THE ROLE OF THE FORMAL AND INFORMAL PRIVATE SECTOR IN SUSTAINABLE DEVELOPMENT IN AFRICA

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Abstract:

The paper addresses conceptual issues concerning sustainable development and democratic governance, with a focus on transitional societies in Africa. The paper does not seek to make a comprehensive and conclusive definitional and conceptual outline but seeks to provide general contours upon which the ongoing debates can be articulated and aggregated to have any meaning on the people. The paper focuses on the role of formal and informal sectors (chambers of commerce, manufacturers’ associations, small-scale business enterprises etc.) in development planning, the allocation of resources to locally determined priorities, in the evaluation of the impact and effectiveness of programmes, and in the efforts at safeguarding and protecting the environment. The argument is that enhancing sustainable development and democratic governance implies improving the quality of livelihood for the vast majority of the current population without compromising the future of generations yet to come. In this process, many questions are addressed. What is the role of the informal and formal sector in the process? What role should the private sector play in ensuring a kind of balanced society? What is the role of the state in ensuring a just and governable society? How can things be merged, state, civil society, private sector in the process of enhancing the partnership of the public and non-state sectors for sustainable development and good governance in the country?

Conceptual Framework:

A World Bank publication defines governance as “the manner in which power is exercised in the management of a country’s economic and social resources for
development. Governance could be seen as a “value-neutral term” most favoured by the World Bank in its publication, Managing Development – The Governance Dimension (1991) and in another, Governance and Development (1992): and as a “normative term” which treats “governance” as a normatively-laden term (World Bank 1994). According to Kale (1999) the normatively laden concept makes it possible to draw a distinction between “Good Governance” or “Good Government” and “Bad Governance” or “Bad Government.” He goes further to point out that “good governance’ is to be preferred to ‘bad governance’ because it fosters strong, but sharply delimited states capable of sustained economic and social development and institutional growth. In contrast, ‘bad governance’ is pathology to be avoided because it undermines all efforts to improve policy making and to create durable institutions. Democracy provides legitimacy to governments by rooting their actions in the will of the governed, builds greater success for national programmes by engaging the energies of the governed, increases the potentials for long-term sustainable economic development, and fosters human security by providing avenues for dissent to be expressed in legitimate, non-violent forms.

Enhancing sustainable development and democratic governance could be seen as government attempt to give the economy a different capacity dimension, namely (i) modestly, be reforming the institutions and circumstances conditioning the behaviour of key actors: and (ii) ambitiously and perhaps dangerously, by attempting to influence the actual outcomes of the development process. The position here is for the State to adopt a more humane approach of partnership in the development process, as well as to admit that the centralist and inefficient ways of doings by the state no longer persist. A democratic approach paves the way for
such collaborative efforts to avoid an expanding public sector being a threat to democracy and development.

In our Common Future, (Bruntland 1987) describes sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Two key concepts being that of ‘needs’, and in particular the essential needs of the world’s poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization in the environment’s ability to meet present and future needs. This definition puts a burden on the key actors state, civil society and the private sector – to articulate and aggregate acceptable pathways for fulfilling the two key concepts if the goals of sustainable development are to be achieved. Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life. Meeting essential needs depends upon the kind of leveling play ground placed at the disposal of the different actors – there by creating equal opportunities for and this is best done by expanding the political space for participation and enjoying the fruits of the rule of law and justice.

Other institutions like the Organisation for Economic Cooperation and Development (OECD) and the United Kingdom’s Overseas Development Agency buying the idea of governance as ‘the action or manner of governing’, go further to link governance with participatory development, human rights and democratization. With this governance is conceptualized and focuses on such issues as ‘legitimacy of government [degree of ‘democratisation’], accountability of political and official elements of government [media, freedom, transparency of decision-making, accountability mechanisms] competence of governments to
formulate policies and deliver services, respect for human rights and rule of law [individual and group rights and security, framework for economic and social activity, participation]. This paper identifies three distinctive aspects of governance:

- Political regime structure;
- Process of exercising authority in the management of the resources of the nation, economic and social resources: and
- The capacity of the government to design, formulate and implement policies as well as discharge or execute functions [World Bank, 1994: 1991: 1989]

Apparently, a major drawback in accountability in the government and administrative system in Cameroon is the excessive concentration of powers in the office of the Presidency and subsequently in the Ministry, Governors, and District Officers. Madison argues that “the accumulation of all powers, legislative, executive and judicial in the hands, whether of one, a few, or many and whether hereditary, self-appointed or elected may justly be pronounced the very definition of tyranny.” The justification for the separation of power doctrine can best be seen from the views of Montesquieu who believes in promoting rational government that “when the legislative power is limited to the executive, there is no liberty, nor is there liberty if judicial power is not separated from the legislative”. Thus enhancing sustaining development and democratic governance depends to a large extent on the nature of the political regime in place, the structure and functioning of the regime, kind of leadership and the capacity and capability of the regime to ensure the articulation and aggregation of its policies. The response (positively or negatively) of civil society towards government policies is also crucial. Unfortunately most Africa regimes seem to be stuck on the run unable to face the challenges and change in the continent’s democracy and governance, hence their
inability to ensure sustainable development and quality pattern of living for the vast majority of the population.

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<tr>
<th>Box 1</th>
<th>Entrenched State Bureaucracy</th>
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<td>Constitutionally</td>
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<td>Cameroon Centralised</td>
<td>Financially</td>
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<td>Administratively</td>
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<td>Economic Centralisation</td>
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<td>Poor delegation and non-coordination amongst parties</td>
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<td>Assimilation and Centralisation of Power</td>
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Source: Forje (2000) Improving Accountability, Efficiency and Responsiveness in Government. The Dilemma of “Indirect Rule” and “Assimilation” Politics in Cameroon, CARAD, Yaounde

In a way, Forje (2000) asserts: when the political party machinery is married to the bureaucracy, there is no quality and efficient management but tyranny, ethnocracy and patronage in the public service, nor is productivity, efficiency and responsiveness attained when ethnocracy, favouritism and marginalisation constitute the anvil of the public service. Presently, the Cameroon Governance State Bureaucracy is centralized and entrenched within the philosophical orientation of the politics of ‘assimilation’ (box 1).

**Introducing State-Civil Society-Private Sector Collaboration:**

Given the current state of underdevelopment, poverty and growing inequality within the different sectors of society, there have been many calls for anew forms
of co-operation that will enhance development security and sustainability over the long term. It is imperative that a harmonious conducive and enabling environment be established to ensure that the state mandates local government and the private sector to provide democratic and accountable government for local communities and the private sector: as well as encourage organisations to be active in matters of poverty alleviation, corruption eradication and empowerment of the female gender.

State-civil society – private sector interface under the canopy of partnership, participation and responsibility sharing remain important in all development activities. However, the inter-linkage between the various actors depends to a large extent on the state of and functioning of democratic governance in piloting the affairs of the society. At the same time, restructuring measures in the private sector are necessary in the poverty reduction and sustainable development agenda of the country (Forje 2005). As earlier pointed out, capacity building is crucial. It links administrative and technical capacity needed for policy analysis and economic management. For the Economic Commission for Africa (ECA), the generally observed failure in the efforts deployed in the past two to three decades to attain accelerated growth and sustainable development has been the lack of systematic action on building and enhancing the critical capacities needed to sustain growth and development.

**Factors Threatening Effective Governance:**

Unless a more balanced national governance regime is achieved, violent conflict and poverty will continue within the frontiers of the country. This may undermined the legitimacy, authority of the state in fulfilling its obligations to the people. Some factors threatening effective governance in Africa include issues depicted in Box 2
The third (box 3) concerns issues threatening effective governance system in a society. It is important for the state to promote a just and responsible society and not to tolerate poverty, corruption and other social ills that lead to the establishing a disintegrating society. It is imperative to promote sustainable development and economic growth from which all members of the society will benefit. Above all to ensure that globalisation does not have a negative but positive effect on the poor, rural, or unskilled members of society.
Recognising further that new or restored democracies also face the challenge of consolidating their sovereignty, their democratic achievements, of making democracy itself an irreversible process, and of ensuring that all members of society benefit from the democratization process and are able to participate fully in the new systems of governance it becomes imperative for states to create the necessary enabling environment that should breed the foundation for quality living conditions for all. Hence democratic societies have qualities, which we consider superior to others, particularly those concerned with their participatory,
representative and equitable nature. Therefore, democracy, development and respect for human rights and of fundamental freedoms are the interdependent and synergic, and democracy is an ongoing process.

The fourth is that of building a passion for democratic governance. Good governance rests on democracy and democracy rests on a number of interrelated tenets. Among these is the centrality of the structure of public power, of a constitution to help protect and safeguard rights and liberties and of diversity of power centers and outside the state. Some of the major issues are presented in box 4. A democratic society is an open and transparent society and encourages the free creation, pursuit and flow of information and thus elicits the effective participation of civil society in local, national and international institutions and processes.

<table>
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<th>Box 4: Building a Passion for democratic Governance</th>
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<tr>
<td>• Sovereignty of the people</td>
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<td>• Government based upon consent of the ruled</td>
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<td>• Majority rule</td>
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<tr>
<td>• Minority rights</td>
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<tr>
<td>• Guarantee of fundamental human rights and needs</td>
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<td>• Equality before the law</td>
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**Foundation of Due process of law**

**Democracy and Free and fair elections**

**Political Pluralism Constitutional limits on government**

- Social, economic cooperation and
- Values of tolerance, pragmatism
- Inclusion and not exclusion
- Freedom of the press and speech
- Responsibility of the citizen
- Sense of nationhood

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Source: Forje (1999):
For Cameroon, the central challenge for building sustainable, effective governance and deepening democracy is that of constituting and reconstructing the key institutions for economic growth and democratic governance as depicted in box 5.

**Box 5: Underlying Issues for Reconstructing and Reconstituting Key Institutions**

- A system of representation, with well-functioning political parties and interest groups or associations that freely participate in the body politics of the country.
- A vibrant civil society, able to monitor public and private sectors – and provide alternative forms of political participation and control methods.
- An electoral system that quarantines free and fair elections as well as universal suffrage to all.
- Effective civilian control over the military and other security forces:
- Establishing an Independent Public Service Commission, Electoral Commission and a Judicial system:
- A system of checks and balances based on the separation of powers with independent, judicial and legislative branches as well as an impartial civil service sector:
- A free, independent media industry and freedom of speech for the citizens
- Responsibility of every individual and contribution to the development of the country:

Source: Forje (1999)

Equally important is that of creating a level playing ground for all. The current attitude and politics of exclusion is doing serious harm to the society, and even scaring away domestic resources and foreign investments for development related activities. Building a passion for democracy means a bottom-up approach to governance, opening up the political space for development and economic activities. It is argued that enhancing democratic governance and a vibrant civil society would
pave the path for economic growth. Without economic growth, the quality of living standards cannot be improved.

In short democracy feeds into economic growth and economic growth feeds into democracy to create sustainable development. Underscoring this development is that of human capacity development. It can be argued that a reduction of government would benefit the economy, notably in areas where market arbitrage exhibits clear advantage over policy control or regulation in allocating resources, and where policy makers lack the necessary competence to contribute positively to economic development and the advancement of the democratic process. The process of the establishment of infrastructures, their composition and the outcome of their influence on the economy, therefore, are an important area of scientific inquiry.

It flows from the above that building democratic institutions while achieving equitable social and economic development poses tensions. To begin with, granting all people formal political equality does not create an equal desire or capacity to participate in political processes – or an equal capacity to influence outcomes. Imbalances in resources and political power often subvert the principle of one person, one voice, and the purpose of democratic institutions. Again promoting democratic politics means expanding capabilities such as education to enable people to play a more effective role in such politics, and fostering the development of civil society groups and other informal institutions to help democratic institutions better represent the people.

Cameroon is entrenched with problems because representation through the choice of the people and the voices of the people are constantly thwarted. Therefore good governance must ensure to sustain the rapid changes taking place nationally, and
globally as the world moves from the economy of trade to the economy of knowledge. For a developing economy like that of Cameroon, it is essential and imperative that all measures be taken to promote and sustain good governance and quality management. Improving human capital development is vital. The challenges of this millennium are that of ideas. Society is now ‘knowledge driven’ and this requires skilled human resources potential, sense of direction, quality leadership, accountability, transparency, productivity, fair competition, and equity in the distribution of national wealth.

Given the penetrating forces of genetic technology. The growing impact of information and communication technologies in our daily lives, it is important that advances made in this domain be incorporated into activities that promote growth, good governance, good management and quality service delivery in order to improve the living standard of this and future generations. No society can in this millennium afford to by pass the impact of emerging technologies in the development process.

**Limitation to State-Civil Society –Private Sector Interface:**

It does not imply that all is smooth with the form of triple heritage being advocated. No doubt, problems are bound to rise concerning private sector involvement. The private sector has its agenda as well. A major factor is that private sector funding can lead to a distortion in sustainable development management. Box 6 attempts to illustrate some of the problems.
Box 6: Some Limitations to State-Civil Society Private Sector

- The failure of corporate social responsibility [CSR]
- Conflict over management objectives
- The promotion of emblematic issues
- Short versus long term perspectives

Forje: (2005)

Beginning with the last, a major obstacle to sustainable development in African countries, is their policy approached coach ed within a short-term agenda. To maintain and create credible development requires commitment for the very long-term. For example, it is known that changes in the value of the ecosystem services would force the private sector into a form of survivalist attitude. However, there exist many opportunities for the private sector working in partnership with and the support of the public sector agencies, including local communities, to create effective development resilience.

Turning to conflict over management objectives, we should realise that the first objective of the private sector is to maximise profit. There is bound to be conflict of interests as the private sector generally regards development as a suite of services over which it has proprietorial control and to make profit. Such a view conflicts with the service provision agenda of the state. It may also create an impasse over appropriate regulatory arrangements on long-term property rights. The third issue is that of the failure of corporate social responsibility. However, the believe is that good corporate social responsibility and practice can lead and contribute to a public
interest dimension in profit-maintaining, where partnership with the state and be a mechanism for integrating private enterprise to local interests and public sector regulations. And finally, the promotion of the emblematic attitude. For example, interface with the state can guarantee the maintenance of a robust and integrated development approach.

**Fundamental Weaknesses:**

Cameroon has much turmoil and obstacles to overcome. For example, the recurrence of *external shocks* and *internal crises* demonstrate that many weaknesses remain and that further stringent reforms are needed. Government policies which have triggered the persistence of poverty, ethnicity, income disparity and social inequity as well as the negative impact on the country’s economic performance and democratisation process presents Cameroon with daunting challenges in the globalised world. Some outstanding weaknesses that confront the country could be listed as indicated in box 7
**Box 7**  
**Some Outstanding Weaknesses to be Seriously Addressed**

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<th>External vulnerability;</th>
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<tr>
<td>Unresolved internal issues of inclusion versus exclusion;</td>
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<td>Inconsistent political and policy strategies;</td>
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<td>Absence of nation unity / cohesion;</td>
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<td>A behavioural attitude as if the country is not ours;</td>
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<td>Failure in recognizing the role of Opposition parties in governance process;</td>
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<td>Weak and captive institutions;</td>
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<td>Passive and captive civil society;</td>
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<tr>
<td>Growing tendencies of returning to the era of monolithic party system;</td>
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<tr>
<td>Facing the debacles of (i) the pandemic of HIV/AIDS, (ii) endemic diseases, (iii) corruption, and (iv) growing poverty;</td>
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<tr>
<td>Inappropriate utilization of human capacity and natural resources for the ultimate benefit of the society;</td>
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<tr>
<td>An unpredictable or uncertain international community</td>
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Forje (2004)

The government must recognise the contribution of efficient public institutions and regulations to economic growth and welfare. Strong institutions contribute and play greater prominence to ensuring accountability and transparency to government output functions. It is also an important factor to stability and a credible judicial system that ensures confidence to investors. So far, Cameroon’s progress in these areas has been relatively slow and inconsistent since it made the quasi effort of embracing plural democracy in 1990. Efforts to improve the quality of public institutions and services have continued to lag behind especially within the legal, political, judicial and parliamentary system, which to a large extent remain captive and cumbersome. The protection of human rights remains fragile and largely inadequate. Institutions
including the courts are weak, politically influenced and even discredited in many respects. The quality of public service delivery is poor.

Corruption is widespread, even institutionalised and legalized crime and violence have increased. Insecurity to both life and property remain the order of the day. Drastic measures must be put in place to curb these acts. The banking sector and other financial institutions remain fragile and very often fail to respect ethical and professional norms. Regulatory enforcement is weak due to political ethnic interferences from various quarters. Corruption increases public debts. And generally, the state lacks the political will in enforcing strong control mechanisms. A successful democratisation process requires/depends on many interrelated input factors, for example, pluralism, participation, transparency etc. Pluralism requires an independent judiciary that impartially administers the law. An independent judiciary, in turn, requires attitudes that support pluralism and a bureaucracy that is impartial prepared to serve whichever government is elected to office.

**Forging New Policy Agenda:**

To seize the opportunities offered by the wave of democratisation and globalisation, Cameroon must develop a consistent long-term policy framework that will reduce its vulnerability. At least two fundamental issues are crucial in this respect, namely (i) **fiscal consolidation**, and (ii) **better governance** entrenched with politics of social justice and inclusion. The recommendations of the good governance report must be rigorously implement through a judicious policy of the carrot and stick Fiscal consolidation will help reduce Cameroon’s external vulnerability, as it will permit more proactive fiscal management and revamp internal savings. There is need as well as ample scope to strengthen public finances by revamping the tax system,
introducing stringent budgetary system, reducing inefficient public expenditure and eliminating corruption. Furthermore, proper use of science and technology will add more value to the country’s abundant and untapped natural resources.

A more effective way to resist, and to assure a favourable climate for various groups to compete in, is to maintain pluralism through a free press, competitive parties, elected executives and legislatures, and free courts. If these groups do not exist, or are too closely intertwined with the bureaucracy, it is difficult for ethnic, religious, economic, and cultural groups to compete and cooperate with one another in shifting patterns as new issues arise.

Recommendations:

Good governance implies a non-corrupt state bureaucracy. To accelerate growth and improve the social welfare of the people, Cameroon has but one option, to maintain a transparent reform momentum. It is only through this that it can best combine a long-term ideal of sustainable growth with democracy leading to social equity.

Continued social inequity or exclusion promotes bade governance. Good governance equals social equity. Cameroon badly needs democratic governance to forge ahead its process of reconstruction and reconstituting the Nation-state for the benefit of the people. Governance is crucial as it is complex and multifaceted since it permeates all aspects of economic, social, legal and political performance.

The government must strive to remain on the bandwagon of the plural democratisation process that started in 1990. It must strive to ensure accountability,
transparency, reconciliation, consensus, partnership, participation, responsibility and equitable wealth sharing.

To ensure good governance, it is imperative to eradicate current top-down development and administrative approaches, promote and sustain a bottom-up management system and development approach.

A government that is credibly elected (free and fair elections) receives the confidence, legitimacy and support of the people that enhances its credibility within the international community.

To ensure good governance and reduce corruption, it is crucial to promote a harmonious state-civil society-private sector partnership and participation as well as it is imperative to reduce existing opportunities for discretionary intervention by state authorities that use these mechanisms for their own benefits.

The need to reinforce the effectiveness of government and encourage the development of the rule of law, justice, legal reforms and other measures to move the nation forward.

Checks and balances including an effective and efficient control mechanism can come through the introduction of an “ombudsman” system to oversee government activities and to bring civil society as part of the custodian of the governance process.
Therefore, resources should be directed into economic incentives and the democratisation process, creating a level playing field for all actors as inherent parts of the development agenda:

Creating the requisite access to appropriate know-how, as well as creating an ability to make decisions independently, include a stable policy environment.

In anticipation for genuine changes or reforms to be effective and beneficial to all, the international community should respond positively to the aspirations of the people, and to ensure that appropriate measures are put in place to ensure the reign of democratic governance as the way forward for improving the quality of livelihood for this and future generations.
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