Political Economy Analysis in Action

A Training Course provided for Swiss Development Cooperation

19 – 21 September 2016
Harare

Trainers: William Kingsmill and Gareth Williams
Acknowledgements

Several of the materials on which this course is based were prepared with funding from the Department for International Development of the UK. They are being used with DFID’s agreement, which we acknowledge with thanks.

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<td>09:15 Session 10: Lessons learned in conducting PEA and putting it into practice Presentation by the trainers, example cases, plenary discussion, specimen ToRs</td>
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## Roadmap of the course

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Political Economy Analysis in Action

GLOSSARY OF TERMS

**Capability trap:** According to Pritchett, Woolcock and Andrews of Harvard University, a common situation where the capability of the state is severely limited or improves very slowly, which arises from a) mimicking global ‘best practices’ to signal good will to donors, and b) ‘premature load bearing’, where unrealistic expectations lead to stresses on existing systems, causing capability to weaken.

**Clientelism:** A social order or political system that depends on relations between patrons and their clients.

**Collective action problem:** A situation in which a group of individuals would all benefit from a certain action, but since there is no arrangement to ensure that the costs would be shared among those benefiting (to limit ‘free riding’), individuals are discouraged from contributing to the action, and it does not happen. Collective action problems are solved when there are institutions (e.g. disciplinary powers vested in leaders) or organisations (e.g. a trade union) that limit free riding.

**Credible commitment:** A promise made by one actor that is thought to be believable by those to whom the promise is made. This credibility tends to arise from there being some cost to the actor making the promise if it should be broken.

**Dutch disease:** The phenomenon first observed in the Netherlands where income from the export of oil forces up the exchange rate of the national currency, thereby making other exports (e.g. agricultural products and manufactured goods) less competitive in international markets.

**Economic rent:** The difference between what a factor of production (land, labour or capital) is paid and how much it needs to be paid to keep it in its current use. A rent is an ‘extra’ income associated with control of resources that are in limited supply, including mineral wealth; monopolistic business opportunities, including those created by government regulation of markets; and governmental decision-making authority (e.g. concerning award of public contracts). Rents may be illicit (as in corrupt contracting) but are not necessarily so. Resources derived from rents can be used in different ways, some bad for development and some necessary.

**Incentives:** The rewards and punishments that are perceived by individuals to be related to their actions. These can be both material and non-material in nature.

**Information asymmetry:** A situation where one actor has more information about relevant matters than another actor and is in a position to use that information to gain some sort of advantage.
**Institution**: The rules and regulations, laws, codes or social norms that govern the way people behave in a particular field of activity, and the mechanisms by which they are enforced. Institutions can be both formal (laws, regulations) or informal (norms and implicit understandings, often rooted in culture, including family and kinship structures). It is now usual to use a different term – organisation – to refer to entities set up for a purpose, like banks or development agencies.

**Moral hazard**: The incentive that someone has to act irresponsibly when someone else has given them an implicit or explicit guarantee that they will be protected from the consequences. Some argue that aid donors have this effect on governments that receive aid.

**Neo-patrimonialism**: A hybrid form of state in which patrimonial relationships (see patrimonialism) pervade political and administrative systems that are formally constructed on rational-legal lines (that is, regulated by a Constitution, legal frameworks and bureaucratic procedures). In other words, a neopatrimonial system is one in which a position of authority is used for personal gain, not recognising a strict division of the private and public spheres.

**Pathway of change**: A description of how and why a change might happen. See also theory of change.

**Patrimonialism**: A form of governance in which there is no clear distinction between the wealth of the leader (emperor, king, sultan or president) and the wealth of the state or the people. The term was famously used by Max Weber to distinguish some early-modern political systems in Europe and Asia from those of feudalism and modern capitalism, in both of which such a distinction exists.

**Patronage**: The power to control appointments to public offices or the allocation of privileges.

**Political settlement**: A pact, agreement or understanding among elites that limits violence and prevents resort to civil war. Political settlements usually involve some sort of bargain over the allocation and use of rents (see rents), which in turn influences the institutions that are adopted and how they work (see institutions). According to Mushtaq Khan of London University, a sustainable political settlement is a 'consistent combination of institutions and a distribution of power such that the two are compatible and mutually supportive'. Political settlements in developing countries are usually clientelistic (see clientelism), but the form this takes can be important for development.

**Principal-agent relationship**: A relationship between two actors, one of whom (the agent) is expected to act on behalf of the other (the principal). Principal-agent problems arise when the two have different interests and the agent has more relevant information than the principal (see information asymmetry). The agent may then be motivated to act in his/her own interests rather than in those of the principal, and the principal may not have enough information to prevent this. Principals can be political leaders or managers; but, in a democracy, they can also be the ordinary citizens whom politicians and public officials are supposed to serve.

**Public good**: A good that is both 'non-excludable' and 'non-rivalrous'; that is, a good that individuals cannot be effectively excluded from using and where use by one individual does not reduce availability to others – for example, clean air, knowledge, lighthouses, an efficient civil service or national defence. Public goods tend not to be produced by private enterprise despite
their importance, because there is no way the costs can be recovered by the suppliers. State action is typically necessary.

**Reform entrepreneur/development entrepreneur:** An actor who seeks a specific developmental change using an entrepreneurial logic, rather than a planning logic.

**Rent:** See economic rent.

**Rent seeking:** The attempt to generate income by manipulating the social or political environment to create a flow of rent.

**Resource curse:** The negative effect on government accountability to citizens that is noticed when governments gain so much revenue from natural resource extraction that they do not need to collect taxes from individuals or firms.

**Rules of the game:** See institution.

**Theory of change:** A theory of how and why an initiative works (Weiss).
Objectives of the course:

By the end of the course, you will have a deeper understanding of:

- what political economy analysis is, and the different operational contexts in which it has role;
- how it can be used to improve development policy and programme design and management; and
- what tools and frameworks are available for political economy analysis and how they can be applied
Feedback from pre-course questionnaires (1/6):

• Diverse group of participants with different professional responsibilities, sectoral interests and country experience. Some are very familiar with using PEA tools - some have limited experience.

• Everyone would like the course to be practical, to show the value added of PEA for Swiss development cooperation, to include real examples of how SDC is using PEA, and to discuss how to build PEA into SDC’s existing tools.

• Participants would also like a concise presentation of the conceptual and theoretical basis of PEA.

Feedback from pre-course questionnaires (2/6):

• The course should offer a good fit with SDC priorities and practices:

• It should refer to SDC tools, e.g. MERV, SCPM, stakeholder analysis.

• It should equip SDC to prepare better country strategies.

• Several participants have asked for PEA of regions/ regional organisations to be included in the course.
Feedback from pre-course questionnaires (3/6):

The course should teach realism about what development partners can achieve in complex political environments:

“I would welcome if participants would leave the training having changed their attitudes towards development action, adopting one of realism in front of the complexity of development processes as brought to light by PEA.”

Feedback from pre-course questionnaires (4/6):

- The course should help us look for constructive solutions to problems.
- Not naming and shaming.
- How to talk frankly about sensitive political issues.
Feedback from pre-course questionnaires (5/6):

The course should us to ‘think and work politically’ – mainstreaming PEA into everyday work:

“I think that PEA is extremely important in our work, as we never work in a neutral and purely technical field, this does not exist. Power, interests, etc. are important to understand both for programming, implementation and for policy dialogue. I don’t think that it boils down to study, it is rather something to use in our daily work.”

Feedback from pre-course questionnaires (6/6):

- The course should recognise our own limitations. Lack of time, politics of donor agencies.
- The course should be participatory, interactive, not top-down.
- It should allow plenty of time for exchange and discussion.
- Flexible schedule that adapts to emerging needs of the participants and is a lot of fun.
Guidelines for working together

• Please wear your name badges – and can we use first names?
• Please say your name in plenary before speaking
• In the spirit of friendly time management, please can we start sessions on time.
• please use break times to make calls and check emails
• Chatham House rules
1. **Background:**

- Confirmation in Pemba by ESAD governance team from all the SCOs of the region, DDLGN focal point and guest governance experts of the importance of insights from PEA in development work.
- Following Pemba conclusions, EASD (now SENAP) conducted a process of designing the governance profile in its programmes. Workshops were held in each COOF to self-assess the effectiveness of governance programmes and see the gaps with regards to governance issues.
- This confirmed that technical solutions are not enough to address governance issues which have strong political dimensions.
- Message and SENAP guidelines, conflict contexts in the region, ODD goal 16 provides real momentum within our institution for political economy analysis.
- The discussion at the Division level recognised the shift in paradigm that calls for a profound understanding of the context and appropriate measures to tackle challenges and contribute to positive change.
- Assumption: social, political and economic dynamics and contexts shape aid effectiveness and development outcomes. Politically smart interventions can produce tangible results. Disposing of appropriate tools to understand political contexts and reform processes is an important cornerstone for development thinking and practice.

2. **Purpose of the workshop**

- To deepen our understanding of the Political economy of change towards sustainable development.
- To learn on tools and approaches, their strengths and weaknesses depending on the contexts in order to be able to apply them. Furthermore, it is of importance to discuss the complementary potential between PEA and CSPM, and to learn how to best integrate approaches and instruments.
- To grasp important PEA steps, how to apply them in specific sectors and thereby build up further skills to undertake and conduct political economy analysis so that it informs and guides operational work.
Day 1:

Political economy and development – Key concepts and understanding country realities
Political Economy Analysis in Action, Session 1:
What is political economy analysis, and why is it important for SDC?

Course handout, September 2016

Contents:

- Presentation by William Kingsmill - ‘What is PEA and why is it important for SDC?’
- Presentation by Andrea Iff – ‘SDC: Thinking and Working Politically’
- Presentation by Caroline Tissot – ‘How SDC is using PEA in the Great Lakes Region’
- Presentation by Tomasso Tabet – ‘PEA in the Kivus - Relevance of Political Economy Analysis in the Health Sector, South Kivu DRC’
Political Economy Analysis in Action
Session 1

What is PEA and why is it important for SDC?

Objectives
• To provide a simple introduction and definition to PEA
• To demystify the subject and demonstrate that it is part of existing practices and tools
• To show how SDC is already using PEA
Session 1

What is PEA and why is it important for SDC?
'Political economy looks at the interaction of political and economic processes in a society, the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time. The role of both structural factors and institutions is critical: they shape incentives and constraints and set limits to what is possible.'

OECD DAC

In processes which unfold over time, self aware actors can alter the conditions in which other actors take decisions ... resulting in numerous moments when normally binding problems of collective action are overcome'

Grindle, M S, 2002 ‘Despite the Odds: The Political Economy of Social Sector Reform in Latin America’
Session 1
What is PEA and why is it important for SDC?

- To understand the political economy context of a country, a region, a district in order to improve strategy, programming
- To understand the general factors driving or blocking reform
- To understand the interests of particular stakeholders, constituencies and individuals
- To assess the commitment of political leadership to reform
- To assess the political feasibility of specific reforms
- To develop a politically savvy approach to promoting reforms
Session 1
What is PEA and why is it important for SDC?

• Deciding who to work with, and how to manage relationships
• To understand why a particular reform may have stalled and how to unblock progress
• To inform a programme’s approach to political engagement and dialogue
• To test the theory of change and log frame assumptions
• To understand and manage programme risks
• To promote coherence across programmes
SDC: thinking and acting politically?

Institutional memory

PED network (Political Economy and Development)

Worked through/with Learn4Dev (until end 2016)
Was integrated into DDLG
Promoted mainly 3 tools with different methods

- Stakeholder Analysis
- Drivers of Change
- Reform Impact
SDC’s commitment I

Message 2017-2012

« (...) to contribute to the search for political solutions to conflicts, and to promote respect for human rights, the foundation on which peace rests.»

“Switzerland will mobilize its expertise in engaging in political dialogue with other governments on their reform programmes and polices in order to enhance the effect of its international cooperation”.

SDC’s commitment II

DDLG Policy Paper : Strategic Principle

«(...) interventions are highly political because they aim at changing political systems, institutions and processes, and they address the sensitive issue of deep-rooted power structures and relations. Political systems are based on laws and formal institutions but also on hidden powers exercised by informal leaders or shaped by customs, social and cultural norms. SDC is committed to consciously engaging in such complex and sensitive systemic change processes, while taking into consideration the associated risks. This too applies to situations of conflict and violence where it is particularly important to find political solutions addressing the underlying root causes of exclusion, inequality and power abuse.”
Recent activities I

PEA Course in Lima 2015
Focus on topics of clientelism/patronage and decentralization
Find all information on the Shareweb

Lessons learned
- Anglo-saxon instrument (WB / DFID) - collaboration
- Practices of implementers?
- Relevance at level of cooperation strategie difficult

Recent activities II

Analysis of SDC's justice programming
- Often mainly normative reading of a 'problem', leading to «best practices» Theory of Change
- Good context analysis at the macro-level but no reflection of process that integrates analysis into shaping decision making about program design and intervention logic / strategy
- Thinking out of the box is not institutionally rewarded
- There is informal and implicit analysis that sometimes leads to politically smart maneuvering – but this is not reflected in the formal documentation
Next steps

- Very different approaches (s. ESID paper)
  → Develop a clear and simple SDC approach to PEA
  → Integration of different instruments? (evtl. Chad)
  → Standard course
  → Learn from operations
    ▪ Relationships with implementers / partners
    ▪ Communication/publication of results
    ▪ Critique of past involvement
    ▪ Time constraints

Open & happy to work together in follow up activities!
Great Lakes context

- Regional/national conflict dynamics are about the distribution of access to political, economic and military power among different communities, ethnicities and states.
- Remaining in power is perceived as a matter of survival. Development agenda needs to support this political agenda (Rw/Bu).
- DPs are political actors, with a perceived political profile.

Great Lakes context

- Regional strategy – but no effective regional actors (cf Burundi).
- Unstable relations between the 3 countries, but strong interdependence and links bewteen people.
- High number of refugees and IDPs, grievances, unhealed wounds of the past.
- All countries on the OECD DAC fragile countries’ list.
Consequences for SDC

• Interpeace transborder dialogue
  – PEA as an obligatory tool to manage the program.
• E+I programs
  – Private sector close to government. Who’s who.
• Civil society support in Rwanda
  – Limited freedom of speech constraint PEA analysis
  – CSOs sector is not stable
  – PEA useful at operational level, details.

Conclusions

• Relations between politics and economy are part of the analysis at project levels. But rather implicit than explicit.
• Making it more explicit and structured would help, including regarding partner’s ability to manage these issues more independently.
• Better use the available conflict and political economy analysis of partners for all domains and at regional level.
• Constraints – protection of sources.
PEA in the Kivus

Relevance of Political Economy Analysis in the Health Sector, South Kivu DRC

Knowing the specific context

- Young SDC’ office in the S-Kivu
- Planning a new project Phase
- Humanitarian versus development: who provides health services?
- Sector decentralisation process ongoing
- Informal governance vs. formal governance
- How actually does work this Health System?

- Looking to influence social & system changes, looking for transformation
- Make the implicit explicit!
- Relevance of project’ strategies
TdR, research questions

- What is the degree of power held by the formal health institutions? Are there other centers of authority and influence?
- What are the concerns, incentives, and constraints of the (formal and informal) decision-makers?
- By what unofficial means does Kinshasa exercise its authority over the province?
- What is known about the role of the church, the private sector and the NGOs in delivering health services?
- What are people’s tactics for maintaining access to health?

Which methodology?

- Context analysis
- Actor mapping
- Quantitative health data analysis
- ...........

Political Economy Analysis to understand the interests and influence of different stakeholders and how their power is exercised within a particular institutional context

Money, Power, Influence
**Process: from the study to the project**

- **STUDY**: Expertise from Integrity research and consultancy: Guillaume Lacaille (analysit, politics, DRC), Luisa Ryan (analyst, health, DRC), Ali-Ben Kapeta (analyst, politics, DRC). 2 months, 80kUSD. Steps: Methodology, Desk, Field, Analysis, Workshop, Report. Several Touch Base meetings.

- **FINDINGS**: dynamic analysis of current PEA equilibrium. With names, links, interest etc, written for the SDC «knowledge made explicit», excellent!

- **PROJECT**: information shared in tender documentation, asked for specific strategies, looked for dynamic context monitoring and analysis (even shared a PEA guide)

- **PROJECT**: position project activities within the decentralisation / sector reform agenda (good)

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**SO WHAT**: how the *Study Findings* have been translated into the programmatic response?

- Systemic approach in Health versus specific «high potential battles»: a clash of approaches?
  - Sector wide support with its planning & budget cycles
  - Profile, expertise, background of implementing partners & SDC? Explicit versus implicit?
  - System monitoring system versus specific «attribution» monitoring?

- Sub-thematic issues and ongoing processes @ Provincial level:
  - Drugs management; Health tariffs; Community Based health Insurance; Regulatory issues on human resources (salary, allocation, performance)
  - PEA thinking & logic digested: 2 years after the study we are shaping our messages and specific strategies
So what_1?

- Feeding up into the national level, within a clear framework & aware of possibilities and implications
  - Issue of Drug management, GAVI, bilateral agreement
  - Issue of not payd salaries / health financing
  - …..

- A systematic Pol Eco M&E system is still a mirage:
  - Guide not explicitly adopted nor used, but
  - Principles de facto absorbed by projet & staff
  - 4 regional, internal committees / year as a platform to knowledge management and analysis

So what_2

- The SDC NPOs as «political analysts»? The ultimate SDC’ integration within DFAE?
  - Political economy analysis is indeed a political analysis, a discipline largely used at the Embassy level (less so traditional at SDC level)
  - SDC experience with PEA in Health is a good example on how SDC can «politically think»

- ……
Presentation by the trainers and discussion of examples of the use of PEA at global, regional, country, sector, project and problem level

One item follows:

- Powerpoint presentation, ‘How can political economy analysis make development cooperation more effective?’
Session 2

How can political economy analysis make development cooperation more effective?

Three ways in which political economy analysis can make development cooperation more effective:

- **Learning about the context.** Essential background knowledge for development practitioners. Vital for determining broad programming priorities, understanding risks and avoiding mistakes.

- **Problem solving.** Addressing a particular blockage – e.g. blockages in the delivery of public services, obstacles to reform, political barriers affecting programme delivery.

- **Influencing.** Using political economy analysis to inform strategies for engagement with stakeholders intended to bring about a specific reform or change.
How can political economy analysis make development cooperation more effective?

Political economy analysis has suffered from unrealistically high expectations. It is not a silver bullet. It may not provide immediate answers to programming problems. It does not tell development practitioners what to do. But it does help make development practitioners to become:

- More realistic about what change may be delivered over different timescales.
- More modest about their actual level of influence.
- More context sensitive and able to find solutions that fit the local context.
- More able to recognise and seize opportunities (resulting from changes in the context).
- More creative and innovative in looking for solutions to problems.
- More able to work constructively with partners (by understanding their incentives).
- Less dogmatic, and more willing to accept compromise.
- Less prone to doing stupid things

Examples of the use of PEA at global, regional, country, sector and problem level.
Session 2

How can political economy analysis make development cooperation more effective?

Example of PEA on a global issue

http://www.ids.ac.uk/publication/political-economy-of-climate-change

How does the study help?

Understanding why it has been difficult to reach agreement on climate policies at international and national level.

Understanding the incentives created by particular climate change financing instruments (Green Climate Fund, Adaptation Fund, PPCR, REDD++), as well as the power relations shaping the allocation of these funds.

Understanding the interests of different players, which create disagreement, but also scope for finding consensual solutions.
Session 2
How can political economy analysis make development cooperation more effective?

Example of PEA on a regional issue
http://ecdpm.org/peria/sadc

How does the study help?

- Explanation of the implementation gap. Why SADC has not been able to meet targets for regional integration.
- Industrial and trade policy. Understanding of South Africa using its dominant position in SADC to maintain its protectionist trade policy.
- Southern Africa Power Pool. Initial success undermined by power shortages and reversion to bilateral deals.
- Overreliance on donor funding (79% of SADC budget). Risk distorting SADC’s agenda and undermining accountability to member states.
Examples of country level PEA

**DFID Nigeria Drivers of Change 2003-2005**
Study led to increasing focus on voice and accountability – linking supply-side and demand-side governance interventions, focus on selected issues with political traction (issues based approach), support to a broader range of actors at federal and state level.

**DFID Nepal Strategic Conflict Assessment 2002**
Study led to recognition that aid had been channelled in ways that deepened social exclusion and contributed to conflict. Shift towards focus on more inclusive growth in parallel with more micro-level community assistance.

Strengths and weaknesses of country level PEA

**Strengths:**
- Provides an understanding of how countries really operate ‘behind the façade’.
- Enables donors to understand the political settlement and risks of fragility.
- Enables donors to take a more realistic view of their level of influence and the likelihood of change.

**Weaknesses:**
- Analysis is often abstract and short on specifics.
- Country PEAs usually don’t provide specific recommendations on what donors should and shouldn’t do.
- Findings may be sensitive or controversial. Difficult to share and discuss findings outside of trusted donor circles.
Session 2
How can political economy analysis make development cooperation more effective?

Example of subnational PEA

Assessment of reform potential in 10 Nigerian states based on PEA conducted by SAVI and SPARC programmes in Nigeria.

Enabled DFID to make decisions on which states to operate in.

<table>
<thead>
<tr>
<th>State</th>
<th>Reform prospects 2010</th>
<th>Reform prospects 2015</th>
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<tbody>
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<td>Abia</td>
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<td>Zamfara</td>
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Example of sectoral PEA

Political economy of basic education in DRC

Workshop for DFID DRC held in July 2012

Literature review for DFID DRC by Gareth Williams (2012)
How can political economy analysis make development cooperation more effective?

Political economy of basic education in DRC

How did the study help?

- Provided a detailed mapping of the institutional landscape. Complex relationships between state and non-state actors. Key role for religious networks. Retreat of state into regulatory functions. Local, negotiated autonomy.
- Provided a detailed mapping of funding flows through the sector. Complex mix of public and private sources flowing up and down through the system.
- Explanation of why previous donor attempts to inject funds into complex system have increased salaries, but done little to improve quality or reduce parental fees.
- Recommendations on options for future funding to the sector taking account of fragmented institutional responsibilities and complex funding flows.

Example of problem-focused PEA


**Medicine Supply in Malawi. How does the study help?**

- Focus on the problem of medicines running out of stock. Identification of bottlenecks along the medicine supply chain.
- Identifies the role of political patronage in staff appointments and award of supply contracts as a cause of stock outs.
- Highlights institutional vacuum caused by incoherent and poorly implemented decentralisation policy.
- Ineffective bottom-up monitoring
- Donors funding parallel supply systems adds to incoherence
- Recommendations centre on strengthening policy coherence and performance monitoring.

**PEA for influencing – Broader approaches to “thinking and working politically”**

- Political economy analysis is not just about producing a study.
- PEA is most influential where analysis is continuous and linked to politically informed engagement with key stakeholders to influence change.
- Requires “good enough” PEA and good understanding of stakeholder interests.
- Adaptive and flexible programming is needed to enable experimentation, trial and error, course correction and development entrepreneurship.
Session 2

How can political economy analysis make development cooperation more effective?

Examples of PEA for influencing


Case studies on Nepal hydropower and oil sector transparency in Nigeria

Example of PEA for influencing –

Jaime Faustino/David Booth work on development entrepreneurship

Political Economy Analysis in Action, Session 3:
Key concepts for political economy analysis. The analytical framework

Course handout, September 2016

One item follows:

- Powerpoint presentation, William Kingsmill, ‘Key concepts for PEA: the analytical framework and toolkit’
Objectives

• To explain the basic building blocks for PEA
• Introduce a five stage analytical framework
• Introduce specific analytical tools and concepts
1. Structural factors
2. Rules of the games, ‘institutions’
3. Actors and agents
4. Pathways for change
5. Operational implications
Key concepts for PEA: the analytical framework and toolkit

1) Structural factors
   - Long term contextual factors, not readily influenced: historical legacies and geography
   - Natural resource endowment, demography, climate change
   - Ethno-linguistic fragmentation

2) Rules of the game, 'institutions'

3) Actors and agents

4) Pathways of change

5) Operational implications
Acrors and agents
- interests
- incentives
- ideas and ideology

What are interests and incentives of actors? And what is their power to get what they want?

Power- Interest Matrix

- Potential to block/ opponents
- Need for advocacy
- may simply be unaware of the potential benefits
- raising awareness

- Champions for change or supporters
- Potential allies for champions/supporters
- Need to empower them
- Foster coalitions

Based on UNDP 2012: ICA Guidance Note
Why does development (usually) take a long time?

• Because first it is necessary to solve the problem of generalised violence, by building a state

• That means buying the acquiescence of the main power groups (especially when they are ethnically divided) and paying for a centralised army

• Until capitalism develops, the state has a limited formal revenue base so the allocation of economic rents is the basis of the elite bargain or political settlement

• Only a few, historically exceptional, types of political settlement favour the development of capitalism
People are said to **seek rents** when they try to obtain benefits for themselves through the political arena. They typically do so by getting special access to a resource, a subsidy for a good they produce or sell, by getting tariff protection for a good they produce, or by getting a special regulation that hampers their competitors. A better term would be ‘privilege seeking’.

**Economic Rent**

The difference between what a factor of production costs to produce and how much it needs to be paid to keep it in its current use
Developing country governments heavily regulate their economies: governments create ‘rents’ equal to a large percentage of national income.

Distribution of rents can be an important pillar of economic stability: dominant coalitions create cooperation and order by controlling access to rents.
• **Patrimonialism**: a political strongman rules by personally distributing material resources and perks (many of which are ‘rents’) to his followers.

• **Neo-patrimonialism** when the personalized elements are combined with, or co-exist with, some formal, impersonal elements of governance (eg the legal system, or an administrative code for hiring staff).

• **Patronage**: use of state resources to reward individuals for their electoral support.

• **Clientalism**: exchange systems where voters trade political support for various outputs of the public decision-making process. Can have ethnic elements, religious or regional dimensions, family boundaries.

• **Nepotism**: favouritism granted in politics or business to relatives.

○ **Systemmic - not individuals**

○ **Not necessarily anti-growth or anti-development or anti-poverty reduction**

○ **Not static (urbanisation, technology change the rules)**

Neo-patrimonial systems for the distribution of rents can be harnessed for developmental ends so long as

(1) there is a centralized structure for managing rents, and

(2) rent management is geared to the long term.
Session 3
Key concepts for PEA: the analytical framework and toolkit

- Credible commitments
- Path dependency
- Principal-agent relationships
- Isomorphic mimicry
- Capability traps
- Cognitive dissonance
Illustration and discussion of key PEA concepts

Includes 25 minute filmed interview with David Anderson and Mabel Rubadiri, and small group discussion on key questions and report back

Two items to follow:

- Powerpoint presentation, 'The Political Economy of Kenya'
- Kenya political economy exercise and fact sheet
Objectives

• To use the analytical framework in a real country case-study
• To identify scope for pro-developmental action
• To understand the limits of donor influence and the need to use this influence most effectively
1. What is the nature of the political settlement (elite bargain) in Kenya?

2. What impact does the Kenyan political settlement have on the likelihood that the government will act in pro-developmental ways?

3. Can incentives be strengthened for elites to act pro-developmentally?

4. What level of influence do development partners have, and how can they use this influence?

Three words of caution:

1. There is no right answer

2. This is an exercise: just enough information (hopefully)

3. In the real world we would triangulate
Kenya: Context

- Colonial state served interests of defined groups
- Independent 1963: Jomo Kenyatta secured power through ethnic coalition and state patronage
- Kenya resource-poor: farmland scarce, 80% arid or semi-arid; few minerals, but oil found 2012
- Ethnicity distinctive – only five groups = 70%: Kikuyu largest (c.22%), rapidly entered modern economy, with whites, Asians
- Women disadvantaged: income, education, property, HIV/AIDS
- Kenya strategically important to the West, Cold War, post 9/11
- Economic growth: rapid in 1960s and early 1970s; stagnated 1970s to late 1990s; rapid but variable since then (+/- 5%-6%); but unemployment and inequality high
- Civil service competent in parts but corruption endemic
• One-party state 1982-92. Multi-partyism based coalitions among ethnic blocs since then. Economic reforms, recovery late 1990s.

• Civil society, press vigorous.

• 2002 elections won by opposition coalition (first transfer of power). Corruption re-emerged.

• 2007 election won by new opposition coalition, but Kibaki held on. Violence killed 1,500, displaced 300,000. Coalition

• New Constitution 2010: executive presidency, checks and balances via legislature, judiciary; President and ministers cannot be MPs; Parliament vets ministers; devolution & two-tier govt; second chamber for County-level issues.

• 2013 election challenged, but in courts

Population 45mn, growing 3%pa, life expectancy 62yrs, literacy 88%, gini co-efficient 0.47

88% Christian, 10% Muslim

Lower middle-income, per capita income $1,900 PPP in 2014

Economy:

• 61% services, 24% agriculture (but 75% of employment), 15% industry. Growing high-tech sector

• Growth: 4.5% in 2012, 5.7% 2013, 5.4% in 2014 and in 2015

• Trade: exports ($5.9bn) 41% of imports ($14.4bn)

• Government revenues $7.4bn, expenditure $9.3bn

Outlook:

• Dynamism but grievances and marginalisation not resolved

• Radical Islam and politics of religion growing (Somalia)
Country-level PE case study: Kenya

Relevance of core PE concepts to understanding Kenya

Purpose

- To explore core PE concepts in context of a country and consider relevance to development
- In small groups, address these questions, and take part in a plenary discussion:
  - What is the nature of the political settlement (elite bargain) in Kenya?
    - Consider, e.g.: Who secures economic rents, and how? What is the role of ethnicity?)
  - What impact does the Kenyan political settlement have on the likelihood that government will act in pro-developmental ways?
  - Can incentives be strengthened for elites to act pro-developmentally (i.e. favour broad-based growth, quality public services, stability)

Materials

Participants will be provided with:

- Written background factual material on the history and political economy of Kenya (below)
- A video interview with Kenya specialists (Prof. David Anderson and Mabel Rubadiri).

The video will be followed by a Q and A session for clarifications and gap-filling.

Background information 1: Factsheet

See next page.
### Kenya 2016 Factsheet

#### SOCIETY
Population: 45,545,980 (2014)
Pop. Growth Rate PA: 3.0% (2014)
Urban Population Growth: 4.0% pa (2014)
Urbanisation of Population: 25% (2014)

Life Expectancy: 62 (2013)
Pop. Below $1.25 PPP a day: 43.4 (2005)
Adult Literacy Rate after 15 (2010*)
Total: 87.4% | Male: 90.6% | Female: 84.2%

Age structure: (2014*)
0-14 years: 42.1%
15-24 years: 18.7%
25-54 years: 32.8%
55-64 years: 3.7%
65+ years: 2.8%

Ethnicity: Kikuyu 22%, Luhya 14%, Luo 13%, Kalenjin 12%, Kamba 11%, Kisii 6%, Meru 6%, other African 15%, non-African (Asian, European, and Arab) 1%
Religion: Protestant 45%, Roman Catholic 33%, Muslim 10%, Other 12%

#### ECONOMY
GNI per capita, Atlas method $1280 (2014)
GDP Growth: 5.4 % (2015)
Inflation: 8% pa (2014)
Unemployment 17.1% (2013)
15-24 Unemployment: 38.9% (2014)

Gini Coefficient: 47.7 (2005)
Labour Force: Agriculture: 75% | Industry and Services: 25% (2007*)

(Source: All data above and the graph to the left come from The World Bank 2015 or CIA Factbook 2014 with *)

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The Kenyan population is denser as you move towards the south west with 6.7 million in Nairobi Metropolitan area.

In 2014 Kenya was classed as a hybrid regime and ranked 97 out 167 countries, with a slightly above average democracy score for the Sub-Saharan African Region.

Kenya’s GDP %pa growth declined sharply after 2007/8 election violence. But the last decade’s growth has otherwise been quite high at around 5-6%.
### Political, economic and social context

- **Pre-Independence in 1963**, Kenya was a colony with a white settler minority. A tradition had been created of the state serving the interests of defined groups: the colonial state, though there were differences between the administration and the settlers, largely served the interests of the latter (who inter alia controlled much of the good land), but this began to change in 1950s in the run-up to Independence, and promotion of smallholder farming.

- **Kenya is resource-poor.** Farmland is relatively scarce, with some 80% of Kenya arid or semi-arid. Few mineral deposits. However in 2012 significant oil deposits were found; but these have not (yet) come into production.

- Ethnicity follows a distinctive pattern, with around 70% of the population identifying with one or other of five medium-sized language groups. Kikuyu numerically largest (approximately 22%), living near Nairobi, and the earliest to take up education. They moved rapidly into the modern economy, along with whites and the Asian minority. The first government (Kenyatta) secured power through ethnic coalition, Kikuyu-led, and the use of state patronage. Kikuyu settled in (mostly pastoralist) Rift Valley, partly a result of UK-backed land reform buying out settlers, and partly from individual migration and land purchase.

- **Women undertake the great majority of agricultural work** (which accounts for 80% of jobs and 60% of income), but earn only a fraction of the income generated and own a small percentage of assets. Only 29% of those earning a formal wage are women. Nearly 40% of households are run by women and nearly all these suffer from poverty or extreme poverty. Women continue to be educated at an inferior rate to their male counterparts. Women’s property rights are often limited, and if women attempt to assert property rights over men or in-laws, they are often ostracized by their families and communities. One out of every eight adults in rural Kenya and almost one out of every five adults in urban areas are infected with HIV, with the infection rate in girls and young women being much higher than among men.

- **Kenya was strategically important to the West during the Cold War period:** western navies used Mombasa port, Kenya was politically stable, and the economy was the largest in East Africa. Kenya provided access to South Sudan, Uganda, Rwanda, eastern DRC. Kenya is again significant to the West in the post 9/11 world.

- **Through 1960s to early 1970s**, economic growth was rapid, much driven by smallholders who extended the cropped area, took up cash crops and adopted new technologies (e.g. hybrid maize). They were served by co-ops and state services (including marketing boards). The civil service was powerful and competent.

- **During the 1970s** the immediate sources of economic growth were running out (there was little spare good land, population rose at 4% p.a., the world’s fastest, and the main agricultural innovations were already adopted). Aid grew rapidly, with strong rural focus. The economic challenge was more institution-intensive productivity-raising growth. But from 1970s to 1990s, the state was overextended, institutions decayed, corruption became more penetrating. Unemployment, especially among young, climbed, public services worsened.

- **Kenyatta died in 1978**, succeeded by Vice-president Moi (ethnic Kalenjin). This opened an era, lasting to the present, in which political competition took the form of rivalries and
coalition formation among the heads of ethnic blocs and their followers. For 25 years, Moi held together a non-Kikuyu coalition with patronage and threats of violence. A one-party state was introduced in 1982. Structural adjustment programmes began, but were only partly implemented; the economy stagnated and poverty rose through the 1980s and 1990s.

- 1992 under domestic and western pressure (post Berlin Wall), multi-partyism was re-introduced, with a two-term constitution. But the opposition fragmented, Moi won elections through the 1990s. Corruption was very high. Further economic reforms took place through the 1990s, and the economy recovered by the late 1990s. Civil society and press were again vigorous.

- 2002 elections were won by an opposition alliance strengthened by the defection of previous Moi collaborators, the National Rainbow Coalition (NARC). NARC stood in part on anti-corruption ticket. Under President Kibaki (Kikuyu), the economy boomed but many missed out. Corruption re-emerged.

- The 2007 election, based on a different set of political-ethnic alignments, was probably won by the ODM coalition led by Raila Odinga (Luo), but Kibaki was sworn in rapidly and held on to power. Violence in early 2008 killed 1,500, and displaced some 300,000. Negotiated by Kofi Annan, a power-sharing government was installed. In March 2010, the International Criminal Court authorised an enquiry into post-election violence. In 2012, four were charged with crimes against humanity, including Uhuru Kenyatta (Kikuyu; then Finance Minister, now President, charges against whom were dropped in December 2014), Francis Muthaura (Meru; Cabinet Secretary), and William Ruto (Kalenjin; then Minister, now Vice-President).

- The new Constitution draft was negotiated between PNU and ODM, closer to a US than UK model. It kept the executive presidency, but introduced more checks and balances by strengthening legislature and judiciary; President and ministers cannot be MPs; Parliament vets ministers; it supports devolution with new two-tier government (national and County); and a second chamber (Senate) for County-level issues. The Constitution was passed by referendum in August 2010. The election of 2013 saw Kenyatta and Ruto elected. Results were contested by the losers, but in court not violently.

- Radical Islam and the politics of religion have become more significant following Kenya’s invasion of southern Somalia. Tourism has been badly affected.

- Economy
  - GDP 2014: $86bn PPP; per cap $1,900 PPP
  - 61% services; 24% agriculture; 15% industry. Growing high-tech sector
  - Employment 75% agriculture
  - Growth: 2% in 2009; 5.8% in 2010, 4.4% in 2011, 4.5% in 2012, 5.7% 2013, 5.4% in 2014, 5.4% in 2015
  - Trade: exports ($5.9bn) 41% of imports ($14.4bn)
  - Government revenues $7.4bn; expenditure $9.3bn
  - A dynamic high-tech IT sector is developing.

- Outlook.
  - Economic prospects are good, if fragile
  - Settlement of long-term grievances needed (land, inequality, poor services, lack of jobs).
  - Radical Islam is a long-term challenge.
Background information 3: main points from the video

- History matters in Kenya. The post-Independence state reflected the British model.
- The state under President Kenyatta was more inclusive than under his successor President Moi.
- Since 2002, Kenya has changed; democratic space has opened up. But there are shadows.
- Since 2005, regional economic politics has increased in importance. Kenya is the gateway to the region.
- Since 2010, radical Islam and the politics of religion have grown in importance. The Kenya government is not well-placed to deal with this as the security forces have weaknesses. The government is largely Christian, not inclusive of Muslims. There is entrenched poverty, especially in especially in coastal (largely Muslim) areas.
- China brings in a new model, and a new partner (Kenya has a ‘Turn to the East’). Kenya’s leverage vis a vis the West is increased.
- The population socially differentiated in terms of rich and poor. But the elite works by building vertical support bases which compete between themselves — ‘fragmented elite competition’ — and ethnic mobilisation is not difficult.
- Elites use state resources for patronage relationships and political competition. Politics is expensive, which drives corruption.
- Land issues are central and have not been settled. Grievances are the heart of politics.
- The 2010 Constitution is progressive. Decentralisation (elected county governments) has development potential, but is problematic, e.g. over budgets.
- Civil society has long been vigorous, but there is now real pressure from government, and there is less public space now than in previous years, especially as the State is becoming ‘securitised’.
- Political parties are neither institutionalised nor programmatic, but are ‘coalitions of convenience.’ Under the Constitution, parties need support in all Provinces.
- Parliament was in disrepair a few years ago. But some Committees are more robust now.
- The economy has grown considerably since 2000. But there has been little trickle-down, and little human development. High urban unemployment, including graduates which could turn out to be disastrous. The biggest unemployment challenges are in smaller rural towns.
- The middle class really matters in Kenya. The government has to deliver to them, but in reality it does so to a limited extent only.
- Gender representation is built into the Constitution in a progressive way. There are now more women representatives than ever before.
- Oil has been discovered, but there is little real prospect that this will be transformative.
- Economic and political power are closely intertwined, opening the door to malpractice. This affects competition, because it’s too easy for the elites to secure the benefits (e.g. through contracts.)
- The press is active and pivotal in politics, but it’s recently been stifled by the State.
- Kenya does not depend in donor finance, and does not allow itself to be greatly influenced by donors. Even in security matters, western governments do not get their own way.
• Despite all the troubles in Kenya, the civil service has long been relatively effective. But it’s crumbling. But there are some good examples of things being done, e.g. Mombasa education.
• The public expenditure system is flawed; it is too easy to divert funds. Corruption is worse than David Anderson has ever seen.
• Defence expenditure has grown greatly, and the finances are opaque. The defence/security sector has influence as never before.
Political Economy Analysis in Action, Session 5: Application of political economy analysis to country strategy

Presentation by the trainers. Application of the analytical framework using the example of Mozambique

Plenary discussion on implications of the Mozambique analysis and other cases for country strategy and Conflict Sensitive Programme Management

One item follows:

Powerpoint presentation, Gareth Williams, ‘Application of political economy analysis to country strategy’
Session 5

Application of political economy analysis to country strategy

Three parts to the session:

1) Explaining the tools (MERV, PEA, Conflict Analysis)
2) Demonstrating the tools with respect to a country case (Mozambique)
3) Discussing implications for country strategy
Session 5
Application of PEA to country strategy

Part 1 - Explaining the tools

1. Monitoring System for Development-Relevant Changes (MERV)
2. Country-level Political Economy Analysis
3. Conflict analysis
Tool 1 - Monitoring System for Development Related Changes (MERV)

- MERV is a regular monitoring tool for contextual changes which may lead to potential adaptation of the programme and/or scenarios.
- Measures trends in fields and sub-fields of observation and performance level in fields of observation.
- Standard template, but additional fields can be added according to country relevance.
- Trend indicators supplemented by commentary.

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MERV cont.

Sub-fields for political and economic variables

A. Political Conditions and General Framework

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B. Economic Conditions

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- MERV is conducted annually in low risk countries, 6 monthly in medium risk countries and quarterly in high risk, fragile and conflict affected countries.
- MERV should define main consequences and possible measures for strategic and operational activities (political dialogue, strategic discussions, and portfolio, office as well as staff management).
- MERV is useful for monitoring changes over time, and prompting regular review of country programmes.
- Mainly descriptive update of the here and now. Does not analyse causes of changes. WHAT rather than WHY?
- Is sufficient use made of MERV data in subsequent country analysis?
Tool 2 – Country-level Political Economy Analysis

An analysis of the key features of political and economic processes in a country and how these affect incentives for collective action required for development.

What questions does Country-level Political Economy Analysis address? (1/2)

- **WHY** are countries succeeding or failing in bringing about developmental change?
- What are the incentives facing key political and economic actors and do these enable collective action required for development?
- What are the basic characteristics of the state and political settlement? How do these affect development prospects and conflict risks?
- How do international and regional factors interact with the domestic political economy, and what are the consequences for development?
What questions does Country-level Political Economy Analysis address? (2/2)

- What is the potential to change the nature of incentives and build on common interests to enable pro-developmental change?
- What are the socio-economic and political trends that have the potential to change political economy dynamics over the medium to long term?
- What is the scope for external agencies to support such processes of change? How can they do this most effectively?
- How are recent events affecting political economy dynamics?
- What are the risks facing external agencies operating in a particular country context? How can they avoid making the situation worse? How can they mitigate risks?

What is Country-level Political Economy Analysis useful for?

- Improving staff’s understanding of the country context.
- Contributing to a more grounded and realistic country strategy/programme.
- Informing choices about priorities between sectors, objectives, approaches and implementation modalities.
- Enabling better assessment and management of country programme level risks.
- Identifying ways to link aid to other international instruments.
- Informing country level political/policy dialogue.
5 step framework for country PEA

1) Foundational Factors
2) Rules of the Game
3) Actors and agents
4) Pathways for change
5) Implications for country strategy

Tool 3 – Conflict Analysis

Part of the broader framework of Conflict Sensitive Programme Management (CSPM)
3 Steps in Conflict Sensitive Programme Management

1. Understand the context, in particular understand intergroup tensions and the “divisive” issues with a potential for conflict and the connecting issues with the potential to mitigate conflict and strengthen social cohesion

2. Understand the interaction between the context and its interventions

3. Act upon this understanding, in order to minimize negative effects (do no harm) and to maximize positive impacts

Tools for conflict analysis

- Understand conflict actors (actor mapping)
- Analyse conflict drivers (Nature, causes and consequences of conflict)
- Analysis of conflict triggers, patterns and trends.
- Identification of dividers and connectors. Dividers are elements in societies which divide people from each other and serve as sources of tension.
- Identification of opportunities for peace building
Day 2:

Applying political economy analysis to sectors, programmes and problems
Political Economy Analysis in Action, Session 6:
PEA framework and tools for sector and problem analysis

Course handout, September 2016

Presentation and plenary discussion

One item follows:

- Powerpoint presentation, William Kingsmill, ‘PEA Framework and tools for sector and problem analysis’
Objective
To present the five stage analytical framework in detail in preparation for Session 8 and 9
PEA at all levels can be *contextual or problem-driven*

A problem for PEA is

- a difficulty or challenge encountered in public policy - broader than a management snag
- if the basis of the frustration can be articulated, and institutions, interests and incentives bear on it (ie not technical)
A contextual issues for PEA might include:

- What are the factors shaping relations between politicians and business people?
- What might stimulate and sustain collective action by social groups to demand better public services?
- What informal local institutions are at work, and how are they shaping development outcomes?
- What resources are available to the key actors (state, citizens) and from which sources? And how is this shaping relationships with other actors?

Examples of problems:

- Country: Ethnically based patronage undermines elite incentives to reform. How should this affect program design?
- Sectors: Vested interests oppose apparently desirable changes, e.g. agricultural liberalisation, or introduction of competition into electric power sector, and growth stalls. How to promote reform?
- Thematic: PFM is undermined by weak budget execution and lack of transparency. Why are formal accountability institutions not working?
Session 6
PEA framework and tools for sector and problem analysis

1) Structural factors
2) Rules of the game, ‘institutions’
3) Actors and agents
4) Theories of change
5) Operational implications

**Structural factors**

*Deeply embedded structures that fundamentally shape the broad character of the state and political system. Many have long-term origins, and may be slow to change.*

**Types of issue/analytical tools**

- Territorial control
- Geostrategic position
- Geography
- Historical influences
- Social and economic structures, class analysis
- Sources of revenue
### Session 6
PEA framework and tools for sector and problem analysis

<table>
<thead>
<tr>
<th>Rules of the game, ‘Institutions’</th>
<th>Types of issue/analytical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal and informal institutions, norms and values that influence the behaviour and capacities of different actors and the relationships between them. May be “sticky”, but can also change over the medium term.</td>
<td>• Distribution of power between key actors</td>
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<tr>
<td></td>
<td>• Rules-based or personalised institutions?</td>
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<td></td>
<td>• Limited/Open-Access Orders</td>
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<td></td>
<td>• Competition for political power</td>
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<td></td>
<td>• The functioning of markets, and the creation of economic rents</td>
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<td>• Social institutions</td>
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<td>• Gender analysis</td>
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<table>
<thead>
<tr>
<th>Actors and agents</th>
<th>Types of issue/analytical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Individuals, organisations and groups, whose behaviour is shaped by incentives, opportunities, and shocks and events (“games within the rules”). May provide short-term opportunities or impediments to change.</em></td>
<td>• Stakeholder analysis and actor mapping</td>
</tr>
<tr>
<td></td>
<td>• Motivations and incentives (understanding decision-logics)</td>
</tr>
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<td></td>
<td>• Basis for power and influence of actors</td>
</tr>
</tbody>
</table>
### Session 6
**PEA framework and tools for sector and problem analysis**

<table>
<thead>
<tr>
<th>Pathways of change</th>
<th>Types of issue/analytical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theories of change</strong></td>
<td>• Synthesis of previous sections: how factors interact dynamically</td>
</tr>
<tr>
<td><em>How the political economy dynamics at work in the particular context create possibilities for change.</em></td>
<td>• How PE processes affect development outcomes: state-society bargaining; collective action...</td>
</tr>
<tr>
<td><em>Time-scales may range from short to long.</em></td>
<td>• What local incentives/pressures for positive change related to governance already exist?</td>
</tr>
<tr>
<td></td>
<td>• Scope to promote developmental change? Where is the country on the spectrum of reform space?</td>
</tr>
</tbody>
</table>

- PEA needs a ‘bridge’ from analysis to action if it is to inform interventions
- The bridge is a plausible ‘pathway of change’, or ‘theory of change’
- A description of a sequence of events that is expected to lead to a particular desired outcome - how an intervention can support a desired process of change
• Content of ToC varies, but may include:
  • longer-term changes (eg socio-economic classes; women’s education; cities; economic structures)
  • shifting institutions (eg markets, information, media)
  • impact of changing regional/international context
  • changes among actors (new coalitions, interests)

<table>
<thead>
<tr>
<th>5. Implications for governments and international agencies</th>
<th>Types of issue/analytical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope for governments and agencies to support processes of change</td>
<td>• In the light of feasible change pathways, how might change be promoted, or nudged</td>
</tr>
<tr>
<td></td>
<td>• Lessons learned from results of previous reform episodes and programmes.</td>
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<td></td>
<td>• Implications for strategy, programming, policy dialogue and risk assessment</td>
</tr>
</tbody>
</table>
• PEA is not a hard science: individual values and biases must be recognised
• Much useful information is qualitative not quantitative
• Uncertainty exists at all levels, and in relation to all PE-relevant factors
• Shocks and surprises can and do always happen
• Need to recognise a diversity of pathways to development with a place for second-best solutions

• What matters is the basic institutional functions that need to be satisfied, not the forms in which they are satisfied

• There are few commonalities among successful developers, but one is common feature of successes: discovery through policy experimentation

• Even in difficult contexts, politically smart activists can make cumulative headway
An analytical framework
for contextual or problem-driven PEA

Preamble

This framework is generic. It is designed to be applicable at various levels, from micro to global, and to provide a starting point for both basic understanding of operational context and the more problem-driven type of exercise. Where the analysis is intended to be problem-driven, an initial stage of problem definition or problem clarification will be needed.

Users should bear in mind the definition of PEA as a set of questions that bring to the surface factors that explain typical puzzles about why things happen the way they do. It is not expected that the analysis will include all of the information that practitioners need to have about the context in which they are working. It should be focused on making sense of what is happening and drawing out the implications for practice.

The core of the PEA is organised under three headings:

1. Foundational/structural factors
2. Rules of the game/institutions
3. Actors and agents

The framework also directs users to address, as distinct steps, two further topics:

4. Critical reflection on pathways/theories of change
5. Implications for governments, official development agencies and other actors

It is taken for granted that development challenges involve a high degree of uncertainty arising from the complexity of human systems as well as the impact of unpredicted events. PEA is an aid to flexible and adaptive development work, not a substitute for it or a means of creating certainty.

What follows is in two parts:

A. A summary of the framework; and
B. The same framework fully elaborated
## A. Summary of the framework

### Problem definition
- What is the purpose of the analysis: to provide a broad understanding of the context, or to illuminate a specific problem?
- If the latter, what exactly is the problem to be addressed, and what is the analysis expected to tell us?

### 1) Foundational/structural factors
- What long-lasting or deep-seated features of the region, the state or the society must be noted in order to understand the way institutions work and people behave in the context or field of problems under consideration?
  - For example:
    - The extent of the state’s territorial control and revenue base
    - Geostrategic factors
    - Colonial legacies
    - The social class structure

### 2) Rules of the game/institutions
- What are the formal and informal rules which govern behaviour (political, economic and social) in the context or field of problems under consideration?
  - More specifically:
    - What is the relationship among the different types of rule, and which ones are enforced?
    - How are the rules affecting political competition influenced by the social or ethnic make-up of society?
    - Is the functioning of economic institutions influenced by any underlying bargains among powerful elites or communities?

### 3) Actors and agents
- Who are the relevant actors and interest groups, and how does their behaviour affect the context or field of problems under consideration?
  - More specifically:
    - How are these agents located on a standard map of stakeholder interest/influence map?
    - What scope is there for particular agents to move to a different position in terms of interest-perception or influence and thereby change the balance of forces?
    - What triggers might cause this to happen? (e.g. security shocks, access to information, ideological struggle, organisational capacity)

### 4) Pathways/theories of change
- In the light of the analysis in all of the previous sections, what are the most and least likely change processes in the context or field of problems under consideration?
  - In particular:
    - What combination of socio-economic trends, revised elite bargains and solutions to problems of collective action etc. might be effective in driving a desired change over time, and why? (what is the “theory”?)
    - Are there likely first-round changes that could create new possibilities that did not initially exist?
    - Which scenarios of change are more or less likely under different assumptions?

### 5) Implications for governments, official development agencies and other actors
- In view of the likelihood of different pathways and scenarios, how might change be realistically promoted, supported or nudged?
  - More specifically:
    - What are the most promising entry points for action on the part of key actors (e.g. government reform teams or international agencies)?
    - What specific operational recommendations arise from the analysis of pathways together with relevant features of the government system and aid portfolio?
**B. The framework elaborated**

### Problem definition

| • What is the purpose of the analysis: to provide a broad understanding of the context, or to illuminate a specific problem? | A “problem” for PEA is a difficulty affecting public policy – more than a management snag, and not just a technical challenge. For example:  
• At country level: ethnically based patronage is undermining the elite’s incentives to reform; what does this mean for programme design?  
• At sector level: Vested interests are opposing apparently desirable economic liberalisation, slowing down economic growth; what reform approach is realistic? |
<table>
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<tr>
<td>• If the latter, what exactly is the problem to be addressed, and what is the analysis expected to tell us?</td>
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</table>

### 1) Structural factors

| • What long-lasting or deep-seated features of the region, the state or the society must be noted in order to understand the way institutions work and people behave in the context or field of problems under consideration?  
For example:  
• The extent of the state’s territorial control and revenue base  
• Geostrategic factors  
• Colonial legacies  
• The social class structure | The purpose here is to identify broad factors (often at the national or regional level) that affect the problem in hand, albeit in a broadly constraining or enabling way. Some examples would be the government’s revenue base and the sustainability of its public finances, the importance or otherwise of natural resource rents, and the role of ethnicity and religion. They may also include historical legacies such as the extent to which the state is well-established, has created security and ensured its legitimacy. The level of development of capitalist economic relations (wage labour etc.) and the degree of urbanisation are similarly fundamental.  
In a problem-driven or sectoral analysis, this section should be able draw extensively on an existing country level political economy study (such Drivers of Change). Where no such studies have been undertaken it may be necessary to commission this as a background paper.  
In drafting a report on this section it is important to be selective by highlighting the factors likely to exercise a critical influence on relevant institutions and behaviours. Do not reproduce background facts that are of interest but not critical in this sense. |

### 2) Rules of the game/institutions

| • What are the formal and informal rules which govern behaviour (political, economic and social) in the context or field of problems under consideration?  
More specifically:  
• What is the relationship among the different types of rule, and which ones are enforced?  
• How are the rules affecting political competition influenced by the social or ethnic make-up of society?  
• Is the functioning of economic institutions influenced by any underlying bargains among powerful elites or communities? | It may be worth beginning by mapping the key legal and regulatory instruments affecting the problem or context of concern. What are their strengths and weaknesses? What are the intended and unintended consequences of legislation? In many cases, problems are not generated by deficiencies in the design of legislation, but rather in the lack of implementation. It is essential to assess such gaps between the de jure and de facto situation, and to explain how such gaps arise. Are there informal rules or practices of a personalistic or communitarian sort that override the law? Are corruption and bribery preventing enforcement?  
The informal rules may be at least as significant as formal institutions in explaining why a problem arises. They are difficult for outside researchers to understand, but local informants can often help build understanding of how such arrangements work in practice. Relevant questions to consider are what is the basis of patron-client relations? Ethnicity, kinship, personal friendships or party affiliation? Do such ties occur between individuals or groups? What kinds of reciprocity are built into patronage structures?  
How does the system of political competition affect the problem in hand? A first question to consider is whether the issue has a high profile in national or local politics, and why? Depending on the answer to this question it may be important to look further at how political competition |
shapes the nature and severity of the problem.

In multi-party political systems the focus will be on how the issue is addressed through **electoral competition**, how political parties and politicians use the issue in their strategies to attract votes, and how the electorate responds to commitments made by politicians. Where political power is more concentrated (autocracies and democracies that do not result in alternation of power) the relevant questions will relate to whether the regime views the issue as a **potential threat** and whether it is likely to respond through force and repression, or political negotiation/bargaining with interest groups through strategies of compromise and co-optation. In both cases, the degree to which political competition is based on **ideology, personalities or ethnic coalition-building** may be relevant.

If the problem in focus is concerned with economic growth and therefore with the functioning of key economic institutions, there will be strong reasons for asking whether these institutions are bound up in a bargain among sections of society or the elite. If there is a **“political settlement”** that shares out access to economic rents among factions or their leaders as a condition for stability, this may affect the functioning of institutions and the possibility of reform.

### 3) Actors and agents

- **Who are the relevant actors and interest groups, and how does their behaviour affect the context or field of problems under consideration?**

  - More specifically:
    - How are these agents located on a standard map of stakeholder interest/influence map?
    - What scope is there for particular agents to move to a different position in terms of interest-perception or influence and thereby change the balance of forces?
    - What triggers might cause this to happen? (e.g. security shocks, access to information, ideological struggle, organisational capacity)

  - This component of the analysis begins with a **simple mapping of stakeholders** and the networks and power relations that exist between the interest groups that are relevant to the problem. Then it looks more closely at the motivations of key individuals and organisations with a view to a better understanding of the scope for or resistance to relevant change.

  - Identify the stakeholder groups consider which groups within the state, economy or society, have influence over the given problem or are affected by it. Ensure that the list of stakeholders is reasonably comprehensive and includes relevant local and international actors, including donors. Identify the material (or other, e.g. reputational, spiritual) interests facing each group. Do they benefit or lose as a result of the problem under discussion? What is the level of influence of each group? Can they bring about change, or are they in a position to block change? How does the **overall configuration of interests and influence** affect the ease or difficulty with which the problem may be addressed?

  - It may be helpful to plot the position of each group graphically according to interests and influence. When doing do it is important to avoid assumptions regarding the motivations of stakeholders, instead basing the analysis on revealed or stated preferences.

---

There are two further steps in using a stakeholder matrix for PE analysis.
4) Pathways/theories of change

- In the light of the analysis in all of the previous sections, what are the most and least likely change processes in the context or field of problems under consideration? In particular:
  - What combination of socio-economic trends, revised elite bargains and solutions to problems of collective action etc. might be effective in driving a desired change over time, and why? (what is the “theory”?)
  - Are there likely first-round changes that could create new possibilities that did not initially exist?
  - Which scenarios of change are most and least likely to happen?

One is critically interrogating and fleshing out the reasons for placing a given actor in a particular position. What are the mechanisms of influence (allocation of rents, contributions to party funding, labour or CSO mobilisation, control of information, links to the military?) What are the connections, networks, loyalties, patron-client relations, alliances and points of conflict between the different groups? It is unlikely that it will be possible to answer all of these questions for all interest groups, in particular where personal relationships, money flows and powerful individuals are in question. Researchers dealing with these topics cover as much as they can without becoming too speculative, or engaging in potentially libellous or dangerous activity.

The other key step is to make the analysis dynamic, making use of analytical concepts that assist understanding of why particular actors make the choices they make and how, therefore, they might come to exercise more/less influence and/or re-define their interests. For example, reform beneficiaries are often very large groups that have low influence because they face severe problems of collective action. Pro-change forces may suffer from elementary coordination problems. In social-sector and local-government settings, relations among stakeholders can be affected by a combination of principal-agent (information asymmetry) and collective action problems. Vested interests in the status quo may be less robust than they appear, in that they rest on assumptions that can be challenged intellectually.

None of these concepts should be privileged over other alternatives in advance. Indeed, some problems may need to be seen through multiple lenses, each illuminating some aspect. Making use of them will nevertheless lay foundations for subsequent consideration of potential pathways of change.

Since change may need to be triggered, a final question is: are there any recent or current events that impact on the country’s political economy generally or more specifically on the position or interests of particular stakeholders? These could take the form of natural disasters or the impact of events in a neighbouring country or at the global level.

This step is an opportunity to reflect on what the diagnostic analysis tells us about likely and feasible change before considering the implications for action by governments, development agencies and others.

Depending on the time-scale of the exercise, it may be helpful to consider change driven by any of the main elements the core PE analysis:

1) broad socio-economic trends (incremental change in structural factors) or a sudden and dramatic event (e.g. a war) that produces a shift in the parameters, so that interest groups are motivated to behave differently.

2) a change in the relationship between formal or informal institutions, in the nature of political competition or the elite bargains that shape the way institutions work.

3) new or more influential forms of action by members of an interest group (or a coalition of interest groups) based on overcoming collective action problems, a reduction in information asymmetries or a weakening of the intellectual basis of vested interests.

The plausibility of a suggested pathway of change should be tested robustly. Referring back to the stakeholder analysis, why is it realistic to expect change, given the configuration of interests, incentives and institutions? And what is the visualised mechanism of change (e.g. better information flow reducing information asymmetry, better leadership of...
more or less likely under different assumptions? collective or coordinated action)? If, as is likely, the interactions among the possible factors of change and stability are extremely complex, so that there is much uncertainty, this finding should be recorded, as it may affect the type of policy or programme design that must be considered in Step 5 of the analysis.

A precise assessment of the probability of change will be impossible, but it should be feasible to make a broad assessment of whether a problem is easily amenable to change, or will be very difficult to resolve. It may be helpful to identify likely scenarios for future change and then to consider the relative likelihood that each scenario may arise. In practice this will depend on unforeseen events. Thus, the discussion of likely outcomes should build in some kind of sensitivity analysis that would show how readily outcomes may switch between scenarios depending on changing conditions.

### 5) Implications for governments, official development agencies and other actors

<table>
<thead>
<tr>
<th>In view of the likelihood of different pathways and scenarios, how might change be realistically promoted, supported or nudged? More specifically:</th>
<th>On the basis of the above it should be possible to accept or reject modes of intervention from list of standard list of options. They include efforts to correct information asymmetries on the so-called demand side of governance (support for CSO advocacy, funding of specific research that can help inform the debate, transparency initiatives), and technical support, capacity building or other assistance to the so called supply side of reform. Other candidates include assisting coordination among pro-change forces to generate more constructive state-society interaction, measures, potentially including legislation, to assist key players to solve their collective action problems, and intellectually robust, politically smart methods to combat vested interests. Recommendations on any of these lines should obviously take into account the financial and human resources available to the development agency, its experience and comparative advantages. They should include thoughts about modes of delivery, partnerships and timescales. In the spirit of “doing no harm”, it may finally be useful to single out any types of donor action that would be unhelpful in the context, and consider the possibility of conflicting aims among actions across a programme portfolio.</th>
</tr>
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<tbody>
<tr>
<td>o What are the most promising entry points for action on the part of key actors (e.g. government reform teams or international agencies)?</td>
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<tr>
<td>o What operational recommendations arise from the analysis of pathways together with relevant features of the government system and aid portfolio?</td>
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A Training Course
provided for Swiss Development Cooperation

19 – 21 September 2016
Harare

Day 3:

Putting PEA into practice
Political Economy Analysis in Action, Session 10:
Lessons learned in conducting PEA and putting it into practice

Course handout, September 2016

Presentation by the trainers, example cases, plenary discussion, specimen ToRs

Two items to follow:

- Powerpoint presentation, ‘Lessons learned in conducting PEA’
- Illustrative example of Terms of Reference
Session 10
Lessons learned in conducting PEA

Objectives
To discuss
• good practice for high quality and usable PEA
• organising and managing PEA, target audiences
• team composition
• resourcing
• making PEA apart of everyday work
• PEA in flexible and adaptive working
Session 10
Lessons learned in conducting PEA

Good practice for high quality and usable PEA (1)

Define the objective or ‘the problem’
• enhancing understanding of SDC staff of country context
• blue sky thinking on new strategies, approaches, programmes
• programme design
• problem solving in existing programmes
• gaining a common understanding amongst donors
• using PEA to inform dialogue with government
• using PEA to inform public discourse in partner country or at home in Switzerland

Good practice for high quality and usable PEA (2)
• Get the right mix of skills
• Provide framework and freedom
• Mix research methods: key informant interviews, literature reviews, use of data and indicators, workshops and focus groups
• Triangulate
• Be politically sensitive and protect confidential sources
• Be alert for biases
• Peer review
Organising and managing

<table>
<thead>
<tr>
<th>Do separately</th>
<th>Do with partners?</th>
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<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td><strong>Advantages</strong></td>
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<tr>
<td>• Ability to address issues frankly</td>
<td>• May bring access to a broader range of ideas.</td>
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<tr>
<td>• Analysis can be tailored to the donor’s own needs</td>
<td>• Avoids duplication of effort between donors.</td>
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<td>• May build ownership of the analysis amongst national partners.</td>
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<tr>
<td><strong>Disadvantages</strong></td>
<td><strong>Disadvantages</strong></td>
</tr>
<tr>
<td>• Findings often remain “secret”</td>
<td>• Multi donor analyses may be at cross purposes.</td>
</tr>
<tr>
<td>• Duplication of effort between donors</td>
<td>• Involving national partners likely to lead to ‘watering down’ of findings to be acceptable to all parties.</td>
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<tr>
<td>• Lack of ownership by national partners</td>
<td>• Sensitivity of exercise may upset relationships with established partners.</td>
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Team composition

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<thead>
<tr>
<th>Contract out or .....</th>
<th>do analysis in house?</th>
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<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td><strong>Advantages</strong></td>
</tr>
<tr>
<td>• Access to specialised expertise and country knowledge</td>
<td>• Easier to integrate PEA into operational work</td>
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<td>• Independence of team</td>
<td>• Findings more likely to be used</td>
</tr>
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<td>• Convenient disclaimers – donor can distance itself from findings if politically expedient.</td>
<td>• Easier to get buy-in across the office</td>
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<td>• Draws on and builds up knowledge of staff</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td><strong>Disadvantages</strong></td>
</tr>
<tr>
<td>• Consultants may not understand operational needs of donors</td>
<td>• Heavy demands on staff time</td>
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<tr>
<td>• Report may stay ‘on the shelf’</td>
<td>• Potential difficulties of donors engaging and sharing highly political analysis</td>
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<tr>
<td>• Cost</td>
<td>• Uncomfortable truths may be avoided</td>
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<td></td>
<td>• Expertise may not be available in house</td>
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Mixed teams may offer the best of both worlds
Session 10
Lessons learned in conducting PEA

Resourcing

<table>
<thead>
<tr>
<th>Desk-based political risk note</th>
<th>Project or sector PEA</th>
<th>In-depth participatory project/sector PEA</th>
</tr>
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<tbody>
<tr>
<td>US$10K</td>
<td>$30-50K</td>
<td>$90-100K</td>
</tr>
<tr>
<td>No mission</td>
<td>Yes mission</td>
<td>Longer/multiple missions</td>
</tr>
<tr>
<td>2 staff-weeks</td>
<td>5-7 staff-weeks</td>
<td>15-20 staff-weeks</td>
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<tr>
<td>1 month</td>
<td>3-5 months</td>
<td>6 months+</td>
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(World Bank 2011)

Making PEA a part of everyday work

- Design process to lead to operational recommendations
- Ensure interaction between researchers and practitioners
- Embed PEA in the project cycle and other analyses
- Refresh, refine, extend, drill-down
- Stepped approaches
- Evaluate usefulness
PEA in ‘flexible and adaptive’ working

Why a flexible and adaptive approach?

- Because circumstances on the ground are volatile: they change rapidly and in unpredictable ways
- Because the objectives of an intervention often involve complex systems of interdependent factors, the behaviour of which cannot be fully known in advance

Need to ‘learn by doing’ and adapt

PEA essential to understanding real world

Working better – four propositions

- Aid must start from what countries need and can use, not what donors want to supply
- Understanding interests and incentives is difficult - there are many puzzles and false trails that mislead unwary travellers
- Country systems are both changeable and ‘complex’ - we need to recognise the uncertainties and not over-plan
- Good programmes manage the interests and incentives on both sides of the aid relationship
Working better – four questions

- Does SDC encourage you start at the beginning? Does it have a strong view of what it wants to supply? Too strong?
- Does SDC encourage heterodox thinking and analysis?
- Does SDC encourage a flexible and adaptive approach that allows for learning (including failing fast)?
- Does SDC have a clear picture of its own PE?
**Illustrative example of Terms of Reference**

What follows is intended on an indicative basis only to show possible elements and approaches that might be adopted in drafting TORs.

It is intended for cases where a consultancy team is used, with or without formal involvement of the development agency’s own staff in conducting the analysis. However, if a consultancy team is used, it is highly desirable for agency staff to be actively engaged throughout, to the extent possible as part of the team.

| Political Economy Analysis of the Agriculture and Agribusiness sectors in Western Arcadia |
|---|---|
| **1. Objectives** | **Clarity on the objective is highly desirable as it will inform much else, such as team composition, level of disaggregation, extent of public dissemination, etc.** |
| The objective of this analysis is to answer the question: What political economy factors influence policy and institutions in the agriculture and agribusiness sector ("agriculture sector") such that on a sustainable basis they benefit poor people in Western Arcadia, or are unsuccessful in doing this? The analysis will make recommendations for the development agency’s policy and programming. | |
| The analysis is intended primarily to inform the development agency’s strategy / programme design / dialogue with government etc. | |
| **2. Outputs** | This should be as much a process as a report, with consultations both within and beyond the development agency. |
| The outputs from the assignment will be a report and consultative process covering the following: | The country-level work in particular is likely to be able to draw on pre-existing work, identified during the literature review. |
| A. Country-level Political Economy Analysis (PEA): An analysis of the country-level political and economic dynamics that affect the scope for successful development of the agriculture sector and in the Western part of the country. This analysis will include the domestic effects of regional and international influences. | |
| B. Sector PEA: A sector PEA of agriculture and agribusiness in Western Arcadia focussed on the structures, institutions and stakeholders that shape the agriculture sector in the Region. | |
| C. The Western Region: An analysis of specific factors that differentiate the Region and affect prospects for successful development of the sector | |
| D. Problem and opportunity analysis: Identification of bottlenecks and opportunities related to political economy for raising the incomes and well-being of the rural populations through interventions in the agriculture sector. | |
| **3. Scope of Work** | The scope of work will be guided by the analytical framework adopted. The |
| A. Conduct a PEA of the agriculture and agribusiness sector in Western Arcadia focusing on: | |
| | |
1. **Structures**: Long-term contextual factors relevant to the sector, which are unlikely to be readily influenced, either because of the time scale needed, or because they are determined outside the country and region. These may include economic and social structures, geopolitical position, natural resource endowment, demographic shifts, climate change, and conflict or post-conflict context.

2. The role that formal and informal economic, political and social institutions (e.g. rule of law; elections; social, political and cultural norms, values and ideas; markets) play in shaping human interaction and competition for power and resources.

3. The **key stakeholders** and how they influence the sector. Issues to examine include:
   - What are the formal/informal roles and mandates of different players? What is the balance between central/local authorities in provision of services and roles and responsibilities, with a specific focus on the Ministry of Agriculture?
   - The **interests and incentives** facing different groups in society and how these generate particular policy outcomes that may encourage or hinder development of the sector. Consider the links between these interests and incentives and the main factors that might drive conflict.
   - Identify the most influential actors, what are their interests and incentives, and how do these shape overall dynamics of the sector, including the feasibility of policy reforms in the sector.

4. **How change might happen** (or ‘pathways of change’, or ‘theories of change’). Given political economy realities, spell out how change that durably benefits poor people engaged in agriculture in the Western Region might happen.

The analysis should go beyond a static description and take into account the changing context and internal dynamics. It should consider new risks and opportunities for working in the sector.

**Specific questions to be answered:**
This section elaborates specific questions to be answered in conducting the above analysis (NB these issues are not exhaustive; the team will want to modify or add to them). See Annex for suggestions.

It may be that the PEA will be carried out in two stages, the first to clarify ‘big picture’ issues, the second to explore in detail specific questions that will have been identified during the first.
### B. Provide Recommendations on

1. political economy factors to take into account to ensure success of programmes in the agriculture sector in Western Arcadia

2. what type of interventions in the agriculture sector in Western Arcadia would be most suitable given the political economy of the sector. Consider the conflict-sensitivity of different interventions.

3. interventions that would help influence the political economy of agriculture in Western Arcadia towards more pro-poor and stabilising outcomes

### 4. Methodology

The methodology, which will be based on a framework for PE analysis, should be spelled out in the Inception Report.

The analysis will utilise a combination of desk based research and field work, making full use of existing literature sources.

#### Specific Activities

- Desk based research to review available literature related to the political economy of agriculture sector in Arcadia. The analysis should build on existing work, such as the following: 

- Meet with (individually and/or in groups) a range of actors in both the capital city and in the different sub-regions of Western Arcadia, including but not limited to:
  - Private-sector including agri-businesses
  - Central and Local Government and Government agencies
  - Civil society
  - Producers and farmers
  - Development agency programmes

### 5. Activities and outputs

The work will be implemented in three phases:

- Phase 1: develop an agreed approach and analytical framework
- Phase 2: carry out the analysis, propose a theory of change, develop recommendations, and draft the PEA
- Phase 3: feedback, reporting and finalising.

The team will work closely with a Steering Group comprising XXXX. At a minimum there will be an initial briefing during the first week; co-ordination sessions every week / two weeks; a workshop with donor staff to discuss the emerging analysis and to begin to draw out the recommendations; and a final workshop to present the draft report.

- An inception report, to be submitted X days/weeks after the commencement of the assignment (maximum XX pages), capturing:
- Preliminary summary observations
- Detailed methodology, report outline and timetable

- A draft and, following comments, final report with a complete PEA, including specific recommendations (maximum XX pages plus annexes).

- One or more presentations to development agency staff and/or a public presentation

to be made early on. Depending on practicalities, this may be done at the draft report stage

<table>
<thead>
<tr>
<th>6. <strong>Required skills and experience</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Essential</strong></td>
</tr>
<tr>
<td>- At least a Masters degree in international relations, development, political science or economics</td>
</tr>
<tr>
<td>- Experience completing political economy analyses in developing country contexts</td>
</tr>
<tr>
<td>- Experience working on agriculture/agri-business, investment climate reform or private sector development</td>
</tr>
<tr>
<td>- Proven ability to work as part of a team</td>
</tr>
<tr>
<td>- Knowledge of and experience working in Arcadia</td>
</tr>
<tr>
<td><strong>Ideally</strong></td>
</tr>
<tr>
<td>- Knowledge of the development agency’s political economy analysis tools</td>
</tr>
<tr>
<td>- Local languages</td>
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</tbody>
</table>

It is generally desirable that, even if consultants are used, the team includes staff of the development agency, especially for those parts of the work that involve drawing out recommendations.

The team may well include both local and internationally sourced individuals

<table>
<thead>
<tr>
<th>7. <strong>Timeframe</strong></th>
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</thead>
<tbody>
<tr>
<td>The work should commence before XXX and all deliverables to be completed by XXX:</td>
</tr>
<tr>
<td>- Inception report: XXX</td>
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<tr>
<td>- Workshop: XXX</td>
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<tr>
<td>- Draft report: XXX</td>
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<tr>
<td>- Presentation to the development agency: XXX</td>
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<tr>
<td>- Final report: XXX</td>
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</table>

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<tr>
<th>8. <strong>Reporting and coordination</strong></th>
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</thead>
<tbody>
<tr>
<td>XXX will be the main recipient of the report.</td>
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</tbody>
</table>

The team will report to the Steering Group and on a day-to-day basis to XXXX. They will coordinate with the development agency’s other scoping and analytical work in the sector.
### Annex 1: Background (optional)

May set out:
- country and sector context
- lessons learned from the past
- the development agency’s policy and priorities
- rational for the selection of particular issues to be examined by the PEA

### Annex 2: Examples of questions

<table>
<thead>
<tr>
<th>a)</th>
<th>Regional and international factors.</th>
<th>These may include:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>economic and political arrangements</td>
<td></td>
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<tr>
<td></td>
<td>Relations and/or conflict with neighbouring countries, militias located in border areas</td>
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<tr>
<td></td>
<td>Licit and illicit cross-border trade in high value commodities</td>
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<tr>
<td></td>
<td>The role of development agencies and their developmental, commercial and geo-strategic interests</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>b)</th>
<th>Ownership Structure and Financing:</th>
<th>What is the balance between public and private ownership? How the sector is financed (e.g. private capital, taxes, donor support)?</th>
</tr>
</thead>
</table>

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<tr>
<th>c)</th>
<th>Power Relations:</th>
<th>How are power and wealth are distributed within the sector? To what extent is power vested in the hands of specific individuals/groups? How do different interest groups seek to influence policy? Which policies, industries and actors are prioritised in the sector?</th>
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</table>

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<tr>
<th>d)</th>
<th>Institutions, Ideologies and Values:</th>
<th>What are the main institutions, norms, relationships, values and ideas that shape policy and development outcomes? To what extent may these serve to constrain change?</th>
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<tr>
<th>e)</th>
<th>Historical legacies:</th>
<th>What is the past history of the sector, including previous reform initiatives? How does this influence current stakeholder perception?</th>
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<tr>
<th>f)</th>
<th>Corruption and rent-seeking:</th>
<th>Is there significant corruption and rent-seeking in the sector? Where is this most prevalent (e.g. at point of delivery; procurement; licensing)? Who benefits most from this? How is patronage being used?</th>
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<tr>
<th>g)</th>
<th>Service Delivery:</th>
<th>Who are the primary beneficiaries of service-delivery? Are particular social, regional or ethnic groups, or genders, included/excluded? Are subsidies provided, and which groups benefit most from these?</th>
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<tr>
<th>h)</th>
<th>Decision-Making:</th>
<th>How are decisions made within the agriculture sector? Who is party to these decision-making processes? How do groups and individuals seek to influence agriculture and agri-business policy and who is included and excluded from decision-making?</th>
</tr>
</thead>
</table>
### Implementation Issues
Once made, are decisions implemented? Where are the key bottlenecks in the system? Is failure to implement due to political-economy reasons?

### Potential for Reform
Who are likely to be the “winners” and “losers” from particular reforms? Are there any key reform champions within the sector? Who is likely to resist reforms and why? Are there “second best” reforms which might overcome this opposition?

### Opportunities
Identify opportunities to influence the agriculture sector’s political economy for the better, including through planned programmes.

### The development agency’s policy and programming
Help inform the agency’s policy and programming by identifying feasible solutions to agriculture development challenges, including which reforms will likely be blocked, which may get political traction and which could be achieved through appropriate phasing. Include ‘second-best’ reforms where important changes are likely to be blocked. Help inform risk management and scenario planning by identifying political economy risks and factors affecting them.
Fishbone Analysis
Ishikawa Diagram

Additional session
A cause and effect diagram can help in brainstorming to identify possible causes of a problem and in sorting ideas into useful categories. It is a visual way to look at cause and effect. It is a more structured approach than some other tools available for brainstorming causes of a problem (eg the Five Whys tool).

The problem or effect is displayed at the head or mouth of the fish. Possible contributing causes are listed on the smaller “bones” under various cause categories.

- Agree on the problem statement
- Agree on the major categories of causes of the problem (written as branches from the main arrow).
- Brainstorm all the possible causes of the problem. Ask “Why does this happen?”
- Again asks “Why does this happen?” about each cause. Write sub-causes branching off the cause branches.
- Continues to ask “Why?” and generate deeper levels of causes and continue organizing them under related causes or categories.
Additional session

Application of political economy analysis to regional strategy and programming

Both contextual and problem-focussed PEA are needed to develop a sound regional strategy and programme.

Contextual PEA
Understanding key differences, tensions and unifying factors between countries in the region.
Assessing the strengths and limitations of regional organisations
Application of political economy analysis to regional strategy and programming

What is contextual PEA useful for at regional level?

• Understanding key differences, tensions and unifying factors between countries in the region.
• Assessing the strengths and limitations of regional organisations.
• Identifying issues of regional level importance and understanding whether to address them through regional organisations or national governments.

Contextual PEA - Application to SADC region

1) Using PEA to understand key differences, tensions and unifying factors between countries in the region.
   • Economic heterogeneity. Mix of middle and low income countries. Economic dominance of South Africa.
   • Key differences between Anglophone and lusophone countries.
   • Sub-regional groupings – SACU
   • Bilateral relationships in the region Dependence of landlocked countries on transport corridors
   • Regional trade links (North-South corridor), integrated food markets, trade in electricity.
   • Investment flows (dominance of South Africa)
   • Importance of migration and remittance flows
Application of political economy analysis to regional strategy and programming

Overlapping regional groupings

<table>
<thead>
<tr>
<th>Country</th>
<th>SADC members</th>
<th>SADC FTA</th>
<th>SACU</th>
<th>APEI</th>
<th>COMESA</th>
<th>EU-SADC EPA</th>
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<tbody>
<tr>
<td>Angola</td>
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<td>Botswana</td>
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<td>DRC</td>
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<td>Lesotho</td>
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<td>Madagascar</td>
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<td>Malawi</td>
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<td>Mauritius</td>
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<td>Mozambique</td>
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<td>Namibia</td>
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<td>Seychelles</td>
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<td>South Africa</td>
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<td>Swaziland</td>
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<td>Tanzania</td>
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<td>Zambia</td>
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<td>Zimbabwe</td>
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</table>
Application of political economy analysis to regional strategy and programming

Contextual PEA - Application to SADC region

2) Assessing the strengths and limitations of regional organisations.


http://ecdpm.org/peria/sadc

Contextual PEA - Application to SADC region

3) Identifying issues of regional level importance and understanding whether to address them through regional organisations or national governments.

Examples: trade liberalisation and facilitation, migration, integration of food markets, drought response, disease transmission across borders.
Problem focussed PEA at regional level

Example problem statement
Regional seed markets in southern Africa are not working. They are not providing the right varieties, at the right price at the right time.

How can SDC help address the problem?

1. Structural (foundational) factors

- Structure of seed markets and trade flows in the region
- Differences between markets for traditional and improved varieties
Application of political economy analysis to regional strategy and programming

2. Rules of the game

- SADC Harmonized Seed Regulatory System
- National seed regulatory systems. Alignment with SADC Harmonised Seed Regulatory System
- Application of regulations in practice, phytosanitary controls at borders, non-GMO certificates, quality assessment, certificates of origin.
- Farmers own practices for seed multiplication
- Informal trade in seed

3. Actors and agents

Which actors are blocking the smooth functioning of seed markets? Which actors could be supporting of reform

- Seed companies,
- seed traders,
- farmers organisations,
- national regulators,
- agricultural research institutes,
- SADC Secretariat, development programmes.
Political Economy Analysis in Action, Session 11: Experience of SDC in commissioning and operationalising PEA

Panel presentation from SDC staff involved in recent PEA exercises (decentralisation in Mozambique and health sector in South Kivu)

Followed by plenary discussion and synthesis from the trainers on lessons learned from the two experiences

Three item follows:

- Powerpoint presentation, ‘SDC experience in commissioning and operationalising PEA’
- Powerpoint presentation, ‘Managing the Mozambique Decentralisation PEA’
- Powerpoint presentation, ‘Managing the South Kivu Health Sector PEA’
Session 11

SDC experience in commissioning and operationalising PEA

Objectives:

- To discuss in depth the recent experience of conducting PEAs of decentralisation in Mozambique and DRC
- To discuss the strengths and weaknesses of each PEA in terms of how the analysis was commissioned, conducted and used
- To make suggestions on how to take the analysis further and operationalise the findings
- To make recommendations on how to conduct future PEAs based on this, and other experience
Session 11
SDC experience in commissioning and operationalising PEA

(1) What were the key questions?
(2) How was the study conducted?
(3) What went well and what went less well?
(4) What were the key findings and how are they being used?
(5) What lessons have been learned?
The main issues in drafting the ToRs

Reference group
- To set up a RG and involved on:
  - the discussion of the ToR,
  - the discussion and approval of the inception documents and discuss as well as,
  to comment on the findings.
- RG were part of:
  - HQ
  - three SDC domains (Local Governance, Economic Development and health).
  - The regional governance advisor &
  - Tanzania SDC National Programmer Officer.

Clarifying the steps to follow up and monitor the Outputs
- Inception report (technical proposal) detailing the approach, scope and methodology for the assignment accepted by SDCM;
- A draft report of the Inception report (technical proposal);
- Draft report of the PEA submitted to SDC; and
- Final report accepted by SDC by end of April.
Careful selection of Consultants:

- Outside or inside (+) vision and position of the Consultant?
- Combined team between general Overview on political context & decentralization dynamics & a land expert.
- Ability to interact with a vast number of stakeholders.

The approximate budget and duration of the study

### Inputs and outputs

<table>
<thead>
<tr>
<th>Product description</th>
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<tbody>
<tr>
<td>Desk-based political risk identification note</td>
</tr>
<tr>
<td>Project or sector political economy assessment</td>
</tr>
<tr>
<td>In-depth and participatory project or sector political economy assessment</td>
</tr>
<tr>
<td>Follow-on implementation support</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Client</th>
<th>Inputs Cost</th>
<th>Mission</th>
<th>Time</th>
<th>Approx. timeline</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project TLU/Team</td>
<td>$10K</td>
<td>No mission</td>
<td>2 staff weeks</td>
<td>10 page note, focused on risk identification</td>
<td></td>
</tr>
<tr>
<td>Sector/project TLU/Team</td>
<td>$30-50K</td>
<td>Mission</td>
<td>5-7 staff weeks</td>
<td>Process support for TLU and team</td>
<td></td>
</tr>
<tr>
<td>Project TLU</td>
<td>$90-110K+</td>
<td>Mission - longer/more people/multiple missions</td>
<td>15-20 staff weeks</td>
<td>Process support for TLU and team</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>6 months +</td>
<td>25-40 page report (and annexes) - risk identification &amp; management; involvement of TLU in assessment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-4 staff weeks</td>
<td>Process support for TLU and team</td>
<td></td>
</tr>
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</table>

Source: Adapted from the Political Economy COP Matrix of Products, April 2010.
PEA of Communication

- Powerrelations and Risks involved
- Development of a Communication Strategy
- Implementation of the strategy
- Regular monitoring and Adaption of the strategy

What went well & what went less well in the studies

<table>
<thead>
<tr>
<th>Went well</th>
<th>Went less well</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The process was well defined</td>
<td>- Discussion remains centralised</td>
</tr>
<tr>
<td>- Selection of and collaboration with consultants</td>
<td>- Timing for study to inform CS elaboration</td>
</tr>
<tr>
<td>- Timing for study to inform reform process</td>
<td>- Internal influencing</td>
</tr>
<tr>
<td>- Mix of technical and political approach</td>
<td></td>
</tr>
<tr>
<td>- Careful but pro-active dissemination and use of study by other stakeholders</td>
<td></td>
</tr>
<tr>
<td>- the study got large acceptance by different stakeholders and potential for positive influence</td>
<td></td>
</tr>
</tbody>
</table>
What lessons were learned for the purposes of managing future PEA studies

- Know the context, actors/agents.
- **Act on the context/momentum**
- Important to agree and define communication strategy & adjust it according to the reaction and dynamics of the actors/agents.

To be continued

Thank you
PEA in the Kivus

The SDC’ GL experience with Political Economy Analysis: Study versus project strategies and monitoring

Process: from the study to the project

- **STUDY**: Expertise from Integrity research and consultancy: Guillaume Lacaille (analyst, politics, DRC), Luisa Ryan (analyst, health, DRC), Ali-Ben Kapeta (analyst, politics, DRC). 2 months, 80kUSD. Steps: Methodology, Desk, Field, Analysis, Workshop, Report. Several Touch Base meetings.

- **FINDINGS**: dynamic analysis of current PEA equilibrium. With names, links, interest etc, written for the SDC «knowledge made explicit»!

- **PROJECT**: information shared in tender documentation, asked for specific strategies, looked for dynamic context monitoring and analysis (even shared a PEA guide)
**TdR, research questions**

- What is the degree of power held by the **formal health institutions**? Are there other centers of authority and influence?
- What are the concerns, incentives, and constraints of the (formal and informal) **decision-makers**?
- By what unofficial means does **Kinshasa** exercise its authority over the province?
- What is known about the role of **the church**, the private sector and the NGOs in delivering health services?
- What are **people**’s tactics for maintaining access to health?

**SO WHAT?**

How the *Study Findings* have been translated into the programmatic response
So what?

- Selecting the «right» project respondents at Provincial level considering the reform process and PE equilibrium
  - Decentralized versus deconcentrated authority
  - Know who is who…
  - Aware of risks, bottlenecks, etc.

- Project tools and strategies
  - The public health universe is very normative
  - Mindset of implementing partners & SDC staff
  - PEA in our logfames? And M&E systems? Audits?

- Let’s bet on few battles?
  - Drugs management, central warehouse, cash
  - Health tariffs
  - Community Based health Insurance, religious confessions
  - Human resources supervision, allocation

- Who are we?
  - A marginal actor with normative tools
  - With short memory, short term perspective
  - Rather reactive, un-harmful
  - Cannot provide «umbrella»
Well,

- We need to know where we work, how and with whom - PEA seems to be the best tool right now
- We are a player, we shall select our battles, play and risk!
- We are outsiders, risk adverse, too fragmented? (inefficient within the PEA games?)
- Are we slow? Head Office versus Country Offices / Embassies: reaction, risk, administrative processes,
- …

Thank you, I’m done
Political Economy Analysis in Action, Session 12: Making PEA more operational – opportunities for SDC

Presentation and plenary discussion on aspects of SDC programme cycle management requiring PEA, including SDC Guidelines on Elaborating Country Strategies, Conflict Sensitive Programme Management, SDC guidelines on credit proposals

One item follows:

- Powerpoint presentation, ‘Making PEA more operational – opportunities for SDC’
Session 12

Making PEA more operational

Opportunities for SDC

Four moments for using political economy analysis:

1. Context monitoring and analysis (MERV+).
2. Formulating the country strategy
3. Credit proposals
4. Ongoing learning and adaptation
1) Context monitoring and analysis

- **Strengths and limitations of MERV.** MERV provides regular and detailed information on the changing country context. It describes changes, but does not analyse their causes or links to political economy factors.

- **Risks of focussing too much on short-term changes.** Development agencies have a tendency to focus too much on the *here and now*, while taking insufficient attention of long-term *foundational* and *institutional* factors holding back development. They can get overly excited by short-term changes that prove to be temporary, and have little impact on more deep seated political economy factors.

- **Suggestion (MERV+).** It might be helpful to use the MERV updates as a moment reflect on political economy questions. However, this should be done in a way that doesn’t overload the tool and add to the reporting burden.

Possible additional questions to reflect on while updating MERV:

- Do the trends identified in MERV generate new insights into the political economy factors shaping the country context? Is there a need to follow up with more in-depth PEA?

- Are the changes identified in MERV likely to result in fundamental change to the underlying political economy, or are they likely to prove to be temporary?

- Do the trends identified in MERV strengthen or weaken the political settlement? If so, how? What are the implications for conflict risks?

- Do the trends identified in MERV make it easier or more difficult for political leaders to pursue reforms and deliver on a development agenda?
2) Formulating country strategy

- Is PEA optional or essential? Should SDC conduct a country PEA and/or conflict assessment before preparing each country strategy? How to avoid this becoming a heavy and time consuming exercise?

- Using PEA as reality check. How can SDC make sure that the country strategy takes proper account of the political economy context and avoids the traps of wishful thinking and unrealistic expectations?

- Using PEA for scenario planning. Is it useful to elaborate alternative scenarios when developing country strategies? How should PEA be used to feed into the process of developing scenarios?

- Using PEA to identify and mitigate risks. How can SDC use PEA to improve its identification, assessment and mitigation of risks, and to build these into the country strategy?

- Deciding on priorities. How to make sure that the country strategy is focussed on: 1) promoting long-term changes in political economy problems holding back development, 2) priorities where SDC is likely to have an influence?

- Deciding on aid modalities. How to make sure that proposed aid modalities take account of incentives and power relations between key actors?
3) Credit proposals

Key sections of the credit proposal document that will benefit from PEA

Excerpts from SDC guidelines for credit proposals
Session 12
Making PEA more operational – Opportunities for SDC

3. Stakeholder assessment
What are their influence, interests and roles?

- Reflection on the stakeholder analysis (including civil society, government(s), private sector, interest groups, etc.), their visions, missions, interests and power positions. How they benefit from the intervention or not, how they support the intervention or restrain it?
- Roles and responsibilities of the government – whether realized, partially realized, or neglected – in particular in leading the change process, setting adequate frame conditions, mechanisms of decision-making and accountability (ownership, mutual accountability)
- Reference to networking, policy dialogue, alliances with other donors, multilateral organisations, national and international co-ordination, civil society (alignment, harmonisation)

4. Objectives
What results shall be achieved?

- Objectives of the intervention phase: expected impact (goal) and outcomes as qualitative and quantitative changes in the described situation
- Description of intervention logic. Impact hypothesis that explains and plausibly argues with sex disaggregated qualitative and quantitative data how direct products and services from the project (outputs) will produce effects (outcomes). Relevant effects on population level (for the target groups) include e.g. behavioural change due to increased capacities and knowledge – considering their relevance for gender equity; with disaggregated data, where useful also according to age, ethnicity, religion, etc. Effects (outcomes) may also represent relevant changes of organizational, institutional and governance aspects, as well as important changes of policies and their implementation (policy results)
- The particular objectives of SDC’s contribution vis-à-vis its partners and their organizational development and learning processes
- Evidence on how transversal themes are included in the objectives
### Session 12

**Making PEA more operational – Opportunities for SDC**

<table>
<thead>
<tr>
<th><strong>5. Intervention Strategy</strong></th>
<th><strong>How will the intervention be implemented?</strong></th>
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<tr>
<td>• Rationale and description of the selected approach with reference to good practices and capitalisation of experience to increase feasibility</td>
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<td>• Policies, structures and know-how which ensure a systematic integration of transversal themes such as gender, governance as well as conflict sensitive project/programme management (where adequate)</td>
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<td>• Organisational structure of the intervention and its main action lines; assessment of the most important (implementing) partners; the reasons for the selection of this/these particular partner/s and the expected value added</td>
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<td>• Information on tender process – otherwise reasons for not conducting a tender (see Directive on Public Procurement of Services, Goods and Construction 330-0-E [Link])</td>
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<tr>
<td>• Reflection on the use of country systems, and if not sufficient or possible, the reasons to establish and/or collaborate with local and/or international parallel implementing units. Multilateral Organisations MOs, Non-Government Organisations NGOs, Civil Society Organisations CSOs, etc.</td>
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<tr>
<td>• Strategy for improving sustainability and opportunities for up-scaling (e.g. through government, multilateral organisations, private sector and/or regional/global initiatives)</td>
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<th><strong>6. Resources</strong></th>
<th><strong>7. Risk Management</strong></th>
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<td>What are the key conclusions and implications of the risk assessment for risk management?</td>
<td>• Synthesis of main contextual, programmatic and institutional risks (cf. diagram in Annex 3 of these Guidelines)</td>
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<td>• An explanation, why these risks are qualified relevant and reasons why they may be assumed</td>
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<td>• Planned mitigation measures for main risks, how mitigation measures will be operationalized and monitored</td>
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<th><strong>8. Monitoring and steering</strong></th>
<th><strong>9. Proposal</strong></th>
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<tr>
<td>• Description of the results-oriented monitoring system</td>
<td>• Standard paragraph:</td>
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<td>• Moments and venues for steering and Switzerland’s role therein: With partners and selected stakeholders? What main concerns?</td>
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<td>• Appraisal of indicators</td>
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<td>• Reference to planned reviews and evaluations</td>
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</table>
4) Ongoing learning and adaptation

- How can SDC make PEA part of regular reflection/ everyday analysis on country strategy and programme management?
- How can SDC engage in regular lesson learning on how its country strategy and programmes are succeeding or failing in the political economy context?
- How can SDC encourage its implementing partners to ‘think and work politically’?
Political Economy Analysis in Action, Session 13:
What have we learned? What should we do differently?

Course handout, September 2016

Presentation of the implications as seen by two Listeners and plenary discussion
Session 13 – Listeners’ Highlights
Implications for SDC presented by Annonciata Ndikumasabo and Giancarlo De Picciotto

1. Is PEA important for SDC?
   • Yes, the topic is very important in SDC and in the Division, and can help increase the impact of our work. The shift of paradigm in the development arena, the global context and the institutional line make it compelling to mix technical and political work.
   • So far, current approaches have PEA components but they are not explicit. Staff are implicitly using PEA, but it is unspoken.
   • Further collaboration is foreseen between DDLGN and SENAP Division on the topic

2. How can we work more effectively?
   • Pre-requisite: PEA will have impact if we operate as self-aware actors in the countries where we are working
     - Make PEA more explicit in programmes/projects
     - Use both contextual and problem-focussed PEA.
     - Doing systematically context analysis is vital for determining programming priorities
     - Stay realistic about what change we can achieve. PEA provides an understanding of how countries really operate; enable to understand political settlement and risks of fragility; enables us to have realistic views of level of influence
     - PEA is most influential where where analysis is continuous and linked to key stakeholders that have political influence
     - Need to be clear about why we are doing analysis and for whom?

3. Concepts vs reality
   • Keep in mind the 5 stages of PEA.
   • Be aware of PEA factors in your context, and be flexible and adaptive.
   • Within a country: very important to understand how PEA factors shape the context. Understanding how the system works, why it works.
   • Rent seeking and neopatrimonialism do not always act as obstacles to development: Neo-patrimonialism systems for the distribution of rents can be harnessed for developmental ends so long as there is a centralized structure for managing rents; rents management is geared to long term development.
   • PEA is about understanding the situation and how we can act in that situation.

4. Integrating PEA in SDC tools (MERV, Country strategy guidelines, Conflict analysis)
   • MERV: is an intensive monitoring tool, is mainly descriptive and does not analyse causes of changes. **What** rather than **why**, MERV could be supplemented with some PEA questions.
   • Country strategy: PEA is useful to understand context, allows us to develop more grounded and realistic country strategy/programme; informing choices about priorities between sectors.
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• Complementarity and link to CSPM and contextual monitoring – issues of relevance to MERV in Mozambique.

So what?

- SDC has always been a political actor. We should acknowledge this, and be more self-aware about how we engage politically.
- SDC should be more and more involved in policy dialogue, can foster policy dialogue.
- Breaking taboos, we need to be aware that we need to do that.
- PEA helps to guard against the risk of falling into the routine trap of being too optimistic (but sometimes too pessimistic).
- PEA can help us identify and respond to critical changes in the context.
- Influence: Having a clear mind on what we really do, and our level of influence
- Demystify the mantra of participation, reflect on who participates in what, when?
- SDC is not alone. CH has a number of aid and non-aid instruments to contribute to solutions. PEA can generate ideas on where such synergies can be exploited.
- SDC should have instruments to “walk the talk” and show the necessary flexibility for a more politically informed approach.