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Competing for the Future: Propositions of Power and Governance in Development.  
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# Competing for the Future: Propositions of Power and Governance in Development

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## Summary/Abstract

This paper argues against looking for explanations of conflict and instability in individual trends (such as youth bulges or inequality), and encourages analysis that looks underneath the surface level view of militancy or crime. It draws on recent studies suggesting that it is combinations of issues that create vulnerabilities to crisis and violence. The dynamics that turn vulnerabilities into episodes of collapse, or 'un-development,' can be understood as a process of competition – ultimately a contestation over the right to define and use power. This competition is not based on a simple logic of performance (e.g. in service provision), but instead feeds on emotive loyalties, the power of the group to provide a sense of purpose and certainty. The multi-dimensional and transnational nature of this competition represents an evolution, and they are partly a consequence of development itself.

## Introduction

On average the World is not more dangerous than it was, by some measures it is a safer place; in addition enormous progress has been made in spreading economic growth and access to basic services to increasing numbers of people. Even so there is a sense that our remaining development challenges have become more complex and elusive. Expectations had been of a future focused on the needs of a small group of 'left behind states.' This is not, and will not be, the case. What the Centre for Systemic Peace (CSP) call 'un-development,' instability and the potential failure of middle income countries, has become an unavoidable challenge.

The visible causal issues of this challenge (including extremism and organised crime) exploit evolving global dynamics that threaten to outpace development practice. Social, criminal and ideological violence, account for far more fatalities than traditional political conflict.<sup>2</sup> By some measures the bloodiest war zone in the world is not the middle-east but three countries in Central America. The causes, whether of extremism in the Middle East or organised crime in Central America, are multi-dimensional and trans-national, as are the effects. None of the individual elements are new, the trends discussed in this paper are well known. However, the ways in which they combine are evolving, as are the impacts, the latter reflected in complex regional security, crime and refugee issues.

This paper will argue that the multi-dimensional and transnational nature of these challenges do represent change, and are partly a consequence of development itself. Education, integration and economic growth have transformed societies and people. These very positive human development impacts also bring counterpart risks, particularly when

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<sup>1</sup> The views expressed are entirely those of the author and do not necessarily represent the views or policy of DFID, nor those of the OECD or its members. Any references to states or territories are without inference to their sovereignty or status. The author is grateful for the comments and suggestions of Monty Marshall, Jack Goldstone, Tom Carothers, Heather Marquette, Alina Rocha Menocal, Vanda Felbab-Brown, Mick Moore and Sue Unsworth, all errors are, of course, the author's responsibility.

<sup>2</sup> J. Ryan, 'Conflict has changed, and this needs to be reflected in the future development agenda,' 2 August, 2013 quoted in Batmanglich, suggests that for every 'combat' death there are now 9 gang related deaths.

unequally distributed (more starkly perceived through greater access to information and communication). These risks become acute when political systems fail, with development creating an age of 'choice' driven problems, rooted in the calculations that people make in relation to their own welfare, aspirations and beliefs. They are part of a pattern of changes that Carothers and Young report have created a spike in a growing trend of protests movements. The result of these processes is a need for development actors to also adapt, both stepping into a new trans-national space, and engaging with the competitive nature of governance<sup>3</sup> at the local level.

In practice these trends mean that the state-building literature of the last decade, rooted in the OECD initial findings paper of 2008, needs stronger social and trans-national dimensions. The existing literature does reflect situations where **multi-dimensional social change confronts inflexible politics to create a critical vulnerability to alternative propositions of power and governance. Less well addressed are risks produced by the combination of this dynamic with the increasing role of transnational drivers. This combination will increasingly determine whether these risks lead to disastrous episodes of instability and/or state collapse, and the problem of 'un-development.'**

The familiar nature of the drivers underlines that a set of issues once seen as 'on the horizon' of politics and violence are now development reality. Even while traditional measures of fragility decline<sup>4</sup> development actors will need to engage with trends that according to at least one group of experts are not going to go away and may worsen.<sup>5</sup> A consequence is that, as Jack Goldstone says: 'the age of treating 'fragile states' as discrete and isolated problems found in the least developed nations, in which we could choose to intervene or not and hope they would not bother us again, are gone – if those days ever truly existed. What we face today is a set of transnational ideological and structural forces that can play havoc with the social order in even middle income states and create crises that spill across borders and affect regional and global security.'<sup>6</sup>

Development actors must therefore now find answers to challenges that are by nature regional and global. The familiarity of the themes should not mask the problem of change and adaptation. This paper argues that new approaches need to be developed, particularly to step into trans-national and local spaces. The multi-dimensional nature of the issues also poses questions regarding the need for improved cross-sectoral working, bringing together governance, conflict and social development actors in ways encouraged by the Sustainable Development Goals, but not necessarily naturally facilitated by development structures and systems.

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<sup>3</sup> This paper builds on the World Bank (PRSP Handbook) definition of governance as addressing how: 'power is exercised through [a country's] economic, political, and social institutions.' Governance is fundamentally about managing power in order to exercise authority, the purposes and mediums for this process will vary depending on the context.

<sup>4</sup> Centre for Systemic Peace, 2014 Report, pp32-41

<sup>5</sup> Goldstone, Marshall and Root, 2014

<sup>6</sup> Correspondence with the author

## Competitive Governance<sup>7</sup> – The Right to Define Power

Violence and conflict are pre-eminent threats to development progress – the Africa Development Bank, for example, calculated that a conflict can cost countries between 19-34 years of development (Ncube et al, 2014). Classic political violence is, however, now surpassed by non-state violence attached to ‘enterprises,’ whether criminal or extremist. These groups offer alternative ideas of power (or forms of governance), rather than simply aiming to replace one political elite with another at the apex of state institutions. Their specific aims differ greatly, criminal groups may seek no more than the space to operate, while extremist groups vary in their aspirations. But achieving these disparate aims involves a common process of undermining and displacing the nominally dominant (formal) ‘model’ of governance.

Central to this paper are the characteristics that enable groups to compete in this governance space – rather than analysing the alternatives that they promote. Despite their differences they seek to suborn, marginalise and sometimes destroy state institutions in order to extend their own forms of control. To achieve their aims they bind individuals and communities to themselves through appeals that are emotive, even if only in the form of a sense of loyalty and belonging. These appeals are facilitated by social and political dynamics that are not new, but that are spurred by development and increasingly influenced by the cross border nature of the actors. These characteristics are coupled to rapid adaption (as one group fades another rapidly rises to take its place), adaptation that allows them to take advantage where social or political conditions become conducive.

Organisationally it can be tempting to see these problems as distinct - ISIS as an ideological movement and a security problem, Latin American drug cartels as criminal and a rule of law issue. Similarities in operational approaches, funding and structure may be coincidental. In particular criminal groups are often under-estimated as providers of governance – despite evidence to the contrary.<sup>8</sup> It is now clearer that these threats to development (and security) also share underlying drivers that demand similar adaptations in practice (see box A and C). Analysis on these underlying drivers is provided by experienced miners of the

### Box A: Local communities and competitive governance

Governments compete for the right to govern, but that competition can be most intense at local level. Even at local level this competition is increasingly determined by the role of transnational factors and social change. DFID supported a 2013 CIC study on the impact of organised crime in developing countries. The case studies describe situations of weak or absent political processes creating a space that other actors can exploit. The report suggests that: ‘What commences as a domestic enterprise (or as a transnational enterprise taking advantage of a domestic problem) often evolves into a complicated network of local, regional, and international organized crime actors that penetrate the political system.’ (p17) The report found that when action is taken the result is often a void in local services and governance (P25). ‘Across the case studies, criminal entrepreneurs took advantage of the limited ability of national authorities to deliver basic services and the ineffective governance of socio-economic space to turn their own provision of “social services” and illicit employment into social capital.’ (p26) Evidence that can equally be read as supporting Felbab-Brown’s argument that it generates a form of ‘political capital.’

<sup>7</sup> In the SDG era ‘effective’ governance, or management of power, is taken as being both capable (able to effectively manage and deliver state functions) and also accountable, inclusive and responsive.

<sup>8</sup> See also <http://www.brookings.edu/research/articles/2011/09/latin-america-crime-felbab-brown>

extensive POLITY IV datasets tracking institutional, political and social change, particularly Marshall and Cole of CSP and separately by Jack Goldstone.

CSP's analysis of POLITY IV points to the growing influence of 'polar-factionalism' a process of political opposition becoming increasingly dependent on emotive loyalties. This process facilitates the emergence of new alliances across identity groups, unifying in response to relatively inflexible authority. CSP suggest that "what appears to bond diverse groups together in an unnatural alliance is the transference of potentially negotiable material interests to emotively charged and ultimately non-negotiable symbolic issues. Polar factionalism tends to radicalize both anti-state and state factions and lead the political process toward greater levels of confrontation." Polar factionalism is not new, but growing numbers of middle income countries with weak political governance makes it relevant.

In essence polar-factionalism means that otherwise fractious social constituencies feel that 'my enemy's enemy is my friend.' This in itself is unremarkable, and it is not directly the cause of violence, criminality or extremism. But CSP argues that it creates a condition in which these problems can emerge. The growth of these dynamics is important to understanding how groupings expand around agendas and gain the momentum to challenge the state. Growth that does not happen in isolation, but in a more globalised world, one where ideas and models are more accessible across borders.

The potential for alliances to form around emotive agendas is not confined to states with an oppressive dictatorship. Polar-factionalism suggests a link to inflexible politics - but collective action problems can cause any political settlement<sup>9</sup> to look stalled and unyielding to its people.<sup>10</sup> Equally, the definition of 'my enemy's enemy' can be a regime, or those inherently outside the alliance (those associated with different emotive drivers or visions of governance). These dynamics are therefore not confined to a small group of states, however the degree of vulnerability will vary – for example risks are higher where state actors (including political elites) can be suborned. Corruption, low capacity, and patronage politics may make the state less of a competitor and more of a bystander. When state structures are penetrated by criminal or extremist enterprises then inevitably its own proposition of governance is likely to be weakened and less credible.

States may also not face one monolithic competitor; instead multiple groups may arise to challenge both each other and the formal model of governance. This can result in a situation of polyarchy, defined by Seyom Brown as a situation of many rulers, a context 'of states and powerful nonstate actors with shifting alignments and antagonisms.' Individuals may be drawn initially to one locus of loyalty (a gang) before migrating to others that provide a greater sense of cause (a political group). The growth of these social alliances, whether rooted in beliefs or ambition, do allow individuals to be subsumed within a greater certainty.

These dynamics help to explain why roughly half of all states defined by traditional measures<sup>11</sup> as 'fragile' are now middle income, and why protest can turn to instability so

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<sup>9</sup> For a definition of political settlements see: <http://www.dlprog.org/news/political-settlements-elite-pacts-and-governments-of-national-unity.php>

<sup>10</sup> For a discussion of collective action problems see Africa Power and Politics, Booth 20012,

<sup>11</sup> One traditional measure is the one used by the OECD, combining the World Bank, Asian and African Development Banks' Harmonized List with the Fund for Peace's Fragile States list. See OECD (2015).

quickly. It supports the arguments of those who like Vanda Felbab-Brown suggest that whether talking about extremist groups in the Middle East or organised crime in Central America there is an element of competitive state making involved. Equally, as Felbab-Brown points out the indifference or connivance of state actors can effectively cede the competition to criminal or extremist groups. For most, of these groups this contestation is not confined to gaining power – but competition for the idea of governance and the right to define power itself.

### **Multi-dimensional drivers of competitive governance:**

The drivers of this search for alternative visions for managing power are as much social as political. Grievances may not be the problem but rather a sense of vacuum - the 2011 World Development Report emphasised 'confidence' as a determinant of political choice. Confidence in the durability and strength of a regime may determine loyalty as much or more than normative values such as legitimacy. Combinations of demographic, economic and identity issues can create spaces in which authorities fail to establish confidence and lose the competitive edge for governance to more agile or better resourced groups.

Jack Goldstone has highlighted five factors that bring together social change and political-system failure in ways that can create crisis of confidence and governance (see scenario three in Annex B below). Some of the drivers that lie behind the evolution of these factors are well known. This paper will profile three social changes that can contribute and that by-and-large can be observed across the states and regions associated with problems of instability and un-development (chronic instability and violence).

These changes: urbanisation, youth bulges and increased access to external information and influences, all interact with identity, frequent problems of social inequality and perceptions of economic opportunity. Elsewhere Goldstone alludes to 'dangerous demographics' pointing out that the only two Arab countries with 'youth bulges' are Yemen and Syria, if you look at median age then Iraq joins the group with a median age of less than 20. Similarly Bricker and Foley's analysis points to a Youth Risk Factor in relation to the size of the overall labour force. Their work illustrates why combinations of issues (education, unemployment, under-employment) influence whether alternative governance 'offers' will resonate.

#### **Goldstone's Five Conditions**

The five conditions, lightly adapted based on CSP and other evidence, shed light on crises of un-development:

- economic or fiscal strain
- alienation and opposition among elites
- widespread popular anger
- a shared narrative of resistance
- [emotive alternative propositions of governance]
- conducive international environment

The competition for identity and loyalty is now more likely to take place in an urban than a rural location. Rural people can join gangs - but the scale of movement to cities is pre-eminent. Four fifths of Latin Americans now live in cities, with 111million living in shanty towns, on the edges of the most unequal cities on the planet. UN-Habitat judging that 'the cities of Latin America and the Caribbean are considered on the whole the world's most dangerous.' The rapid nature of the formation of urban slums can also be a factor - whether around Damascus or Guatemala City. These processes continue at pace across several regions, for example Pakistan projects that 60% of its population will be urban by 2030.

However, poor urban environments do not automatically offer a conducive environment for those with an alternative proposition of power.<sup>12</sup> In the case of extremism inhabitants of poor urban areas may be less likely than others to support extremist groups (partly due to experience of extremist violence).<sup>13</sup> Instead the dynamic of social change meeting inflexible politics creates the space for new alliances (CSP's 'unnatural alliances'); whether these ultimately coalesce around emotive alternative visions of power may be influenced by regional instability, economic crisis or domestic political events. But it also requires that an alternative proposition of power is present (for the competitor to compete). Increasingly transnational factors make that presence more virtual and agile. Consequently extremist or other groups may not instigate urban instability, but rather gain from these processes.<sup>14</sup>

In local contexts of rapid social change traditional governance systems often have little hope of competing with these more agile and innovative structures. Steven Commins, writing about African cities, suggests that these changes force different forms of 'connections' in which government (or NGOs) may not be a viable source of help. As a result the multiple levels of social change (such as a growing proportion of youth, and a growing urban population), ask questions of political systems and their mechanisms of delivery that they cannot answer. Nothing about these changes is path dependent in terms of end-results, (factors such as the personal agency of leaders will have an effect). However they do interact to create environments in which competitive governance is likely, the nature of that competition (and of the competitors) will be influenced by other dynamics discussed below.

### **Trans-National drivers of competitive governance:**

Competition for the confidence of social groups has always been a feature of life in local communities – but the growing internationalisation of the process represents a significant shift. The Arab spring led to the lauding of social media and globalised communications as a spring board for the popular overthrow of autocratic regimes. But the spread of technology also enables the cross border relationships of a criminal or ideological enterprise, including the illicit financial flows that help groups to exploit the estimated \$2.7trillion economy of global crime.<sup>15</sup>

Transnational factors work at three levels: the first are **drivers**, Mick Moore's definition of global drivers of bad governance is included in full as an endnote. It can be paraphrased as: high rents obtained through political power, these are highest, relative to other sources of income, in developing countries. This is due to the interaction of (a) high degrees of income inequality globally; (b) increasingly intensive transnational interactions of all kinds ('globalisation'); and (c) increasing population density. These large rent-taking opportunities corrode governance by both (a) providing unusually high incentives for (a) some people to win and then cling on to political power (especially control of natural resources and infrastructure/real estate development) and (b) for others to weaken and undermine state power (especially engagement in illicit international economic transactions).

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<sup>12</sup> These dynamics are also not limited to poor urban areas – urbanisation also fuels the growth of the urban middle class equally important in creating the contexts for clashes with inflexible elites.

<sup>13</sup> Blair, Fair, Malhotra and Shapiro, Poverty and Support for Militant Politics: Evidence from Pakistan, 2012

<sup>14</sup> For a discussion of urban dynamics in relation to Syria see Wege, 2015

<sup>15</sup> UNODC, 2011

The second are ‘**accelerators**’ – fuelling the momentum of contested governance. These are not just the groups and messages that foster emotive attachment, but also the geo-political realities that can increase fear and reduce trust. Marshall and Cole suggest that regional instability is a factor in changing the psychology of actors even in states that would otherwise be weary of conflict. External violence can also have an important impact in moving polar-factionalism towards militancy.

The third set of factors are more passive and practical, these are ‘**facilitators**’ of change. Certainly for alternatives ideas of power to gain adherents they need mechanisms of communication and processes of organisation. Basic advances in communication and access to information have become tools for trans-national contestation over ‘emotive’ visions (whether ideological or criminal). Carothers and Young describe long term enablers of protest that include economic change, new information and communication technologies.

These factors are reflections of an evolving global economy and society – and as such they also continue to evolve. Technological changes that facilitate global trade, or the spread of global norms (such as democracy) can in many cases also be used to promote alternative and competing ideas. As a result the people acting on behalf of a criminal or ideological enterprise can be as internationally diverse as the workforce of a multi-national company.

### **Development responses to multi-dimensional and trans-national challenges**

These trends may be familiar, but the ways in which they combine and the vulnerabilities they create call for reflection on the development response. It is no longer tenable to see the challenges posed to development by political failure and conflict as national-centric, (as many models of fragility do). The combination of social

#### **Box C: Global Drivers of Bad Governance in West Africa**

The Global Initiative on Organised Crime (GI) has undertaken in-depth analysis of the facilitating factors, modus operandi and the impact of various forms of illicit trade in West Africa. (Bad Trades and Global Trails: Illicit Economies and Financial Flows from West Africa, OECD, forthcoming).

A key conclusion is that illicit financial flows (IFFs) have a serious and long-term impact on the stability of fragile states in the region, and on the legitimacy of the state in the region’s more mature democracies and middle income countries. Criminal economies are resourcing challengers to the central state, from insurgents and separatists to violent extremists.

Their goals and objectives have become mutually complimentary and reinforcing: IFFs foster state weakness, sow internal conflict and introduce criminality into the economy. The presence of illicit financial flows resources terrorism, provides a justification for soliciting further illicit resources through criminal practice, and keeps state capacity too low and divided amongst competing security priorities to effectively respond. Large informal economies have created shadow institutions and protection economies, and ensure that both criminal and terrorist groups can operate with little risk of detection.

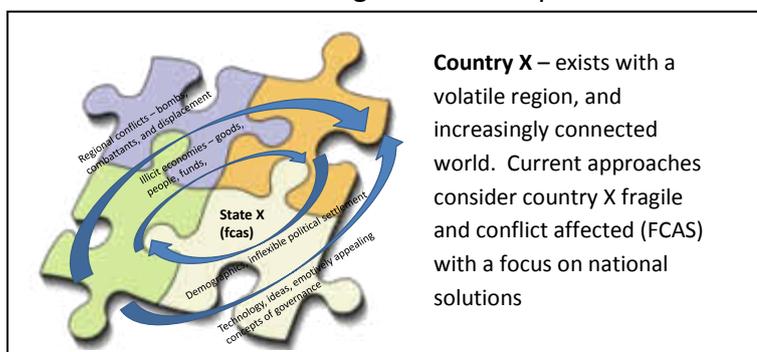
In some areas the state has little relevance for large sections of borderland communities, leaving long-standing pockets of marginalized groups, often defined by ethnicity, and characterized by a growing attachment to ideological movements. Some of the region’s terrorist groups have their foundations in this sense of disenfranchisement, and they have been able to gain local legitimacy for their causes through their vocal and violent protests against state corruption and moral bankruptcy, whilst replacing the state in the provision of key services like security provision, local justice and social goods like health and education.

change and transnational drivers enables a range of challenges to state-centric governance that are simply greater than in the past.

Impetus for development actors to adapt includes suggestions (such as Goldstone, Marshall and Root) that situations where the factors linked to instability combine are unlikely to reduce. While these combinations do not automatically create crises they do create more conducive environments for a crisis to be triggered by economic shocks, regional instability or sudden political change. Whether the surface level view of these dynamics is an extremist war; or the criminal undermining of the state, the literature tends to encourage a sense that single-issue causes remain key (e.g. unemployment, corrupt justice etc.). The literature on extremism in particular focuses heavily on single issues of grievance or social change. Yet the alignment of combinations of issues outlined above potentially provides a better macro lens for analysis.

Acting on this analysis would entail a response at three levels. At the **state level** development models do exist, providing valuable frameworks for collaboration (including the Peacebuilding and Statebuilding Goals (agreed both by donors and a group of states affected by fragility), and more recently Goal 16 of the Sustain Development Goals. The first peacebuilding Goal, on inclusive politics, is important in offering a joint principle for action on a key driver of vulnerability. Nascent work on influencing political settlements (Elgin-Cossart, 2012) is now leading to further studies. However, the empirical evidence also tells us that entrenched democratic regimes are the most stable forms of government – but that getting to that position is a potentially dangerous game.

Even at state level the models and frameworks do not offer magic bullets or quick fixes. For example Afghanistan is a better run and more capable state than it was in 2001 – however that does not mean that is a truly well run, nor capable state. There are no short-cuts to helping the governance proposition offered by the state appear credible. Equally, many old geo-political solutions are practically (and often normatively) out of date – including reverting to 1960s ideas of political order, investing support in ‘strong-men,’ in the hope of imposing stability. Neither can external actors simply seek to mask over the failings of a weak governance system – selling it harder (and more generously). Country examples suggest that if governance is not credible before a surge in financial support it is unlikely to be afterwards, particularly where corruption is itself viewed as a sign of a failing political order.



Yet beyond the state level the challenges are arguably at least as great. Here development actors need to grapple with spaces that are equally problematic – at a local/urban and at a transnational level. At **local level**, particularly in urban areas, support for partner governments to offer a viable and trustworthy proposition of power has been more technocratic than competitive. Despite academic debate municipal level governance does not always get the practitioner attention it deserves. Work has, however, questioned the

idea that bringing government closer to people necessarily means increasing engagement and accountability.<sup>16</sup> Practitioner debate is also being encouraged by UNCDF and the decentralisation and local governance group (DeLog) who are addressing fragility as part of their agenda.

The work of DeLog will hopefully spur efforts to build on research on local drivers of instability, particularly identifying proposals for engaging with competitive governance. Work on Guatemala by Tani Adams of the Wilson Center lays out some principles for addressing multiple and interactive drivers, including the perverse norm of chronic violence. An instructive USIP report on Afghanistan also noted that structural incentives to make a governance relationship real are needed (USIP, 2014). At the local level there are therefore useful lessons on which to build, including experience suggesting that simply putting visible signs of *government* into communities is not the same as a credible offer of *governance*.

It is arguably the trans-national level that remains most alien and challenging to development actors. Current international frameworks, such as the New Deal, represent a significant advance in state-level collaboration; but most frameworks were not geared towards a regional or global dimension. Mitigating trans-national drivers would therefore entail adapting collaboration, and also developing practical initiatives. At present, for example, tackling illicit financial flows and trades are outside the norm of most programming.

Transnationally there is also a need to engage in the competition of norms and principles. As a result it is arguably in relation to this transnational space that exploration, innovation and dialogue are most needed. The Sustainable Development Goals offer an opportunity for debate on new such approaches – achieving Goal 16 is a daunting challenge in its own right, and will require ever greater coherence and focus.

### **Summary – Implications for Development Actors:**

Although the drivers of crises are evolving there is also evidence that development actors can adapt and respond - groups such as the UK Stabilisation Unit have honed agile and adaptive approaches. A summary of the areas for further adaptation includes increasing the potential for development to:

1. Step into trans-national and multi-dimensional space – The arenas that will determine whether states, particularly middle-income ones, collapse or are affected by chronic governance problems are regional, global and locally urban.
2. Embrace governance as competition not technocracy – The need to establish confidence and to demonstrate flexibility are not new ideas in governance, but they do provide a useful guide where inflexible political settlements exist.
3. Work through complex partnerships – development skills need to be combined with those of other actors working on rule of law, security and political settlement issues. At present even in fragile states only 4.5% of ODA is devoted to security and justice issues.

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<sup>16</sup> See Paul Smokes': Accountability and service delivery in decentralising environments: Understanding context and strategically advancing reform (in Whaites et al, A Governance Practitioner's Notebook).

4. Engage in the battle of ideas and aspirations – Development is not simply an effort to raise incomes, it involves normative assumptions about human welfare and these are now expressed in the Sustainable Development Goals. As a result the development proposition on governance (accountable, inclusive, responsive etc – bound by rule of law) is one which needs to be both better rooted in local realities, and conveyed more credibly as offering an attainable future.

Annex A: Global Drivers

Mick Moore defines global drivers of bad governance as: the unusually high levels of rent that can be obtained through the exercise of political power in the contemporary world. These rents tend to be especially high, relative to other sources of income, in the poorer parts of the world. They are especially high as a result of the interaction of (a) high degrees of income inequality globally; (b) increasingly intensive transnational interactions of all kinds ('globalisation'); and (c) increasing population density. They originate in particular in (a) control over natural resource extraction activities (b) illicit international transactions, notably the trade in drugs (and also in scarce wildlife products, arms, people) and (c) control over the locations of 'strategic' infrastructure projects (canals, pipelines, transshipment points) and of high value real estate development, especially in and around capital cities. The political significance of rent-intensive activities arises from the fact that the people investing and making a living from them are likely to continue in business even if politically influential people are appropriating much/most of the rents – and provided they leave the operators some level of profit. Rent-taking is not checked by potential adverse economic consequences. These large rent-taking opportunities corrode governance by both (a) providing unusually high incentives for some people to win and then cling on to political power (especially control of natural resources and infrastructure/real estate development) and (b) for others to weaken and undermine state power (especially engagement in illicit international economic transactions).

Annex B – non-linear trajectories of change

<p>Diag 1: Linear and non-linear Paths:</p> <p><b>Country X</b></p> <p>Lower middle-income, 100m people, large diaspora.</p>	<p><b>1. Blue Horizon Scenario</b></p>			<p><b>Future perfect</b></p> <p>High middle-income, equitable growth, good human development, on track to Denmark</p>
	<p>Economic + population Growth, urbanisation</p>	<p>Increased education and employment, growing middle class, political accommodation,</p>	<p>Political inclusion, illicit economies incapable of destabilising law and security, rule of law</p>	
	<p><b>2. Hard Slog Scenario</b></p>			
	<p>Youth bulge, urbanisation, erratic economic growth, stable region</p>	<p>Contested governance, high levels of illicit economic activity, political accommodation</p>	<p>Occasional crises and violence, non-linear progression</p>	
<p><b>3. De-Development Scenario</b></p>				
<p>Youth bulge, erratic economic growth, urbanisation, unstable region</p>	<p>Contested governance, illicit economies, inflexible politics: (incl collective action problems), unhappy elites, emotive alternative propositions of governance</p>	<p>Spirals of crisis, social, political and/or ideological contestation threat or cause collapse</p>		

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