

Political economic analysis framework

1. 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?

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?

2) 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

3) 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 make-up of society?
- Is the functioning of economic institutions influenced by any underlying bargains among powerful elites or communities?

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?
 - 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)
- Questions to ask:
 1. What’s the problem?
 - Identifying the manifestations of weakness. Symptoms and causes.
 2. Who’s in charge here?
 - Mapping institutional power: Who has power? Over whom? What is the source of that authority?
 3. What’s in it for me?
 - Incentives: personal, political, institutional, cultural
 4. Who wins & who loses from change?
 - Understanding attitudes to reform
 5. “Make sure everybody gets something”
 - Building a coalition for change by aligning incentives towards reform

5) 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?

6) 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?
 - What should your project do?
 - How can it support change?
 - How can it be flexible and adaptive?

7) Ongoing PEA / TWP

- Projects need to change when a) the context changes OR b) when activities are not having in the intended effect.
- What are the shifts in the context? How do they affect the project, undermine local support or alter the underlying incentives?
- How should you review project plans and activities?
- Is your Monitoring, Evaluation and Learning system capturing whether your activities are working?
- Are you testing the assumptions behind the project?