. This requires engaging with a broad set of stakeholders and building coalitions to enhance collective action capacity, strengthen the link between information transparency and state

responsiveness, and fostering multi-stakeholder platforms for policy dialogue. In this regard, the potential of disruptive technologies can also be explored.¹⁷²

iv. In considering project design options, a social contract lens can help in identifying underlying distributional imbalances, the role of institutions and citizen feedback loops. For example, trade off considerations can include:

- Should infrastructure investments be partially reoriented toward those with strictly economic vs broader-based gains?
- How do we balance a focus on the poorest of the poor with the need to support a growing middle class?
- When implementing programs, should early emphasis be in pockets of effectiveness that can have positive demonstration effects or on “lagging” areas?
- How shall one think about targeting social programs in conflict-affected areas?
- Do targeted interventions to support job creation entrench vested interests?

In short, the conceptual framework developed in this report, its application to the African context, and the illustrations on how social contract thinking can be applied to better understand challenges and inform the design and implementation of sustainable reforms at the national and sub-national levels. Systematically incorporating a social contract lens to the World Bank’s development policy in the region, building on the insights from this report and the social contract work program, can help make policy advice and support more sustainable, inclusive and impactful.

¹⁷² IEG (2019b)

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