

SDC's Political Economy Approach



1 Introduction

For some time already, development cooperation agencies have understood that technical fixes of complex development problems do not really work and are not sustainable. In order to think and work more politically, employing a political economy approach is helpful. The political economy approach aims at building a solid understanding of the context by analysing formal as well as informal structures and processes, and visible and hidden power relations and dynamics among the various stakeholders of development. It is important to stress that a political economy approach **does not end with the analysis**: new insights may provide new directions and partners, “theories of change” and entry points for action which help adapt interventions, programmes and projects to changing realities (adaptive management), and manage risks effectively and get better results.

With the governance guidance adopted in 2020,¹ “thinking and working politically” has become an explicit orientation for SDC – and its political economy approach helps operationalise this orientation. For SDC, the political economy approach closely relates to established “good practice” in development cooperation: the local context and local ownership is most relevant for the success of development interventions. Thus, understanding the incentives and interests at play, the drivers and restrainers for governance reform, the coalitions and “rules of the game” in governance, and the power relations is essential for success.

This Policy Note aims at providing key information on SDC's political economy approach to its staff and partners, explaining why it is important, what the main elements are, and how it can be done, step by step. (For a brief introduction to the topic, see 2-pager on [Political Economy Analysis](#).)

¹ SDC (2020).

2 Why bother about political economy?

Box 1: “Political Economy Analysis”: Understanding how change happens

Political Economy Analysis (PEA) investigates how political and economic processes interact in any given society. It focuses on the interests, ideas, values and incentives driving the behaviour of different groups and individuals, the distribution of power and wealth between them, and how these relationships are created, sustained and transformed over time. These relationships are crucial in explaining how politics work and how economic wealth is created and distributed. As such, they are crucial for understanding how developmental change might happen.

Nowadays, development specialists agree that the political-economic context is most relevant for getting results in development. If it is not taken into account, development interventions risk failure. It is common development thinking and practice that formal and informal **institutions matter, and that politics matter as well**. Complex development problems (e.g. access to education, or access to water) cannot be addressed by technical fixes only (e.g. building schools, printing textbooks or digging wells). Such fixes will neither be effective nor sustainable if the relevant institutions are lacking and political and administrative processes are failing. Thus, understanding institutional and political dynamics at work is perceived as an important key for effective development cooperation.

Since the end of the Cold War, governance and institution building have been increasingly perceived as relevant, and many donors have supported reforms of political and economic structures and processes and invested in building capacities of major governance stakeholders, with mixed results. Experience shows that it is not enough to look at formal governance structures and political (reform) processes only. What is **behind the scenes**? Often, failures can be explained by informal rules, vested interests, or cultural and social values and practices that hinder formal institutions in doing their work as intended.

Moreover, it is obvious that the political system is **closely interlinked with the economic system** at international, national and local levels. While the political system structures the distribution of power and (economic) resources and sets the scene and rules for economic exchange in the “public” interest, political elites in many cases live from rents and/or are the most powerful economic actors in their countries – and consequently have a vested interest in politics. Thus, the complex interactions around public and private economic and political interests must be understood by development actors. Economic and social development is about creating new potentials and **changing the distribution of power and resources**. Political stakeholders aim at framing political and economic development in a way that serves their own interest or the interests of their constituencies. **Sustainable change will depend on who is in power, which interests are at stake, and how the rules of the power game are defined.**

Experience has shown that political and economic reform processes may have common characteristics, but they do not follow predefined blueprints. The trend to work in **fragile and conflict-affected situations** where formal institutions are often weak and informal arrangements prevail makes it even more important – and more difficult – to understand the local context. The political economy approach aspires to look at these realities in a systematic and systemic way and help design adequate responses.

Thus, “thinking and working politically” has become a key approach for many donors. For roughly 20 years, a political economy approach has been used in a **variety of forms** in development cooperation, with the purpose of looking behind the façade of formal institutions and understanding the political and economic dynamics at work. For the sake of effective and sustainable results, the realities of economic, social and political power structures in partner countries were mapped and analysed with different instruments and tools, and instruments of adaptive management helped redesign development interventions accordingly.

Box 2: Various types and approaches of political analysis

Political analysis is framed by donors and experts from various disciplines in different ways, from a variety of angles and with varying priorities:¹

- Different methods of **"Governance Analysis"** that focus generally on public sector management, specific institutions and processes or public sector management, often from a rather technical, administrative, capacity-building perspective. (See also 2-pager on *Governance Analysis*.)
- Various methodologies that focus on **politics including power issues**, emphasising historical, structural, institutional and political elements (so-called second generation PEA, e.g. DFID's "Drivers of Change", Sida's "Power Analysis", and the Dutch "Strategic Governance and Corruption Analysis").
- Other approaches focus on **economic factors and interests framing politics**. Some even tend to see politics as a form of "market", missing out what is **distinctively political**: power, interests, agency, values and ideologies, as well as building coalitions. A newer approach here is the **"political settlements" approach**.
- More recently, there is growing awareness that politics do not only depend on economic considerations and incentives.² Actors may be driven by strong **social dynamics and political interests** such as personal reputation, religious beliefs, political ideologies, social responsibilities, or family ties, etc.

1 See, for example, McCulloch, Barnett, Kingsmill and Kydd (2017); Mcloughlin (2014); and Menocal (2014).

2 See, for example, Hudson and Marquette (2015); and Hudson and Leftwich (2014).

3 SDC's understanding of a political economy approach

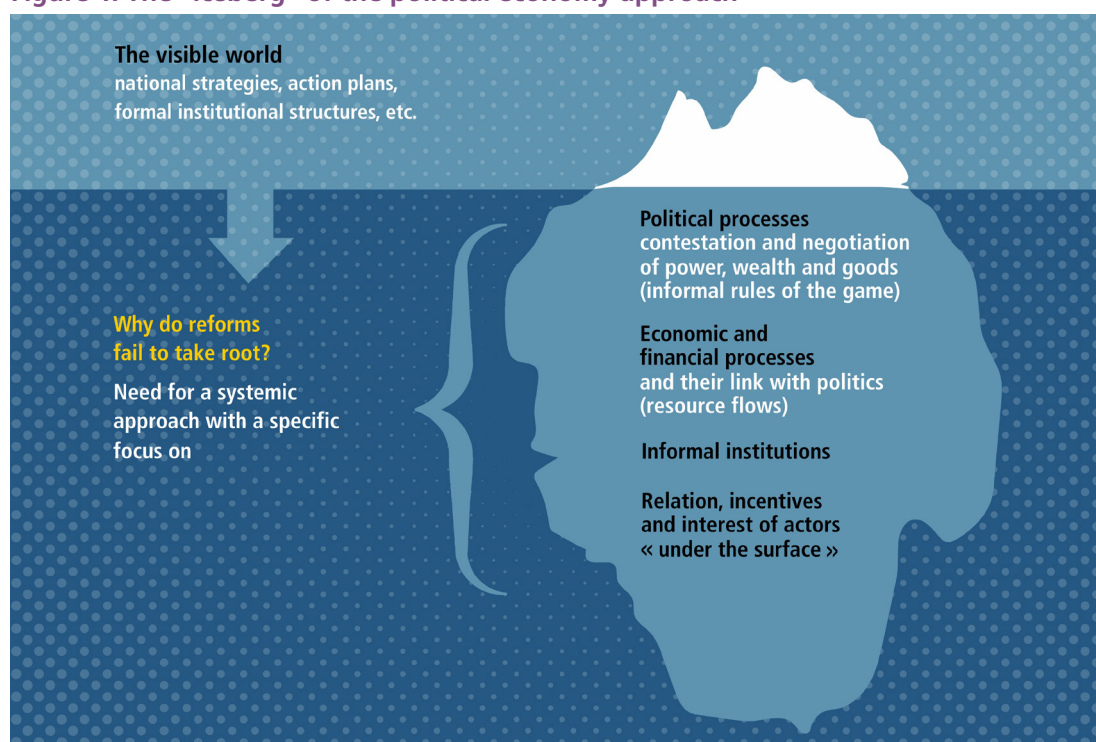
Analysing contexts for improving action

The strength of a political economy approach is that it looks more systematically at a broader set of realities than just formal structures, institutions and stakeholders. It aspires to **make underlying political and economic driving factors visible**, linking them together in a way that is oriented towards the overall purpose of programming: finding ways to make the political, social and economic system evolve towards increased responsiveness, social justice and legitimacy. It is important to emphasise that the political economy approach is **not an end** in itself (such as a pure “analysis” could be), but it has the purpose of identifying ways and means of **how to support change and to identify realistic “theories of change”**. Lastly, it also helps to detect **political risks** that may influence the impact of interventions heavily.

Looking at different layers

A key element of a political economy approach is the idea of **different layers** when working on a development issue. While the upper part of an iceberg – the formal governance system with its structures, institutions, processes and agents – is clearly visible, the invisible part below the water surface is much more difficult to grasp.

Figure 1: The “iceberg” of the political economy approach?



Structures and processes are often based on formal arrangements (e.g. constitutional rules, codified laws and regulations, and official policies, which are mostly visible); but in addition, there are **informal “rules of the game”** (e.g. social norms and identities, collective mindsets, group behaviour, shared visions, opinions and stereotypes, which are only partly visible). Such informal rules may strengthen the formal institutions – or they may explain why formal institutions do not perform. *The behaviour of stakeholders* (individuals or organisations, networks, movements) is framed by these formal as well as informal institutions and rules – and also responds to **internal factors** such as self-awareness or self-esteem, personal attitudes, values, individual mindsets, practices and skills. All these elements – institutional formal and informal arrangements, as well as stakeholders’ behaviour – are influenced by resource flows (capital, information, data, access to natural resources, commodities, expertise).

2 Figure is adapted from Laporte (2014).

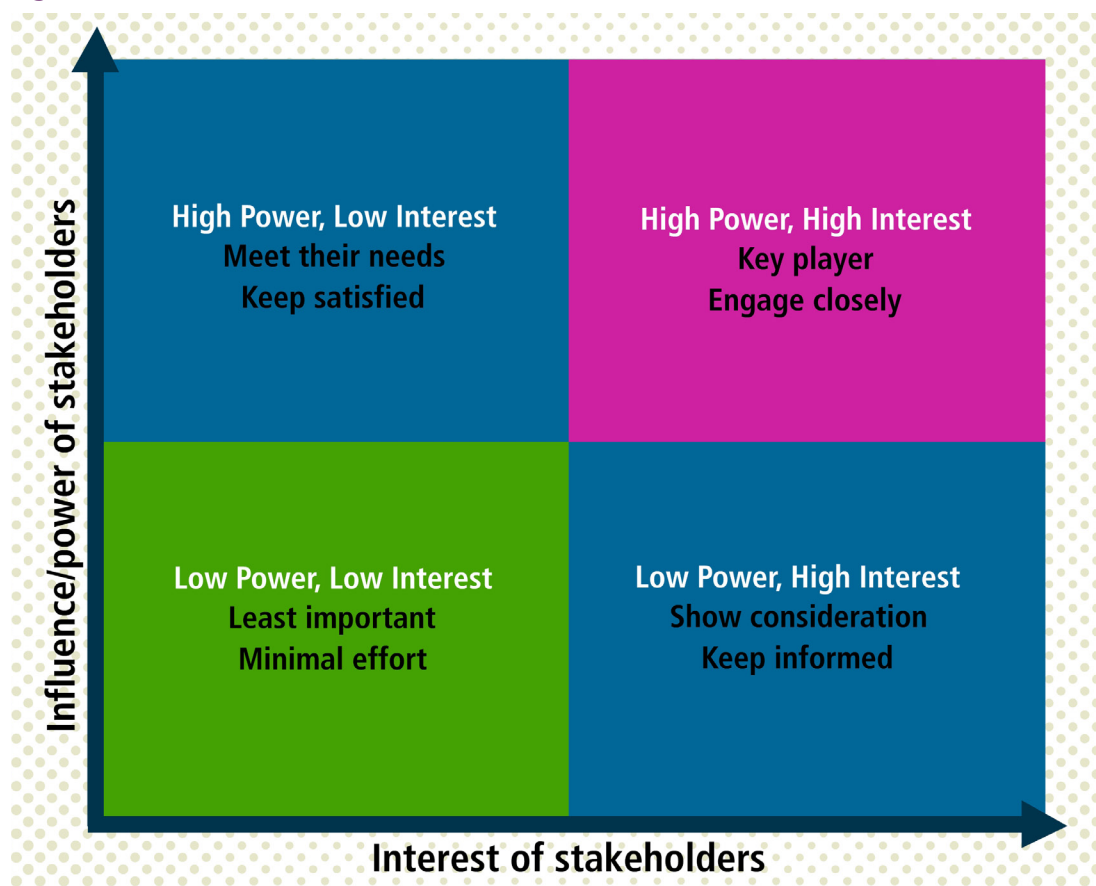
A political economy approach also emphasises aspects of development challenges that can only be changed in the long run. There are what can be called **foundational factors** that frame the institutional arrangements, the “rules of the game” and the behaviours of stakeholders. These foundational factors (e.g. the history of the country, its natural resources endowment, the historical power relations among different groups, social and cultural values and ideas) cannot be changed in the short or medium-term perspective of donor interventions – and they are often not factored in enough when designing and implementing programmes and projects. Finally, there are what might be called **exogenous factors** that lie outside the national local context that impose external shocks. These include a variety of things such as the Covid-19 pandemic, climate change-induced disasters, aid cuts and financial crises. Such factors are relatively unpredictable, and also exert independent and substantial influence on domestic political and economic dynamics. Bilateral donors and their actions are part of these exogenous factors.

Considering interests and incentives

A political economy approach focuses on the interaction and interlinkages of political, economic and behavioural processes. How are economic processes – mainly aiming at generating wealth – influenced by politics? How are political and administrative processes primarily aiming at managing public affairs and competing interests of citizens – affected by economic interests? More concretely, a political economy approach is concerned with questions like: What are the **interests and incentive systems** that drive specific social groups and actors, particularly political and economic elites? What are their economic, political, individual and cultural hopes and fears around a specific reform or project?

In the past decade or more, the trend has been to focus on the **economics behind the politics**; for example, examining rent seeking, distribution of economic resources, overlap between political and business elite, crony capitalism, clientelism, corruption and the general role of money in political processes (e.g. cash for questions, political party financing, procurement bribes, public-private partnership deals, etc.). This rent-sharing perspective also underlies the “political settlements” approach that has become increasingly popular in the last few years.

Figure 2: Power and influence matrix³



³ Mitchell, Agle and Wood (1997).

More recently, there is growing awareness that politics do not only depend on economic considerations and incentives.⁴ Other considerations have thus gained attention in newer applications of the political economy approach that aim at understanding interests and incentive systems that are not (only) economic or monetary. Actors may be driven by strong **social dynamics and political interests** such as personal reputation, religious beliefs, political ideologies, social responsibilities, family ties, etc. Historical and ideological narratives as well as path dependency will also frame policy choices and should be part of the analysis. This type of analysis can be presented in a power/influence matrix (see Figure 2).

Making power dynamics more visible

Employing a political economy approach makes the interlinkages between **resource flows and power relations** particularly visible. Access to resources (capital, information/data, know-how, natural resources, monopoly positions) means power and influence while, in turn, power and influence gives access to resources. Power and influence are multifaceted concepts and obviously crucial for any change of existing systems (see Box 3).

Box 3: Types of power



Power “to” refers to the capacity to act, exercise agency and realise potentials, claim rights, and raise voice.



Power “within” involves aspects like self-identity, self-awareness and confidence that are preconditions for action for any individual or group.



Power “with” describes the potential of building alliances and collaboration with partners.

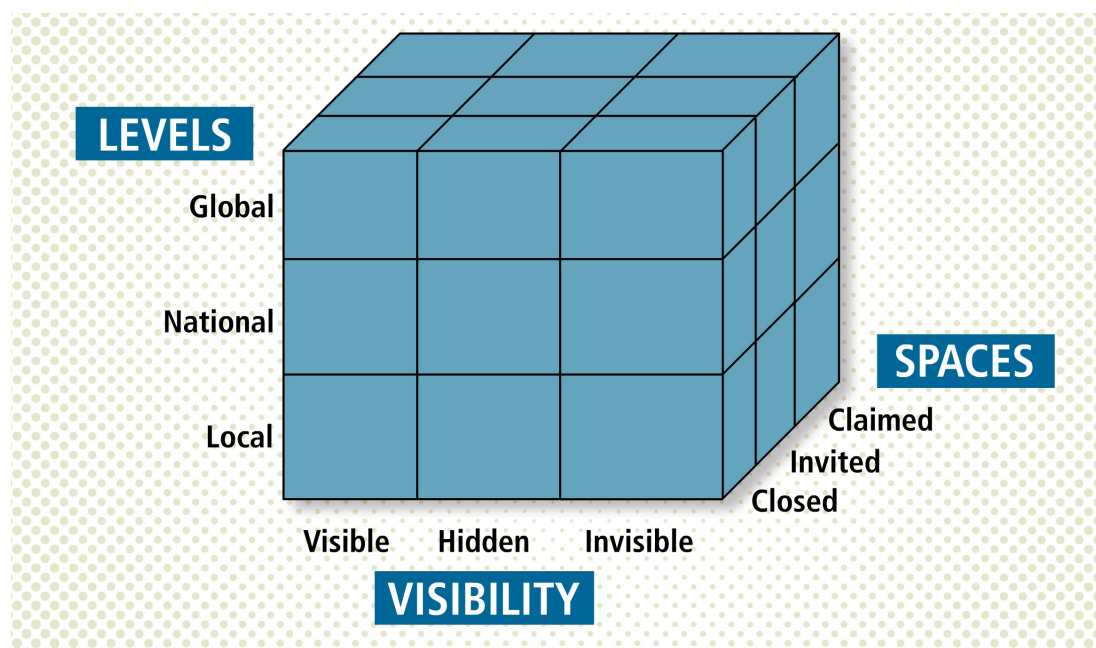
These “positive” framings of power are complemented with the **power “over”** perspective. This is how power is commonly understood, building on coercion, control, force of the powerful – and fear of the powerless. In this sense, power instruments may be physical (such as weapons) or more subtle, such as control over the means that we all need to survive and live (money, water, food, work, medical care), or the control over information, know-how, social acceptance, individual acceptance and love.

Power is never static, it is fluid and changing, and it is relational. For example, a rural worker may heavily depend on the owner of the agricultural enterprise he is working for. On the other hand, in his private realm of the family, he may have control over other family members and be in a powerful position.

In order to determine where power could be changed and how, various dimensions of power have been illustrated as a cube, with the three dimensions of visibility, spaces and levels. Power relations are different according to the levels involved (international, national, local, private/household). Power is challenged and negotiated in different spaces for consultation and participation (invited, claimed, closed). Finally, visibility of power dynamics shape the psychological or ideological boundaries of what can be put on the agenda or decided upon.

⁴ See, for example, Hudson and Marquette (2015); and Hudson and Leftwich (2014).

Figure 3: The Power Cube, illustrating the various dimensions of power⁵



Looking behind the façade means that a political economy approach goes beyond visible and formal economic and political factors, by analysing power dynamics in various dimensions. For example, what drives the Minister of Health in his/her decision-making on a new strategy or action plan for basic health services? What are the visible, hidden and invisible economic and political factors and power relations that are influencing his/her decision? In which global, national and/or local arenas are these power games taking place? Are these spaces closed and non-transparent (and thus not accessible for other political actors), or is there a possibility to enter the space, to participate and to influence?

Last but not least, looking at the power dimension allows donors (including SDC) and their implementing partners to become aware of their **own positions** and the power elements that characterise their relationships with partners at different levels. Donors and international organisations are part of the incentive structures for local stakeholders, with their power to distribute financial resources and technical expertise and the fact that they have privileged access to political and diplomatic spaces for promoting their agenda.

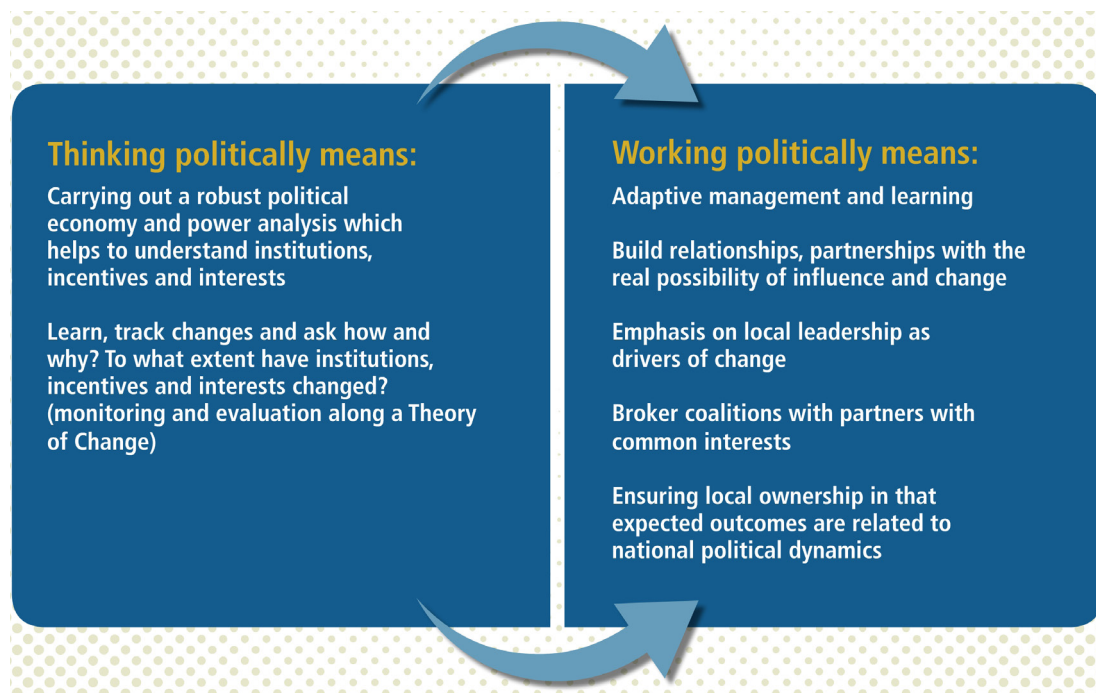
Using the political economy lens to “think and work politically”

As indicated above, a political economy approach is not an end in itself: the analysis is the very basis of and a **means for “thinking politically” in a systematic way**, aspiring to improve development interventions. Understanding the political economy of a problem or a planned reform helps test the **underlying assumptions** of development interventions again and again, adapt the design of interventions to the learnings, challenge the selection of partners, or design the ways in which policy dialogue should be conducted. (See also 2-pagers on *Adaptive Management* and *Policy Dialogue*.)

Like the “thinking and working politically” approach (see 2-pager on *Thinking and Working Politically*), the political economy approach is not a challenge to traditional programme models; instead, it attempts to enhance them with specific analysis and action points that will enable the programme to **be more realistic**, develop better results – and adapt to changing realities.

⁵ Adapted from www.powercube.net.

Figure 4: Components of thinking and working politically⁶



Development actors all have their political assumptions – even if they consider themselves as technical or non-political. Applying a political economy approach **helps make such assumptions explicit** and to develop a common understanding of the interests and incentives at stake, within SDC and together with implementing partners. Political economy factors play out in all processes and phases of programming, starting from context analysis to the design of country strategies and programme interventions, to the evaluation of and reporting on results, and during the programme cycle in adaptation.

Operationalising the approach

Who should do the analysis? While it is common practice to outsource implementation of a political economy approach to experts, it is obvious that the personal and institutional learnings and the possible attitude change in management and staff as well as partners are more effective if and when they substantially engage in and contribute to the analysis. It is clear that political economy approach findings are often sensitive. This needs careful reflection from the outset on: (1) Is the analysis public? Or is there a public and undisclosed part? How will it be used? (2) How do we include local stakeholders and consultants? Do we know enough about their interests and networks? Do we need to protect them? Are they safe during the research period?

How can these issues be sustainably taken up? SDC staff and partners might think of a gradual process of building self-confidence step by step and introducing a political economy approach into their working processes and attitudes. Awareness raising, information and training on a political economy approach are key for strengthening the capacities of management and staff to “think and work politically” in a systematic way, at strategic and operational levels.

Which approach should be taken? Political economy dimensions are not always easy to grasp, and development practitioners may not be familiar with the political thinking behind them. SDC does not follow a specific blueprint for a successful political economy approach methodology. The approach should follow the specific needs and questions that SDC has in each context at stake. Still, as examples, section 4 presents two kinds of approaches in more detail.

⁶ Figure from 2-pager on *Thinking and Working Politically*.

4 Step by step – two examples of a political economy approach

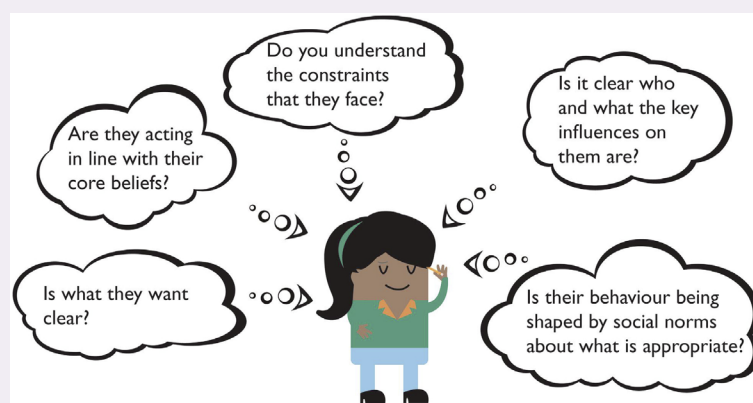
As already mentioned, there is no single method for conducting PEAs. The following explains two possible step-by-step approaches that can help understand the key issues and questions at stake in political economy. The first is an example of an “everyday” political economy approach (Box 4): a pragmatic way of sharpening the eye on interests and incentives at stake. This approach could be used for every meeting with the ministry or another donor. Lighter approaches may make sense, with a view to anchor political thinking into everyday tasks and the working processes and institutional culture of SDC.

The second approach is an example of how one could structure a political economy approach for a more in-depth analysis (developed by the consultancy The Policy Practice).⁷ The analysis distinguishes seven different phases (see Figure 5) and is explained in more detail in the 2-pager on *Political Economy Analysis*.

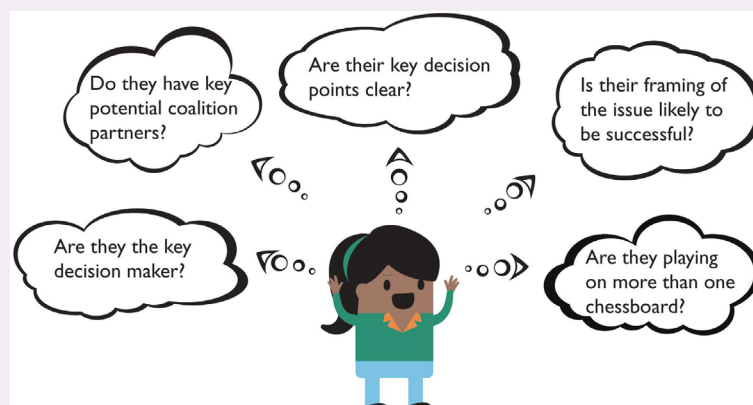
Box 4: Example for a light approach to political economy: “Everyday Political Analysis”

The Everyday Political Analysis framework aims at helping address the need of frontline staff to make informed decisions on a day-to-day basis. It provides a condensed checklist to conduct quick political analysis in ordinary business practice, in two steps:

- **Step 1: Understanding interests: What makes people tick?**



- **Step 2: Understanding change: What space and capacity do people have to effect change?**

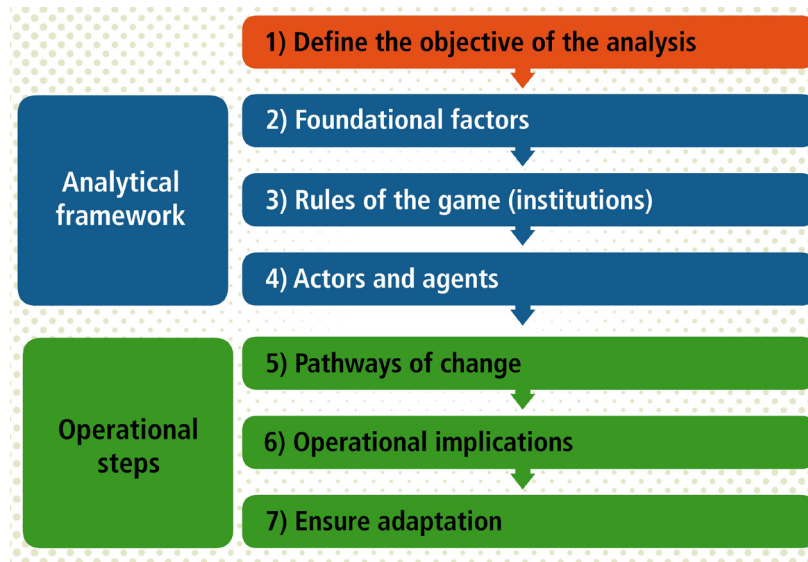


For each step a series of Yes/No questions helps unpack the dynamics.¹

¹ Adapted from: Hudson, Marquette and Waldock (2016).

⁷ See The Policy Practice website.

Figure 5: A seven-step framework to go from analysis to action

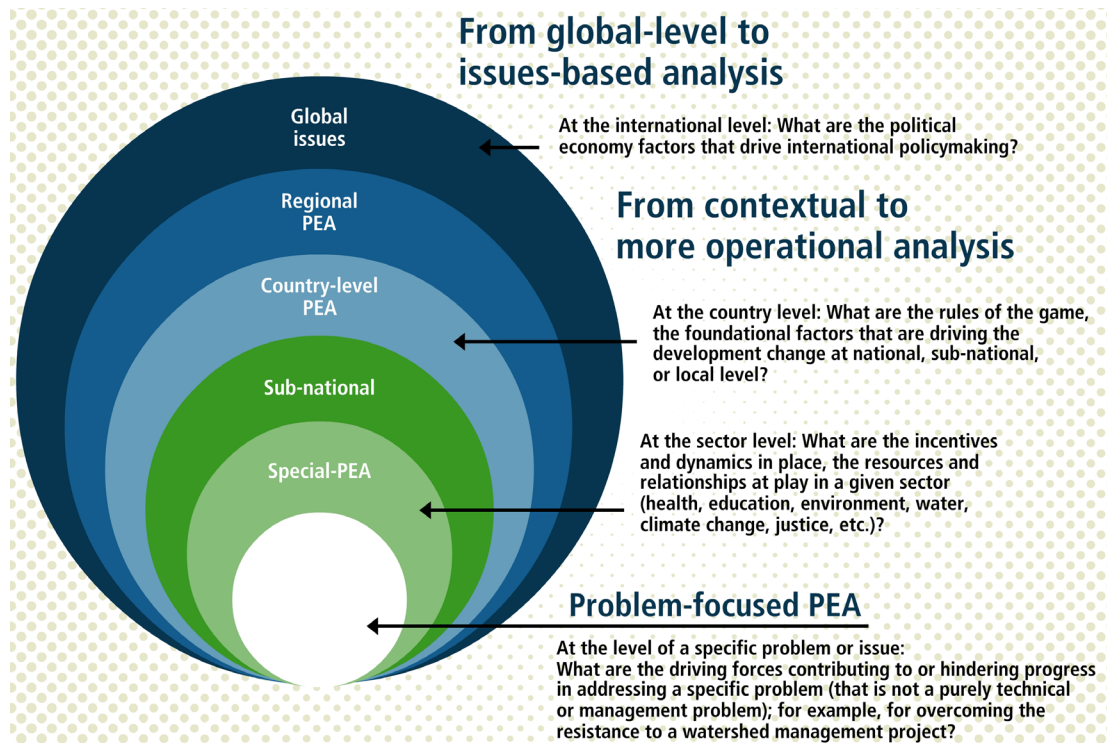


Phase 1: Defining purpose, problem, scope and process (step 1)

The political economy approach works best if it is clear what questions should be answered, and the reason for them, to clarify the purpose of the analysis. Is the analysis required just to gain a better understanding of the issue or problem that SDC is facing? Or should the analysis help find out how to solve the problem? Or should it help find ways to influence the identified dynamics? What exactly is the development challenge that SDC wants to address? The defined **problem and the purpose** define the scope and depth of the analysis.

The political economy approach can have different **levels of scope** (see Figure 6).

Figure 6: Levels of analysis for PEA



The first step will also include the political economy approach **process design**, which should never be underestimated. These are **the elements that should be specified in the terms of reference for an analysis**. With a view to being useful for operational work, the analytical insights that are created by the political economy approach must be owned by SDC. Thus, an analysis conducted by an external expert may help create in-depth knowledge on relevant visible and invisible political economy factors. However, its insights must be understood and appropriated by the responsible SDC management and staff who will need to draw the necessary strategic and operational conclusions. In a broader context, it is important to involve Swiss diplomatic personnel as well as local authorities in the analysis, with a view to building broader ownership for change. The data sources for analysis can be different and broad: scientific literature, published and unpublished documents, semi-structured interviews, and/or focus group discussions are usual sources. In certain contexts, there is also the question of how you might need to protect sources and/or analysis from possible repression as the sheer analysis of certain processes and interests can be perceived as threatening to people in power.

Box 5: Elements to include in the process design/terms of reference

- Who is interested in the analysis and why? Is it a joint endeavour among different donors?
- What are the required professional expertise and financial resources? Is there a budget to cover the expenses?
- Who will do the analysis? Shall the analysis be done externally by a consultant? What is the office staff's role?
- Who must be consulted in the analysis, and when? What will be the information sources and the data collection methodology?
- What is the timing and timeline of the analysis?
- What will the results be used for? Who must be informed about the results? How will the results be disseminated or communicated?

Phase 2: The analysis (steps 2–4)

The analysis distinguishes between:

- **Foundational factors (step 2):** These underlie the current governance system and are deeply rooted in the society and its perception of the political and economic system. Foundational factors cannot quickly be changed (e.g. the history of state formation, the sources of public revenue, the country's geography and geostrategic position and the ethnicity and religion of its people).
- **The “rules of the game” and political settlements (step 3):** Institutions can be formal (constitution, laws, regulations) and informal (social norms and values). They shape the incentives and capacities of organisations, groups and individuals, how they relate to each other and how the political bargaining process plays out. These rules and institutions are critical in influencing opportunities for development change.
- **The actors and agents (step 4):** The behaviour of individual actors, organisations and groups is determined by interests, incentives, individual and collective attitudes, ideas, ideologies and values. It is important to understand who has which interest for change and who has what kind of power to make this change happen (reflected in a power/influence matrix; see Figure 2). Looking at the actors in the present enables an assessment of opportunities for change (distinguishing between foundational factors that are often very slow to change; the “rules of the game”, which may be sticky but might change in the medium term; and short-term factors that may offer quick windows of opportunity).

Phase 3: The implementation of the insights (steps 5–7)

Identify the pathways of change (step 5): The analysis shows the trends and dynamics that might lead to – or impede – change. What elements will make the desired change happen? What are the factors and dynamics that will contribute to this change? Will the factors contribute to results in the short, medium and long term? These are the questions that are usually formalised in a **theory of change**. What can be SDC's contribution in this logic ("theory of action")? Who must lead and own the expected transformation? What are the risks that SDC and implementing partners are facing when the situation changes? How are the identified risks to be shared?

Identify strategic and operational implications for SDC (step 6): Based on the conclusions from the analysis, SDC's role and contribution to a change process or a reform may need a change – or its current practice will be confirmed. A variety of dimensions of the Swiss engagement will be impacted by the analysis: With whom does SDC partner up, why, and for what kind of change? Do SDC's portfolio, the programme designs and approaches, the selection of project partners (willing and able to work not only on technical issues but also on political dynamics), the working methodologies, and the internal procedures respond to the insights from the political economy approach?

Ensure adaptation (step 7): What are the challenges and risks for the interventions in the future? Flexibility and adaptive management are needed to ensure that learnings from the PEA can be put into practice. If a redesign of interventions is planned or a new project is developed, ownership and capacities of the responsible SDC management and staff are needed. Investing in the institutional and individual learning of staff and partners on "thinking and working politically" is necessary. Space for reflecting on political dynamics should be planned for in the office interactions as well as project design. Monitoring and evaluation should not just be understood as something that happens at the end of a programme but rather as a continuous learning process that must be given space in the programme management so that the interventions can be adapted to the ever-changing realities (see also 2-pager on *Adaptive Management*).

5 Challenges and how to address them

Putting a political economy approach into practice is not without challenges. As with other donors, SDC management and staff are facing a variety of difficulties and resistance when trying to “work politically”.

Challenges beyond the political economy approach

A political economy approach does not ensure *per se* that there are no blind spots. A strong example is **the gender dimension** that is often overseen by political and economic analysts.⁸ Women are rarely seen as agents and power relations are often analysed in a gender-neutral way, thus reproducing existing male-dominated views of realities and making women’s perspectives of political economy factors invisible.

In **fragile and conflict-affected situations** political economy factors are crucial both for effective conflict transformation and for humanitarian and development interventions. At the same time, these factors may be particularly difficult to analyse. An established stance of trust and openness that is needed for critical reflection among local stakeholders and donors, might be lacking. Drivers of the conflict, interests and incentives of stakeholders, and power relations between the various groups can be hidden – and evolve – very quickly.

- SDC’s management processes should provide operational staff as well as the management responsible enough space and time to reflect and learn, particularly in difficult and complex situations. The existing windows and spaces (e.g. discussions around the “MERV” or annual reporting and planning, strategic planning) can be used for reflecting systematically about the political economy factors. Or a political economy approach could be updated and discussed in alternation to a MERV discussion, once a year.
- A specific gender lens is needed to detect political and economic patterns of power relations that exclude and harm women – and find new pathways and agents of change. When identifying the purpose and analytical questions, gender aspects and dynamics must be explicitly looked at.
- The political settlements framework⁹ – a specific political economy approach – can help to navigate fragile contexts. It can help to identify the relevant actors (often dominant elite coalitions that control political and economic activity through informal power), their interests and the arrangements that govern access to resources, control the violence and set the parameters for political competition. In its conflict-sensitive programme management approach, SDC also takes political economy factors into account.

Challenges related to operationalising the approach

Some observers complain that a political economy approach often focuses too much on reform difficulties and not enough on finding ways out of the blockages. Donors are often quite clear about the political economy and power factors at play in a country or the sector concerned, but it is more **challenging to “work politically”** and adapt to the insights of a study. Donors (including SDC) might not be keen to change their attitudes and orientations due to various reasons which are linked to the donors’ own institutional political economy.¹⁰

National staff are usually very busy with the everyday management of “technical” programmes and projects and might not be keen to work on topics that are perceived as complicated and politically sensitive. In addition, political economy language comes from economics and other social sciences and can be difficult to grasp by professionals with other disciplinary backgrounds. Even governance specialists may need to make an effort to completely understand what political economy is about.

⁸ Browne (2014).

⁹ Parks and Cole (2010); and see [Political Settlements Research Programme website](#).

¹⁰ See, for example, Booth, Harris and Wild (2016); Hout (2015); and McCulloch and Piron (2019).

Despite their “development” language, some interventions follow foreign policy or the economic interests of the donor, and the management may be neither interested in making political economy factors transparent nor willing to adapt its intervention.

An analysis might also challenge existing partnerships with (local) authorities or other powerful stakeholders, from a development perspective (involvement in clientelistic networks, corrupt practices, drug or human trafficking, etc.). However, donors might have a keen bilateral interest in keeping good relations with the authorities, and thus will be reluctant to adapt the intervention and disappoint the expectations of the national counterparts.

While it is obvious that the local context counts and ownership of key stakeholders will be key for success, development practice often primarily follows the strategic priorities framed by the donors themselves. Thus, donors look for local partners that will buy into their strategies and use the required terminology but might not always be the adequate drivers of the required change.

- Experience shows that specific training on the political economy approach and awareness-raising interventions help build capacities, but it is even more important to ensure space and time in the busy office work plans for critical reflection and learning as well as drawing lessons for operational work.
- Even when management might not be in a position to make certain interests transparent, it is important to be clear about them in internal discussions.
- While it may be important not to seek confrontation with a government, management must also always weigh the extent to which it is acting in a conflict-sensitive manner and what the longer-term negative consequences of its actions may be. Creative, non-confrontational and unusual solutions can offer a way out.
- Partners should always be selected with a clear understanding of their interests and incentives for implementing a particular project.

Challenges related to institutional incentives

Adapting designs is costly and may not lead to the expected results in the planned time frame. Thus, donors have an institutional incentive to complete, even if the design of the project is subject to concern.

More generally, the political realities of donors (they are mainly accountable to their own parliament) creates an organisational culture where people are reluctant to accept failure. Institutional and staff performance still tends to be measured mainly by project completion instead of project success and sustainable results.

Once the programmes and projects are designed and the budget is adopted, the logic of donor administration often does not give incentives for changes, adaptation or flexibility (i.e. budgets need to be spent in a given time period and under a specific budget line). Even if spaces for flexibility can be found, changing the orientation may require additional time and administrative efforts and reduce or delay the planned spending – which is perceived as an indicator of failure. The pressure for speedy spending can make staff reluctant to engage in critical reflection and learning, which is perceived as just complicating everything.

- Flexibility should be built into management processes and programme design so that adaptations are possible (see also 2-pager on *Adaptive Management*). Development programming would need to be perceived more as “searching” than pure “planning”.¹¹
- New management methodologies could be explored and tested; for example, the “Problem-Driven Iterative Adaptation (PDIA)” approach, which starts with identifying the problem. To mobilise local action for change, the problem identification must be locally driven, defined, discussed and refined by local actors. This is the entry point for finding local solutions and pathways of change, in an iterative process of diagnosing, testing and revising that allows for constant feedback and learning.¹²

¹¹ See, for example, Denney (2016); and Easterly (2006).

¹² Andrews, Pritchett, Amji and Woolcock (2015). See also Fritz, Levy and Ort (2014); and Harris (2013).

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