

B. The framework elaborated

1) Problem definition	
<ul style="list-style-type: none"> • 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? 	<p>A “problem” for PEA is a difficulty affecting public policy – more than a management snag, and not just a technical challenge. For example:</p> <ul style="list-style-type: none"> • 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?
2) Structural factors	
<ul style="list-style-type: none"> • 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? <p>For example:</p> <ul style="list-style-type: none"> ○ The extent of the state’s territorial control and revenue base ○ Geostrategic factors ○ Colonial legacies ○ The social class structure 	<p>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.</p> <p>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.</p> <p>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.</p>
3) Rules of the game/institutions	
<ul style="list-style-type: none"> • What are the formal and informal rules which govern behaviour (political, economic and social) in the context or field of problems under consideration? <p>More specifically:</p> <ul style="list-style-type: none"> ○ 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? 	<p>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?</p> <p>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?</p> <p>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.</p>

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.

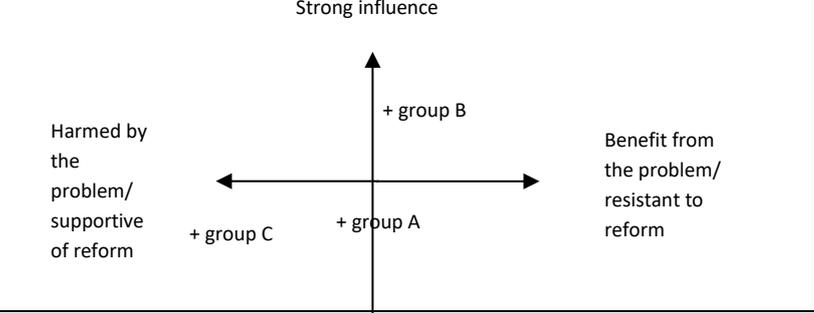
4) Actors and agents

- 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. 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

	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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5) Pathways/theories of change

<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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? 	<p>This step is an opportunity to reflect on what the diagnostic analysis tells us about likely and feasible change <i>before</i> considering the implications for action by governments, development agencies and others.</p> <p>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:</p> <ol style="list-style-type: none"> 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. <p>The plausibility of a suggested pathway of change should be tested robustly. Referring back to the stakeholder analysis, <i>why</i> is it realistic to expect change, given the configuration of interests, incentives and institutions? And what is the visualised <i>mechanism</i> of change (e.g. better information flow reducing information asymmetry, better leadership of 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.</p>
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	<p>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.</p>
<p>6) Implications for governments, official development agencies and other actors</p>	
<ul style="list-style-type: none"> • In view of the likelihood of different pathways and scenarios, how might change be realistically promoted, supported or nudged? More specifically: <ul style="list-style-type: none"> ○ What are the most promising entry points for action on the part of key actors (e.g. government reform teams or international agencies)? ○ What operational recommendations arise from the analysis of pathways together with relevant features of the government system and aid portfolio? 	<p>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.</p> <p>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 <i>unhelpful</i> in the context, and consider the possibility of conflicting aims among actions across a programme portfolio.</p>