

Standard Presentations

Final Draft Version, 28.01.2014



Warm Welcome to the Joint Learning Event

Political Economy for Practitioners

[place, date, hosted by ... - to be inserted by the host agency]

JLP-PEP: Who is behind it?

- **Learn4dev:** joint competence development network that seeks to link bilateral and multilateral organisations that are committed to more effective and harmonised development aid
- **Expert Group:** development partners seeking to develop and implement joint learning events for development practitioners in the field of PE of reforms
- **Joint Fund:** Austria, Belgium, Ireland, The Netherlands, Norway, Sweden and Switzerland (course development, implementation and secretariat services)
- **Current Group Members:** funding countries, as well as the European Commission and the OECD
- **(Interim-)Chair:** Swiss Development Cooperation
- **Secretariat:** hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)

JLP-PEP: What is it about?

- **Spirit „from practitioners for practitioners“:** focusses on the operational implications and the practical use of PE-inspired analysis
- **Multi-donor-events:** participants from different development partners allow for cross-organisational learning, coordination and cooperation
- **Presence-based course with focus on interaction:** the PE of reforms is a sensitive and complex issue that requires a trustful atmosphere in which practical experience can be exchanged
- **Standardised course with open space for customisation:** course provides a standardised core content that can be customised according to the regional or sectoral focus of the respective event

JLP-PEP: 3 days – 3 units



Mind the political economy!

- How to work with PE considerations in mind and why
- Importance of the political dimension in reform processes

Basic tools and lessons learnt

- From thinking to acting politically
- How PEA evolved over time and why
- Selected PEA tools and frameworks

The How To

- Frequent challenges
- Entry points for applying a PE approach in our daily work

JLP-PEP: For whom and how?

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Target group

Staff in HQs and field offices of different development agencies
25-30 participants per course

Hosting agency

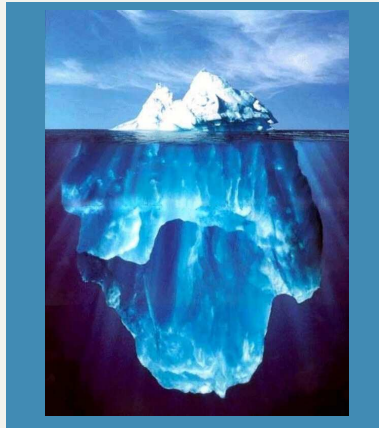
Any agency can host learning event
Involves provision of logistical support for implementation of event

Costs

Course fees and facilitation covered by Learn4Dev and hosting agency

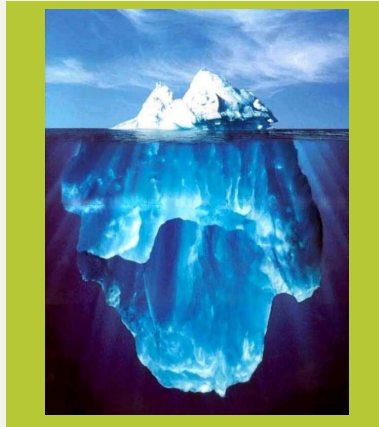
Objective of the Joint Learning Programme PEP

- Participants have deepened their understanding of the Political Economy (PE) of reforms towards sustainable development,
- are familiar with practice-oriented approaches to PE analysis
- and have identified concrete entry points for applying a PE perspective in their daily work in international cooperation.



Learning Unit 1

What is Political Economy and why is it important for Practitioners in International Cooperation?

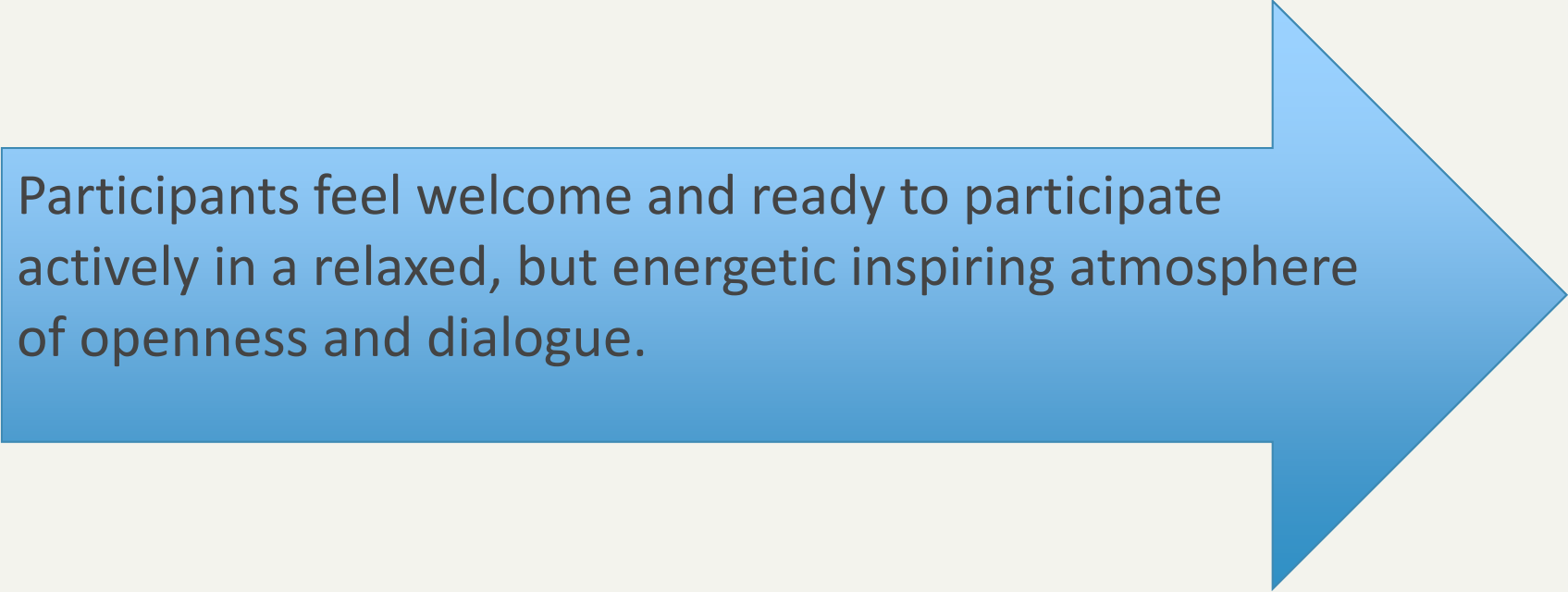


Module 1.1

Opening Session: The Relevance of PE in International Cooperation

Responsible for finalisation: Stefan Hochhuth

Learning Objective



Participants feel welcome and ready to participate actively in a relaxed, but energetic inspiring atmosphere of openness and dialogue.

Opening remarks: the importance of a PE perspective in our daily work in [...]

- *[to be inserted by the agency hosting the training, based on the example provided in the annex of the trainer's handbook - Sarah]*

Opening remarks: warm welcome to this Joint Learning Event on „Political Economy for Practitioners“ in [...] with a focus on [...]

- *[to be inserted by the facilitator of the training, based on the specific (regional / sectoral) focus of the event]*

Programme: Focus and principles of the event

- **Joint event:** representatives from different development partner organizations to facilitate cross-organisational exchange, based on examples and experience of the expert group members
- **Learning event:** we are jointly trying to better understand some of the most challenging issues of development cooperation – no traditional training
- **Practice-oriented event:** the spirit of the event is “**from practitioners for practitioners**”, focusses on the “how to” and the operational implications
- **Networking event:** facilitates the exchange of information, knowledge, expertise and experience between development practitioners



Who is here?

- What's your name?
- Where are you working (agency, sector, region)?
- Why are you here (motivation)?
- How would you rate your political economy analysis knowledge on a scale from 1=beginner to 10=expert?
- What is currently the key challenge you are facing in your work in development practice?



Burning questions

- What exactly is political economy analysis?
- When is it useful to do a political economy analysis?
- How is political economy analysis implemented in other agencies?
- Should I do a quick and dirty or detailed analysis? What are the best tools?
- Should we publish the results?
- How do I find a good political economy analyst?
- I did the analysis. What's next?

What are your burning questions?



Course Roadmap

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Day 1

Mind the political economy!

- Learn how to think with political economy considerations in mind

Day 2

Basic tools and lessons learnt.

- Learn how political economy analysis developed over time and get familiar with some of the most powerful political economy tools

Day 3

The How To

- Learn and share experiences how to apply the results of political economy analysis in your daily work



Course Roadmap

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JOINT COMPETENCE DEVELOPMENT

Next:

Module 1.1: Opening Session: The Relevance of PE in International Cooperation

Module 1.2: PE Thinking: New Responses to Old Challenges in International Cooperation

Module 1.3: Key Concepts and Added Value of PE-thinking in International Cooperation

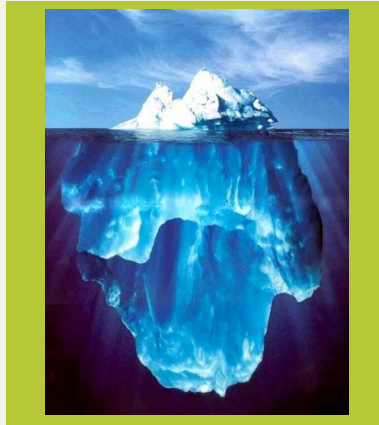
Module 1.4: Reform Analysis: Reform Cycles, Reform Actors and Reform Arenas

Key Messages

- This course is from practitioners for practitioners
- There is a huge variety of burning questions
- Political economy affects both, daily life decisions and work specific questions

Agenda *[in facilitation notes]*

- Opening remarks by a representative of the host agency
- Opening remarks by the facilitator
- Group exercise: self-presentation of participants
- Overview of course program by facilitator
- Explanation of course material and resources



Module 1.2

PE Thinking: New Responses to Old Challenges in International Cooperation

Learning Objective

Participants sharpen their understanding of the added value of PE-inspired reform support.

„What is the PEA and is it a passing trend?“



<http://capacity4dev.ec.europa.eu/article/understanding-politics-development>

Agenda *[in facilitation notes]*

- Standard presentation on the relevance of PE thinking
- Group exercise
 - Learning from failure
- Obstacles for successful reform implementation
- The Political Economy of Lunches

Exercise: Learning from Failures

- Why do sector reforms sometimes slow down, stop or reverse?
- What are the political, economic and social forces that drive or block policy change in specific sectors?
- Why do real world politicians often not act like textbook social planners?
- Which opportunities and incentives as well as which constraints and disincentives are reformers facing?
- Why is the 'political will' for sector reforms sometimes strong and sometimes weak?
- And how could development partners best create, strengthen or sustain this political will for sector reforms?

Source: Edelmann (2009): Analysing and Managing the Political Dynamics of Sector Reforms, ODI.



Exercise: Learning from Failures

- What were the most important factors why you or your colleagues could not achieve the planned outcomes of your reform support measures?

Exercise: Choose one project you have been involved that faced problems in implementation. Spend 10 minutes to write down the major obstacles for a successful implementation. Now have a look at the following list and check whether any of these factors might have been significant as well.

Which of these factors were already on your list?

The big challenge:
Understand Why, When and How Change happens
3 Example Categories:

- Understand your own organisational constraints
- Understand your partners
- Communicate your ideas

Obstacles for successful reform implementation

Example I: Development partners constraints

- 1) **Lack of insider knowledge:** Low (physical) presence in country to understand political dimension
- 2) **Time constraints** (deadlines, few staff weeks for preparation)
- 3) **Hidden agendas within development agencies** (country units vs. sector/ HQ units)
- 4) **Extra workload:** changes in project implementation would require additional work and management attention
- 5) **Underestimated Involvement level:** Project would have required involvement of higher management level or other counterparts
- 6) **Change in governments** (elections) – How to overcome deadlocks due to lack/ change of responsibilities
- 7) **Knowledge gap:** project failed to consider risks identified in previous project
- 8) **Sensitivity:** no interest in addressing political risks in preparation/ implementation process

Obstacles for successful reform implementation

Example II: Partner constraints

1. **Changes in Government:** Repeated changes in government resulted in the loss of the project's champions
2. **Political decisions:** Politically motivated personnel changes at high levels
3. **External Interference** by powerful actors (e.g. in allocation and utilization of funds)
4. **Priority changes:** Urgency for project implementation reduced by unexpected events
5. **External events:** Political instability through coup attempt
6. **Change of responsibilities:** Change in political leadership leads to broken agreements and frequent changes in project decisions
7. **Elections**

Obstacles for successful reform implementation

Example II: Communication

- Misunderstanding of government's interests/commitment by development agencies
- Lack of trust
- Issues not addressed to avoid offending counterparts
- Lack of donor coordination
- [Acceptance problem]: Taxpayers did not recognize the authority of government staff
- Wrong analysis of recipient perception - projected beneficiaries have no interest in the project

Experiences from the regions

- **Social Sector Reforms in Latin America in the 1990s**
- **The Asian Miracle**
- **Africa – changes based on existing structures**

Findings on Reforms in Latin America: „Despite the Odds“

Factors that can help us understand why social sector reforms in Latin America during the 1990s were introduced relatively successfully despite the odds:

- Winners support change initiatives and losers resist change initiatives
- The policy process provides opportunities for the interaction of winners, losers and reformers
- Reform entrepreneurs can take actions intended to manoeuvre around institutional and interest group obstacles to change
- Winners and losers do exist, institutions do indeed constrain actions, but strategic leadership and action, and perhaps a bit of good luck, can make a difference in reform outcomes

Source: Grindle (2001): Despite the Odds: The Political Economy of Social Sector Reform in Latin America.

Findings on Reforms in South East Asia: „Asian miracle“

Factors that can help us understand the „Asian miracle“:

- State activism to reach the mass of the peasantry with economic and social infrastructure and support services
- ‚Picking winners‘ in the industrial sphere: visionary state officials played a key role in developing ‚islands of effectiveness‘ in protected areas (e.g. planning ministries and agricultural agencies)
- Economic rents were able to be centrally managed and directed under military dictators or dominant parties
- Muddling-through, accidental coincidences of interest, and learning by doing played a prominent role throughout the process

Source: http://www.institutions-africa.org/trackingdevelopment_archived/publications.html

Findings on Reforms in Africa: „Going with the Grain“

Factors that can help us understand how external support can more explicitly work with the existing structures and problem-solving arrangements:

- Institutional development in Africa needs to go with the grain of African social fabric (esp. family, religion, ethnicity)
- This fabric is changing over time: old institutions are eroding and new institutions are emerging against the background of population explosion, rapid urbanisation and more and more individual freedoms for young men and women
- Bottom-up pressures from voters and service users are a weak factor at best in improving public service provision in Africa

Source: Kelsall (2008): Going with the grain in African development?; Booth (2011): Working with the grain and swimming against the tide.

Recommendations from Research: Frequent Challenges

Why have development outcomes not improved sufficiently in the past?

- Many of the key development challenges have to do with unresolved collective action problems. Fragmentation among political elites and among sector actors makes collective action in the pursuit of shared long-term goals difficult, but not impossible
- Ruling political parties often have an impulse to capture domestic/local initiatives or associations
- External aid can undermine domestic problem-solving initiatives (social duty, volunteerism and self-help) through distortions caused by the availability of donor money

Source: The political economy of development in Africa: A joint statement from five research programmes. April 2012, Copenhagen.

Five Research Programmes that agree!

- *TD: Why have SSA developed much slower than SEA in the past half century?*
- *PEAPA: How does emerging democratic politics affect policies for agricultural development?*
- *EPP: What motivates ruling elites to support productive sectors with well-implemented government initiatives?*
- *DLP: What is the role of developmental leadership and coalitions in development?*
- *APPP: What kinds of institutions and ways of exercising power work for development in Africa?*



Source: Irish Aid.



Exercise: The Political Economy of Lunches I Who decides where we go?

Different Stakeholders:

- Group I: “I’ am vegetarian”
- Group II: “I need a steak!” (meat lovers)
- Group III: “I don’t want to spend a lot of money” (low budget’ers)
- Group IV: “I don’t care, as long as they have good desserts” (Friends of desserts)
- Group IV: “just something quick” (Fast-food junkies)

Develop a strategy to convince the other groups to go to your preferred restaurant!



Exercise: The Political Economy of Lunches II

The systematic approach

Stakeholder Analysis:

- Different preferences
- Veto players
- Power
- Hidden agendas
- Lack of information
- Manipulation
- External factors



Exercise: The Political Economy of Lunches III Entry Points

Find the right entry points:

- Change the rules of the game
- Coalitions
- Insistence
- Hierarchy
- Compensation schemes
- Incentives
- Connections



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Understand the rule of the game

What is the context (How long is the lunch break? Which restaurants are nearby? Who pays?)

Understand the constraints for reforms

Moral constraints (rules, norms, traditions)

Structural constraints (veto player)

Hierarchy constraints (boss, dependencies)

Personal constraints (Re-election, serving interests of friends)

Material constraints (capacity, time)

Find entry points for reforms

Decrease influence of opponents to your ideas

Increase support for your ideas

...after lunch!

Key Messages

- Stakeholders interest prevent implementation of reform
- Political economy is common in daily life situations
- Political economy analysis helps finding entry points for reforms



Course Roadmap

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Module 1.1: Opening Session: The Relevance of PE in International Cooperation

Module 1.2: PE Thinking: New Responses to Old Challenges in International Cooperation

Next:

Module 1.3: Key Concepts and Added Value of PE-thinking in International Cooperation

Module 1.4: Reform Analysis: Reform Cycles, Reform Actors and Reform Arenas



Module 1.3

Key Concepts and Added Value of PE Thinking in International Cooperation

Responsible for finalisation: Stefan Hochhuth

Learning Objective

Participants are familiar with the key notions and concepts of PE.

Agenda

- What is political economy (Definitions)?
- The Value added of political economy

What is Political Economy?

- ... the understanding of institutional structures
- ... the understanding of decision making process
- ... the understanding of key players that could push or block a reform
- ... the understanding of incentive constraints and obstacles to reform

Follow Up lunch exercise: Main Questions.

Are you sure that you follow the right reform objective?

Do you know who will make the final decision?

Do you know who the key decision makers are?

Do you know who depends/ relies on who?

Do you know what the real agenda of key players is?

Do you know how to move players towards reforms?

Advantages

- Provide a systematic approach on solving implementation problems
- Identify problems early (Political Risk Management)
- Rethink traditional approaches
- Optimize the use of limited resources
- Avoid missions impossible

Background: The evolving Art of PE Thinking

- Since the 2000s, an increasing number of organizations involved in International Cooperation started to apply a so-called “Political Economy” (PE) perspective within their analytical and operational work
- PE perspective seeks to ameliorate their understanding of the presence/absence of development-oriented reforms in partner countries and the way International Cooperation can most effectively facilitate the successful implementation of these reforms
- PE perspective seeks to unravel and understand the presence/absence of the “political will” for reforms by looking at the formal and informal institutions, the incentives as well as the influence of different actors in reform processes and strives to provide answers for development partners on how to support reforms more effectively
- in 2012, 8 development partners decided to join forces and expertise with other development partners to organize a practice-oriented learning event on PE for practitioners

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SH2

This slide should be part of day 2 (change of PE over time)

Stefan Hochhuth; 13.01.2014

What is economic in Political Economy?

- Typical situation: you want to move forward with a project that looks extremely promising and it still gets delayed, postponed, or rejected. Why?
- People want to maximize their own utility and might have different incentives:

Problem to solve:

- Economic principal of rational behavior:

budget (money, skills, proponents, time) >

costs (convincing opponents, time constraints, incentive constraints, etc.)

-

What is 'political' in Political Economy?

Understanding the 'rational behavior' is not that simple:

- Moral constraints (rules, norms, traditions)
- Structural constraints (veto player)
- Hierarchy constraints (boss, dependencies)
- Personal constraints (Re-election, serving interests of friends)
- Material constraints (capacity, time)

Findings: what influences people's decisions?

„the actual direction of institutional change [in the water sector] is essentially an outcome of the prevailing power balance among interest groups“ (Saleth & Dinar 2004).

„political will – or the lack thereof – can be explained as a function of the way in which the political processes work“ (Leftwich 2006).

„Development outcomes in poor countries depend on the political incentives facing political leaders“ (The Political Economy of Development in Africa. A Joint Statement from 5 Research Programmes, 2012).

What is Political Economy? The OECD's definition *[Option 1]*

- Development is about change. Political Economy analysis is a way of analysing complex change processes in complex country contexts
- “Concerned with...
 - the interaction of political and economic processes in a society
 - the distribution of power and wealth between different groups and individuals
 - the processes that create, sustain and transform these relationships over time.”

Source: <http://www.oecd.org/dac/governance/politiceconomy>, based on Collinson (2003): 'Power, livelihoods and conflict: case studies in political economy analysis for humanitarian action', ODI.

What is Political Economy? The EC's definition *[Option 2]*

“Political economy analysis investigates how political and economic processes interact in a given society, and support or impede the ability to solve development problems that require collective action. It takes particular account of the interests and incentives driving the behaviour of different groups and individuals, the distribution of power and wealth between them, and how these relationships are created, sustained and transformed over time. These relationships are crucial in explaining how politics works, how wealth is created, and how developmental change happens.”

Source: EC (2012, draft): Using Political Economy Analysis to improve EU Development Effectiveness. A DEVCO Background Note.

What is Political Economy? The GSDRC's definition *[Option 3]*

“Political economy analysis aims to situate development interventions within an understanding of the prevailing political and economic processes in society – specifically, the incentives, relationships, distribution and contestation of power between different groups and individuals – all of which greatly impact on development outcomes.”

What is Political Economy? The World Bank's definition *[Option 4]*

“Political economy (PE) is the study of both politics and economics, and specifically the interactions between them. It focuses on power and resources, how they are distributed and contested in different country and sector contexts, and the resulting implications for development outcomes. PE analysis involves more than a review of institutional and governance arrangements: it also considers the underlying interests, incentives, rents/rent distribution, historical legacies, prior experiences with reforms, social trends, and how all of these factors effect or impede change”.



Exercise: Key Notions of PE Thinking

- Exercise from Sarah/Irish Aid based on handout
- What interrelationships between the political, economic and social sphere do you know from your daily work?
- Which of these interrelationships are particularly important for our work in international cooperation?



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Political Economy: 3 simple but powerful Ideas

- Markets don't work unless there are devices to control the risks and costs of transacting (=> economic institutions)
- Collective action doesn't work unless you have arrangements to control "free riding" (=> political/social institutions)
- New institutions are more easily accepted when they draw on the toolbox of the local culture (=> social embeddedness of institutions)

Example I: Added Value (Irish Aid)

- Wider and more realistic understanding of the functions of institutions, including the importance of informal norms and beliefs
- More open discussion of power: greater insight into commitment and capacity for country-led reform
- Greater realism into development policy and practice, the need to engage with the political struggle
- More systematic approach to analysis

Example II: Value Added for DFID

- Political economy analysis is central to the formulation of sound country plans and sector programmes,
- Political economy can play a key role in risk mitigation and ensuring that donors avoid harmful practices.
- Political economy analysis can help to improve development effectiveness by identifying how and where donors should focus efforts to promote positive change.
- Several DFID country offices have used political economy analysis to improve the quality and impact of aid.
- Where possible, analysis should be conducted on an ongoing basis

Source: DFID „How to“-note on Political Economy Analysis, 2009.

Example: Added Value of PEA for DFID

Tasks	Insights from PEA
Formulating Country Plans	Beyond technical assessments and plans, identifies what might work
Choice of aid modalities and partners	Consideration of incentives and underlying drivers of change
Design of projects or programs	Interests and incentives are explicitly addressed
Informing dialogue and engagement with partners	Sensitivity to the underlying causes of good and bad governance

Summary Added Value of PE thinking: Aid Effectiveness

- Improved understanding of the project context:
 - Identify all the relevant reform champions, supporters and opponents
 - Better understand the interest, incentives and ideologies of these reform actors
 - Identify opportunities for initiating, designing or accelerating reform processes
- Improved project implementation:
 - Design feasible support measures and strategies and outcomes for
 - Evaluate political risks and feasibility of specific reform options
 - Identify obstacles and make use of opportunities for change

Key Messages

- **Decision makers show rational behavior in how they make decisions**
- **Political Economy Analysis provides a structured approach to understand the reform context**



Course Roadmap

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Module 1.3: Key Concepts and Added Value of PE-thinking in International Cooperation

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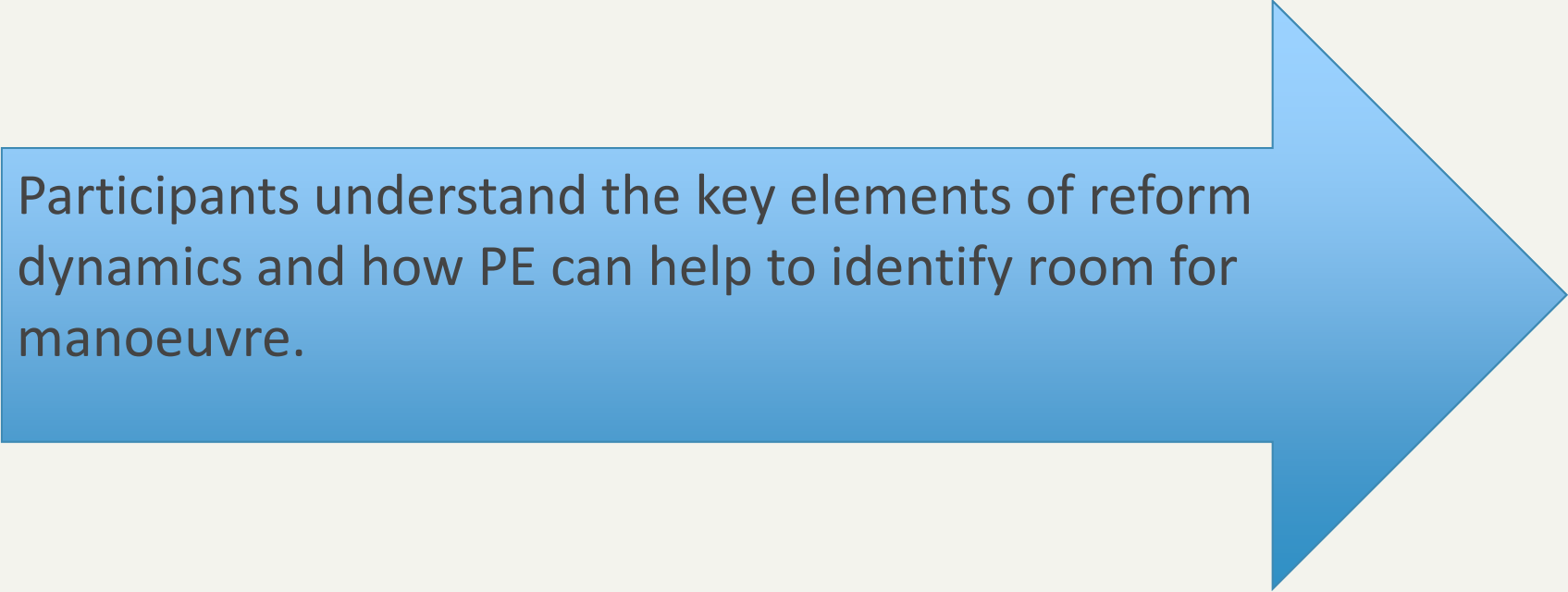
Module 1.4: Reform Analysis: Reform Cycles, Reform Actors and Reform Arenas



Module 1.4

PE-inspired Reform Analysis: Reform Cycles, Reform Arenas and Reform Actors

Learning Objective



Participants understand the key elements of reform dynamics and how PE can help to identify room for manoeuvre.

Agenda [in facilitation notes]

- Key elements of change / reform processes
- Reforms as dynamic games
- Reform cycles
- Reform arenas
- Reform actors
- Exercise: structures, institutions, agents

Aspects of Change / Reform Processes

Different aspects of change processes

- Change includes negative as well as positive change
- Change of polity, politics or policy
- Structural, institutional and behavioral change
- Drivers of and blockers to change
- Opportunities for and obstacles to change
- Big bang vs. incremental change
- ...

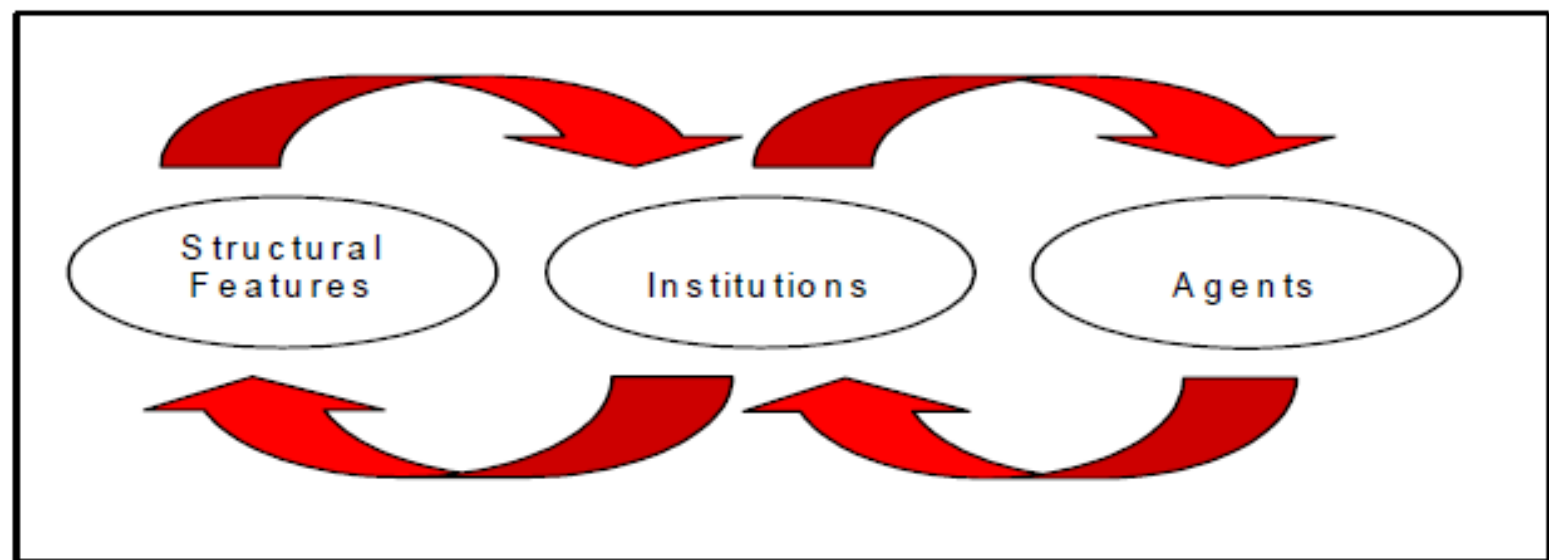
Our understanding: reforms towards sustainable development

- PE-inspired reform analysis

Key elements of change / reform processes

Structural features	<ul style="list-style-type: none">• Foundational factors (e.g. history of state formation; natural and human resources; economic and social structures; demographic change; regional influences and integration; globalisation, trade and investment; and urbanisation)• These are deeply embedded and often slow to change
Institutions	<ul style="list-style-type: none">• rules governing the behaviour of agents; such as political and public administration processes.• Institutions are more susceptible to change in the medium term than structural features
Agents	<ul style="list-style-type: none">• individuals and organisations pursuing particular interests (e.g. political elite; civil servants; political parties; local government; the judiciary; the military; faith groups; trade unions; civil society groups; the media; the private sector; academics; and donors)• Agents can act within or outside the institutions

Key Elements of Change / Reform Processes: Structures, Institutions, Agents



Reforms as dynamic Games: Playing within the Rules of the Game



Analogy of a football
match

- Structure/context:
 - Geography: sufficient rain for natural grass pitches, ...
 - Culture: soccer as a popular sport, ...
 - Facilities: leagues, arenas, training centres, ...
- Institutions:
 - Formal: rules of the game, referee, ...
 - Informal: culture of fair play, dirty tricks, ...
 - Reward: trophy, financial incentives, social prestige, ...
- Agency (teams, players, coaches, supporters, sponsors):
 - Fitness, ...
 - Tactics/strategy, ...
 - Team play, ...

Reforms as dynamic Games: Changing the Rules of the Game

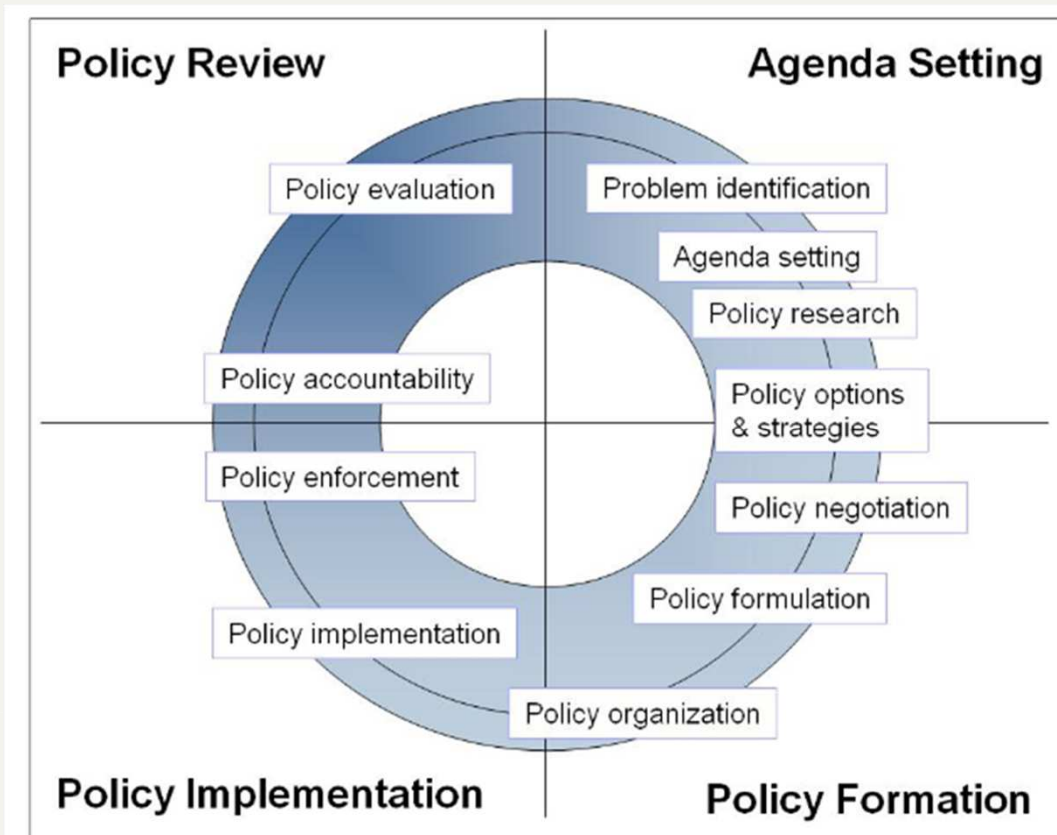


Analogy of a soccer
match

Dynamic perspective:

- Who makes the rules of the game?
- Who changes them over time?
- Where are the rules of the game changed?
- Why are the rules of the game changed?
- How are the rules of the game being changed?

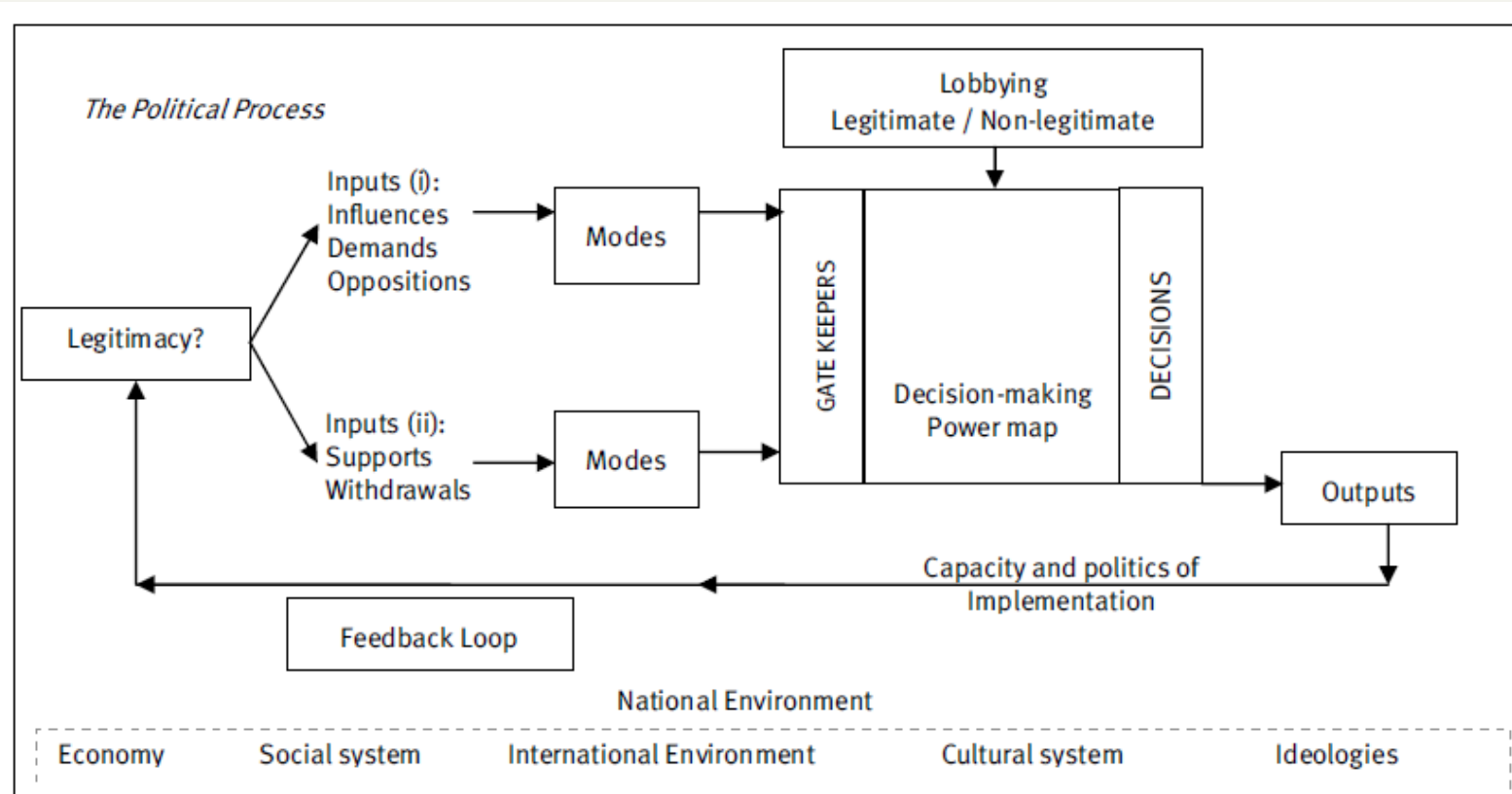
Understanding reforms as a rule-making process: The policy cycle



Example: Political Debate on alternative Policy Options for Structural Reform in Europe

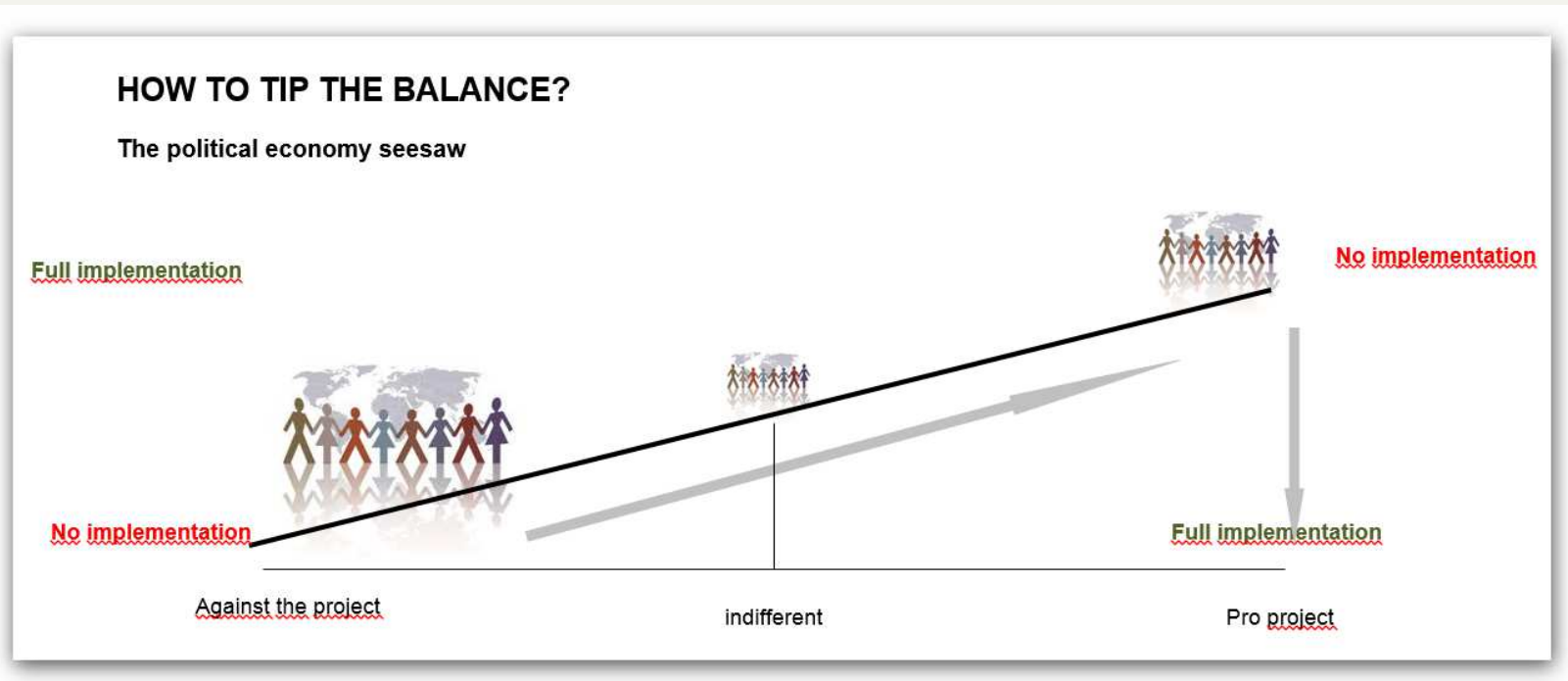
- Policy options: What is the impact of reforms and how can we reconcile different reform objectives?
- John Evans, General Secretary of the Trade Union Advisory Committee to the OECD (TUAC)
- OECD-IMF Conference on Structural Reform in Europe
- <http://www.youtube.com/watch?v=jyjdolsYu9w> (2:05)

Understanding Reforms as a Multi-actor Process: The politics of Development Approach



Source: Leftwich (2007:7, slightly modified).

Understanding Reforms as a Change in the Power Balance: The Seesaw Approach



How to tip the balance?

Reform objective:

- Flip the balance!

Rules of the game:

- Aggregated weight 1 > Aggregated weight 2 defines balance
- Influential people ('heavy') weighs more than less influential people
- Sitting further towards the end has a higher impact (people with stronger interests)



= Little political influence + power



= Strong political influence + power

How to tip the balance?



The challenge:

- 1) Move proponents towards the end of the reform balance side
- 2) Get indifferent people on the reform balance side
- 3) Kick opponents from the balance or move them towards reform side



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Exercise: structures, institutions and agents in reform processes

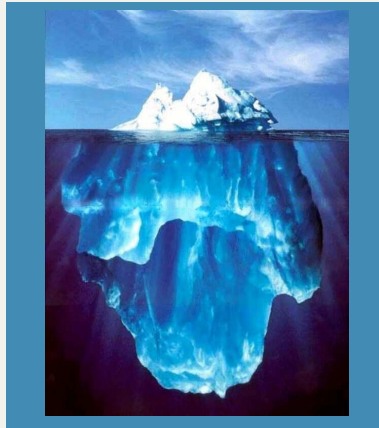
- 4-5 groups with around 5 participants / individual reflection
- 35' group discussion on the relevance of these three elements for better understanding change processes in International Cooperation
 - Do these three elements help you to understand the reform dynamics in your field of work?
 - How do the three elements relate to each other in your day-to-day work?
 - Are these elements currently captured in analyses, strategies or programme designs of your organisations?
- 15' plenary discussion on issues and observations related to the understanding of the dynamics of reforms towards sustainable development

Key Messages

- Reform processes are complex and contingent **change processes**
- **Structures, institutions and agents** are key elements for understanding reform processes
- Reform processes can be divided into **distinct reform stages**

Wrap up of day 1

[Input by Facilitators]



Learning Unit 2

Which practice oriented PE approaches exist and how can they be applied for reform support in International Cooperation?



Course Roadmap

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Day 1

Mind the political economy!

- Learn how to think with political economy considerations in mind

Day 2

Basic tools and lessons learnt.

- Learn how political economy analysis developed over time and get familiar with some of the most powerful political economy tools

Day 3

The How To

- Learn and share experiences how to apply the results of political economy analysis in your daily work



Module 2.1

PE-inspired Reform Analysis: Analysing Real World Reform Dynamics

Learning Objective

Participants have deepened their understanding of the dynamics of reform processes by applying the key elements of a political economy-informed reform analysis to a reform they know best.

Agenda [in facilitation notes]

- Recap of day 1/module 1.4
- Presentation: structures, institutions, actors
- Video clip on Health Care Reform in the US
- Group exercise: analysing reforms in OECD countries

Recap:
Key elements of PE-inspired reform analysis

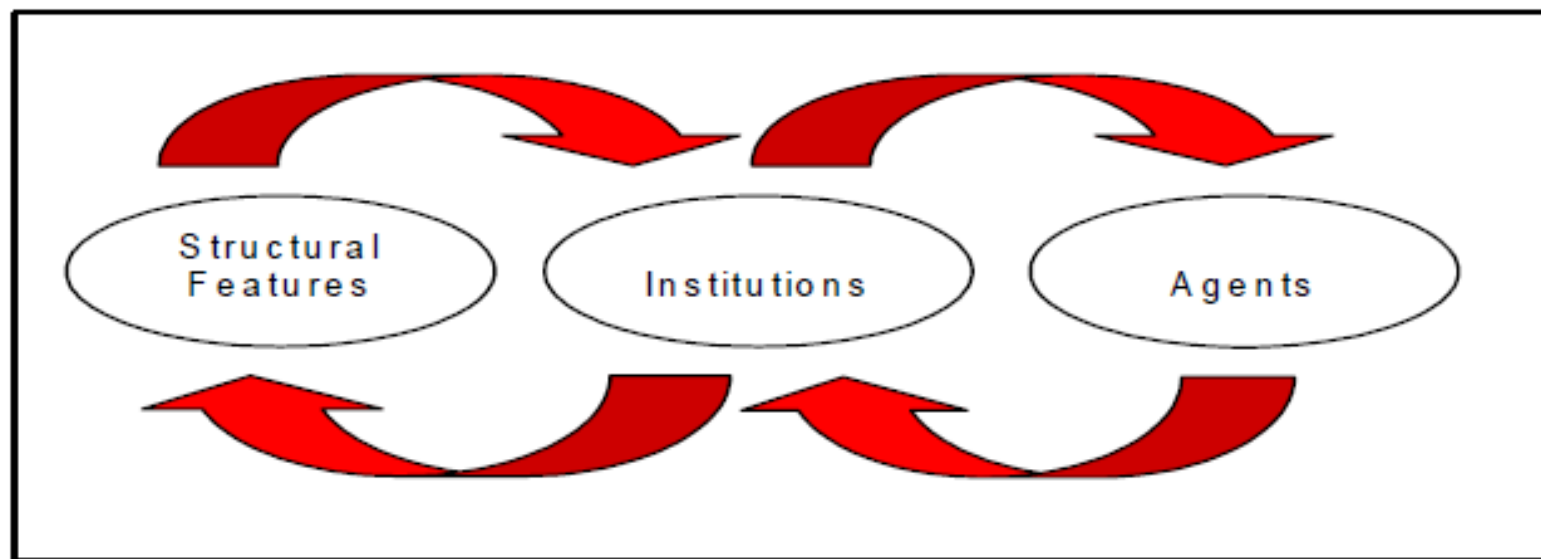
- What are **key elements** of PE-inspired reform analysis?
- Which one was **new** to you?

PE-inspired Reform Analysis: Focus on the Change of Structures, Institutions and individual Behaviour

- Context for reform:
 - Structural factors
 - Formal rules, incentives, norms and arenas
 - Actors, interests, influence and strategies
- Reform process (interplay of actors influenced by institutions and structures):
 - Agenda setting
 - Policy formation
 - Policy implementation
 - Policy review

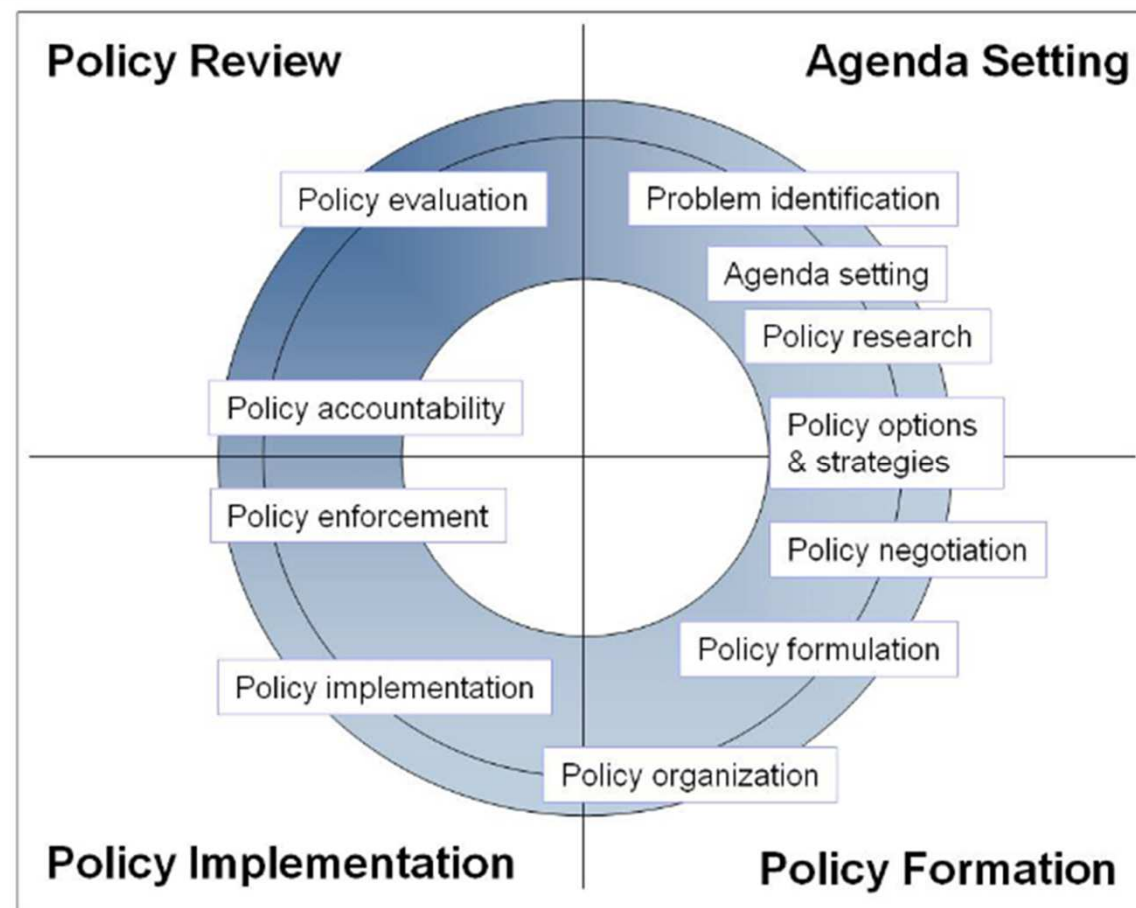
Recap:

PE-inspired Reform Analysis in Practice: Structures, Institutions, Agents



Recap:

PE-inspired Reform Analysis in Practice: Policy Cycle



Source:
<http://www.geostrategis.com>

Example: Health Care Reform in the US

- What was Obama's strategy for a successful implementation of the health care reform and how did it work out in practice?
- Karen Tumulty, National Political Reporter, The Washington Post
- World Bank Institute Workshop „The Political Economy of Reform: Moving from Analysis to Action“, June 21-22, 2010, Washington, D.C.
- <http://www.youtube.com/watch?v=ox3l-U3cXOI&feature=youtu.be> (4:35)



Exercise: PE-inspired Reform Analysis

- Each group of participants (4-5 persons) chooses
 - a reform in an industrialised, transition or developing country that they know best
 - or a case study from the OECD Publication “The Political Economy of Reform: Lessons From Pensions, Product Markets and Labour Markets in Ten OECD Countries“, <http://www.oecd.org/site/sgemrh/46190166.pdf>
- Each group of participants analyses this reform based on a set of prepared political economy-inspired key questions.
- Each group of participants briefly presents the key findings in the plenum.



Exercise: Questions for PE-inspired Reform Analysis

Reform Outcomes

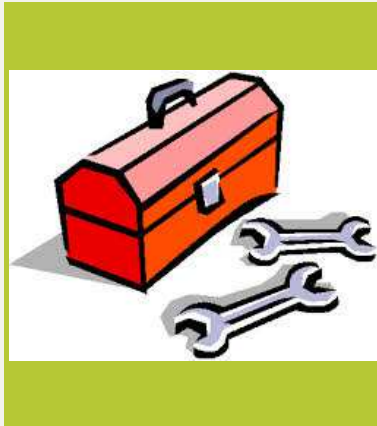
- Was the reform (so far) successful or did it fail, or was it a half successful reform?
- What could be achieved and what could not be achieved?

Reform Context

- What are/were the most important structural features that are characterising the context?
- What are the most important formal/informal institutions that are characterising the context?
- Who are/were the most influential reform supporters/wait-and-see actors/opponents?

Reform Process

- What characterised the dynamics and outcomes in the different stages of the policy cycle?
- What are/where the main opportunities/obstacles the reform is/was facing?

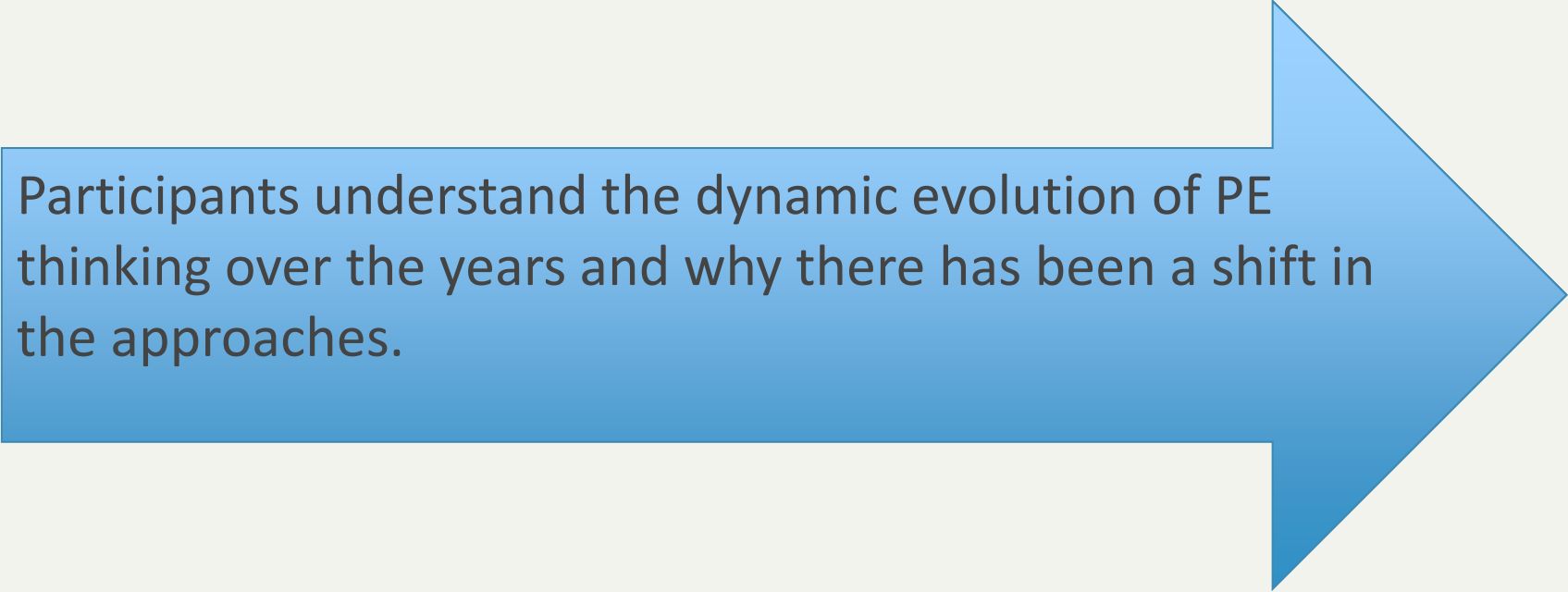


Module 2.2

Approaches and Tools I: The Evolution of PE-Thinking

Responsible for finalisation: Petra Riedle

Learning Objective



Participants understand the dynamic evolution of PE thinking over the years and why there has been a shift in the approaches.

From *Thinking* Politically



... to *Acting* Politically

Mainstreaming
into Donor's
Agencies

2000

2010s

Strengthening operational
relevance

Establishing Communities of
Practice

Building „coalitions of
supporters“ so as to create
demand for PE studies

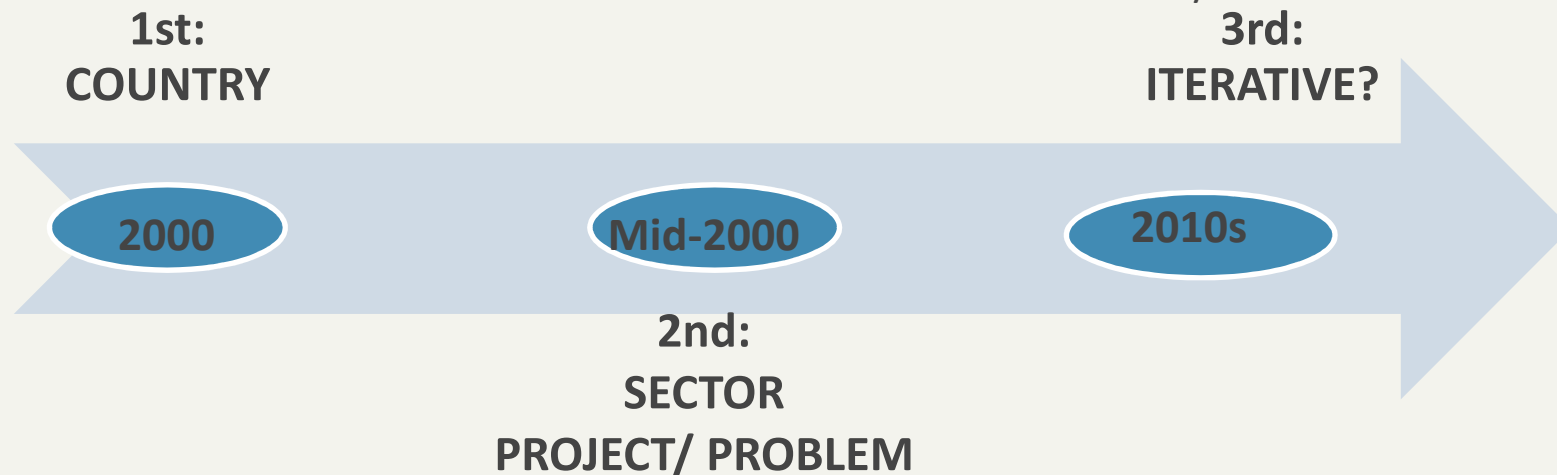
Different „Generations“, different Focus



Enhance sensitivity to country contexts

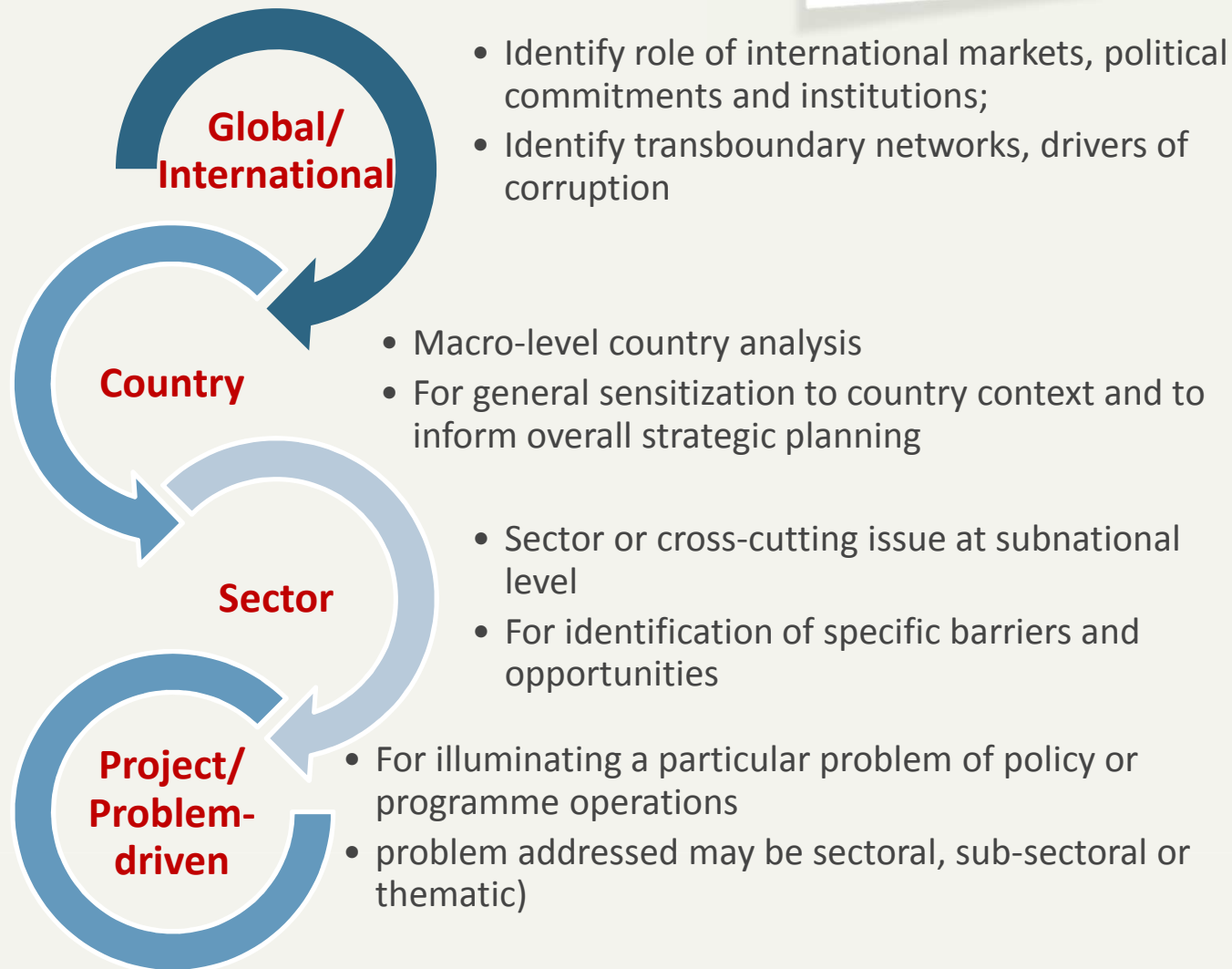
Institutionalise , **political thinking**‘ in development agencies in country-level analysis;
but: rather vague

More reflexive and iterative approach with focus also on internal learning and adjustment
More partner and solutions-oriented
Transboundary dimension



In-depth analysis of a specific sector, including main drivers, threats and opportunities
More ad hoc, **problem-focused** analyses directed at solving specific practical problems in a given context/sector/programme;
too narrow?

Levels of PE Analysis



When is a problem a “problem”?

- A specific difficulty, opportunity or challenge encountered, coming out of operational work and calling for specific answers
- May be sectoral, sub-sectoral, cross-cutting, national or international in scope

BUT: Not all problems can be addressed with a PE!

- Needs to be capable to be well-defined and articulated
- Interests, incentives, or informal institutions or rule have a significant bearing on the problem, e.g.: it is suspected that
 - hidden interests are at work
 - Informal rules are undermining formal rules
 - „capacity limitations“ are partly about rational choices

How is a problem-focused PE different?

- Does not dispense with analysis of country/ macro context
- But: attention shifts to the problem within the macro constraints
- Focus on identifying room for manoeuvre
- More defined set of stakeholders



Group Work on: How and for what can PE approaches help me?

DISCUSSION in small groups (2-3 participants)

- Think back on your “burning question” from your practice? Does it qualify as a “problem” in the PE sense? If not, how would you reframe it / formulate and why do you think it could be worked on through PE?
 - Analyse your burning question individually (10 ‘)
 - Discuss your “burning question” with your group: what they think is it really amenable to PEA? (20’)



Group Work (*alternative*)

- Case study (tbc): Explain case (handout)
- Exercise on the case study:
 - a. Let participants reflect on what level the PE should take place and why
 - b. What would be the main guiding question/ focus (“problem”) of the PE analysis with the chosen approach?



Lessons from Development Practice: Group Work (*alternative*)

- Each group of participants (4-5 persons) chooses one case study in which a PE-analysis of a development partner had implications for the programme design and implementation.
- Each group analyses how the PE analysis was translated into action (30 minutes).
- Each group of participants briefly presents the key findings in the plenum.



Group work: Examples

DFID:

- PE-study on Agriculture in Nepal
- PE-study on Health in Nepal
- PE-study on Hydropower in Nepal
- PE-study on Police in Nepal

<http://www.opml.co.uk/sites/opml/files/wp2010-03.pdf>

World Bank:

- PE-study on Power Sector Reform in India
- PE-study on Reform of the State-Owned Mining Company in Mauritania
- PE-study on Water and Sanitation Sector Reform in Gaza & West Bank

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/0,,contentMDK:23267902~pagePK:148956~piPK:216618~theSitePK:286305,00.html>

Voices of Practitioners about how PE worked for their purpose at different levels

How the EU Zambia Delegation has used political economy analysis

Interview with Eric Beaume, EC Delegation Zambia (9:51)

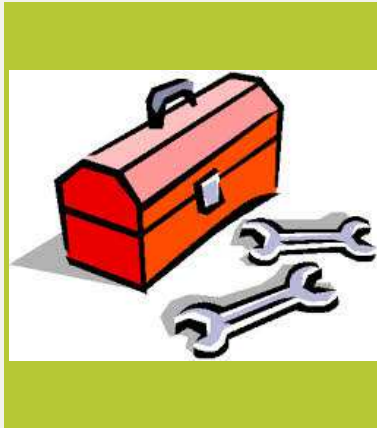
<http://www.youtube.com/watch?v=6xSknBX0XIQ>

World Bank Practitioners on Using Political Economy Analysis to Guide Operational Work (3:54)

<http://www.youtube.com/watch?v=bZdyqja7wQM>

Key Messages

- PE-thinking has evolved over time – and still is dynamic!
- Which approach to apply best depends on the objective of the analysis and of the needs of the client/customer/partner
- **There is no best or worst, just more or less suitable approaches**

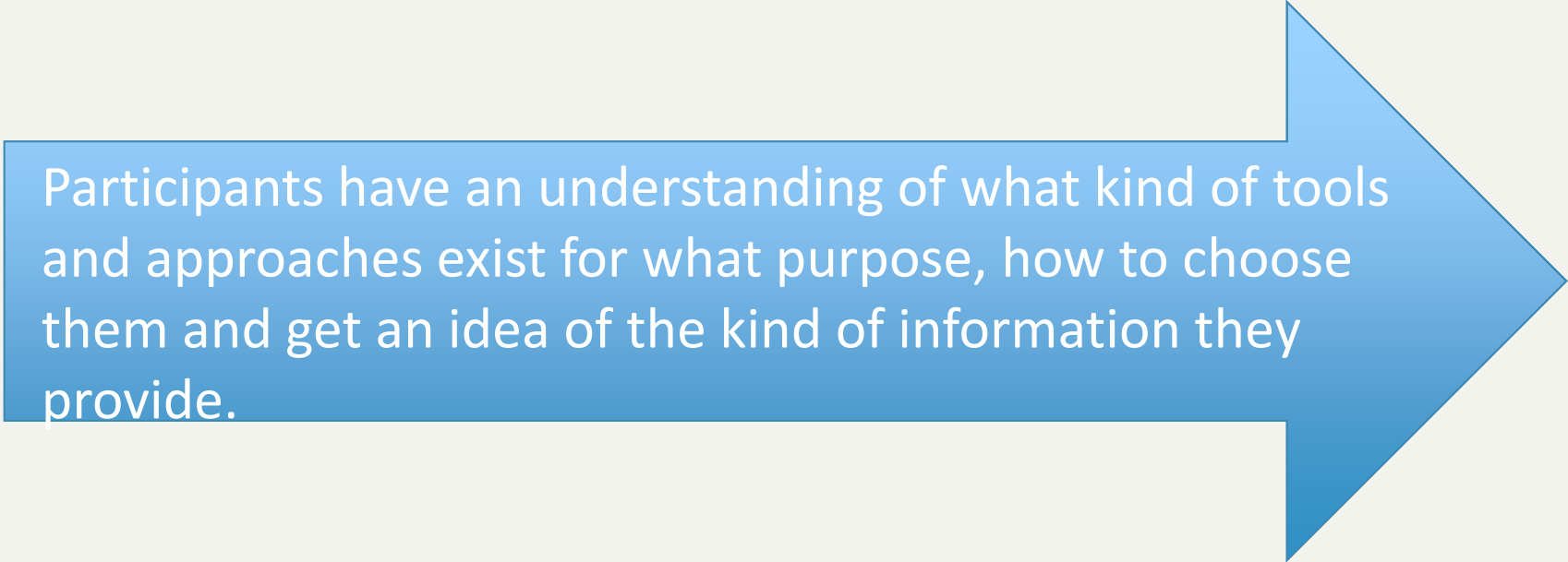


Module 2.3

Approaches and Tools II: Different Tools for different Purposes

Responsible for finalisation: Petra Riedle

Learning Objective



Participants have an understanding of what kind of tools and approaches exist for what purpose, how to choose them and get an idea of the kind of information they provide.

A word on Tools

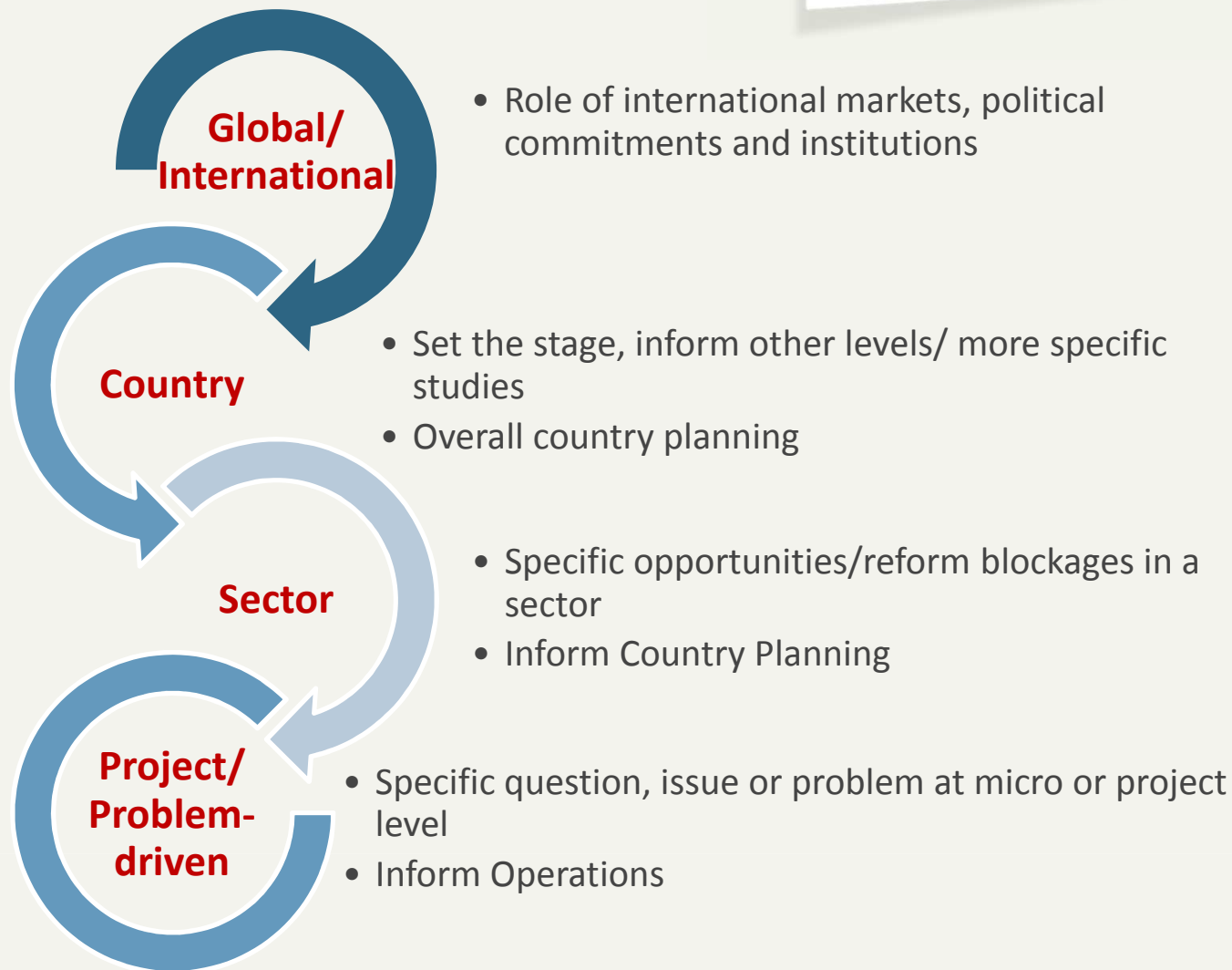
- Whether (and which) tools are useful or not depends on the specific purpose of the PEA
- Tools may seem to simplify while complex situations may require complex –and not simplistic responses.
- Tools try to standardize while social, political and institutional matters are (also) social constructs.
- Tools often only describe, they cannot substitute proper analysis drawing on theory as well as experience.

Source: Danida 2011: Applying Political Stakeholder Analysis- How can it work?

Commonalities across PEA Tools or Approaches

- Politics are central
- Downplay the normative - understand country realities
- Identify underlying factors and structures, actors, institutions
- Determine incentive frameworks
- Mostly qualitative research methods

A quick Reminder: Levels of PEA: Where to look when?





(1) Global-level and the International System

Strengths and main uses	Limitations
Helps to make sense of a complex picture and to identify the key issues and priorities in a time-efficient way	More in-depth and focused studies then needed to guide the design of specific international instruments and country-level programs
Generates relevant and practical recommendations for action	



(1) Global-level and the International System

Approach

International Drivers of Corruption (OECD, 2012)





(2) Country level: Overall strategic planning



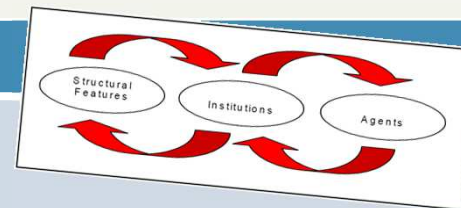
Strengths and main uses	Limitations
Broad view of how PE system in country works; overview over constraints/opportunities over time; essential background for more informed policy dialogue	Not focused enough to guide specific program design choices
Informing country strategies and program decisions, making them more strategic and realistic (more realistic time frames, indicators)	Rather broad findings regarding programme design and implementation; might lack specific recommendations
Improving risk analysis	
Thinking strategically about how change – or retardation – occurs and how these changes will affect poor men and women	
Can be used for different purposes and different clients/customers; can be used for a longer period (with minor updates)	



(2) Country level: Overall strategic planning

Approach

Drivers of Change (DoC) (DFID 2003)



EC Country Political Economy Assessment
(EC/DEVCO 2011)

Strategic Governance and Corruption Analysis
(SGACA) (DGIS, 2008)



Power Analysis (SIDA, 2004)



The Politics of Development approach (DfID, 2007)





3) Sector level: Specific opportunities/reform blockages in a sector

Strengths and main uses	Limitations
<p>Generates (more) directly operational findings: Detailed, focused analysis of an entire sector</p>	<p>May miss broader aspects of political economy at country level that influence the workings of the sector</p>
<p>Gaining understanding of the interests and incentives operating at sector level, and how these affect sector performance and the potential for reform</p>	<p>Mainly donor-centric in nature; little orientation towards the partners (ownership, alignment and harmonisation)</p>
<p>Can be useful for different programs within the same sector; may highlight obstacles outside of the program/donor intervention area</p>	
<p>Essential background for informed policy dialogue on the sector.</p>	



(3) Sector level: Specific opportunities/reform blockages in a sector

Approach

Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas – (DfID/ODI, 2005)

Institutional and Context Analysis (ICA) (UNDP, 2012)

Analyzing Sector Governance/ Addressing Governance in Sector Operations (EC 2008)





(4) Project or problem level: Specific question, issue

Strengths and main uses	Limitations
Produces more concrete insights for programme design and implementation	Problem could be too narrowly defined – or too wide
High likeliness for operational relevance	Broader influences might not be captured
At project formulation stage: used to inform the design of specific projects and programs.	Requires high capacity to grasp problem and define it as first step of the process
During implementation: address and work on problems as they emerge	Focusses on deficiencies instead of strengths; donor-centric nature; often one-off activity

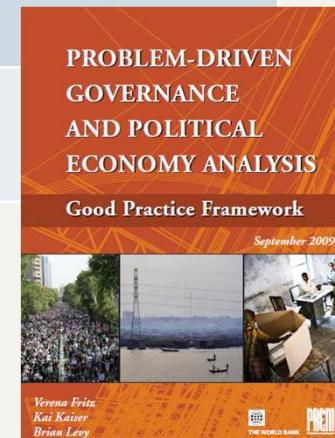


(4) Project or problem level: Specific question, issue

Approach

Problem-Driven Governance and PE Analysis (World Bank, 2009)

Capacity Assessment (GIZ, 2011)





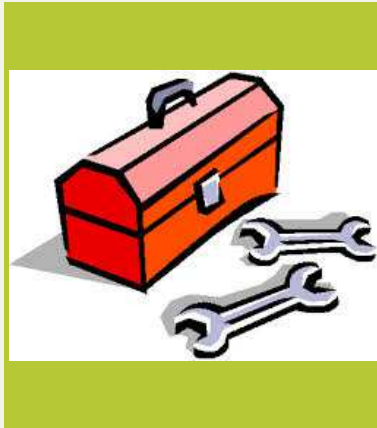
The approach of the host agency *[max. 2 slides, to be inserted by the facilitator and the host agency]*

Approach

...

Key Messages

- There is no single method for PEA nor a „one size fits all“
- Different tools for different purposes
- Approaches as flexible frameworks, broad compatibility between different approaches , can be combined



Module 2.4

Approaches and Tools III: Application of an analytical tool

Responsible for finalisation: Petra Riedle

Learning Objective



Participants get an idea of how to apply some of the tools and what that involves.

Some of the Specific *Analytical Tools*

Questions for participants to begin with (5') in buzz groups or individual:

- Who has knowledge of one or various specific analytical tools/ heard about them?
- Any ideas which tools are used for a PE/ in a PE context and how?
- Any practical experience? If so, what are they?

Stakeholder Analysis: Understanding stakeholders' incentives and constraints

1. Who?

- Who are the stakeholders?

2. What position?

- their interests, constraints, power and incentives
- degree of their influence in relation to their interests
- positions of player with respect to the issue

3. How?

- How could or should this (sets of) stakeholders be engaged in order to induce change?

POWER-INTEREST MATRIX

POWER/
INFLUENCE

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JOINT COMPETENCE DEVELOPMENT

- **Champions** for change or supporters

High degree of power and high interest

High power, low interest

- Potential to block/ **opponents**
- Need for advocacy

- **Potential allies** for champions/ supporters
- Need to empower them
- Foster coalitions

Low power but high interest

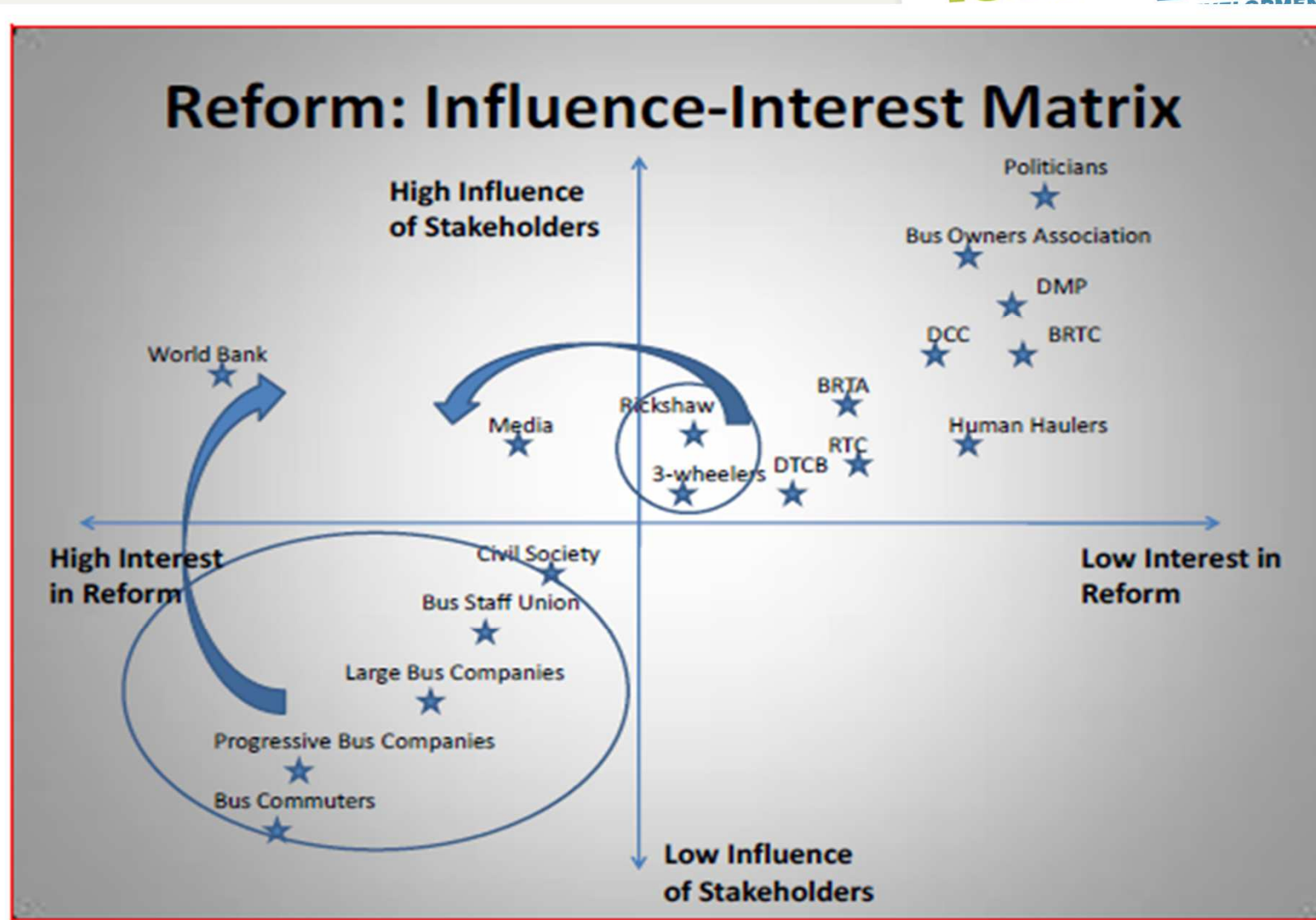
Low power, low interest

INTEREST

- may simply be unaware of the potential benefits
- raising awareness

Based on UNDP 2012: ICA Guidance Note

Example on how to combine information on stakeholders and PE processes



Options for action

Implementation – Change Power

Enhance Power of supporters

- Create coalition of supporters
- Enhance legitimacy
- Increase access to political leaders
- Increase organizational strength
- Increase public support

Decrease the power of opponents

- Undermine legitimacy of opposition
- Decrease public visibility
- Decrease organizational strength
- Reduce opposition coalitions

Strengthen the position of supporters

- Persuade supporters to change
- Publicize supporters' position
- Remove objections
- Add additional policy elements
- Add more benefits

Weaken the position of opponents

- Compensate opponents
- Seek common goals
- Add additional policy elements

Increase the number of supporters

- Create new organization
- Persuade non-mobilized groups
- Attract political leadership
- Change decision making

Decrease the number of opponents

- Find persuasive mediator
- Change decision making process
- Negotiate on other issues
- De-mobilize opposition
- Remove existing organizations
- Threaten legal action
- Increase public support



Group Work: Stakeholder analysis in a specific reform context

- Case study (tbc): Explain case (handout)
- Exercise on the case study:
 - a. Try to do a first – quick and dirty- **analysis of the stakeholders and their interests, i.e. a Power - Interest Matrix**

Once the different stakeholders are identified (write them down on paper cards) you need to identify which relative interest they have in the process.

Put each stakeholder card on the map and position them in relation to the others.
 - a. **Find options for interventions / for working with these actors**

Tanzania case study...

...(spend some time identifying the problem to look at)

“In the agriculture sector, how can we really address the problem of low productivity and persistence of poverty among smallholders, in light of recent challenges and opportunities?”



Group Work

- The Problem: Pick 1 or 2 main reform areas in agriculture you would like to focus your analysis on.
- The Diagnosis: Building on yesterday's analysis, use the problem-driven framework to undertake:
 - Structural diagnosis (context and institutions) – what are the systemic features in place that are relevant to the problem identified?
 - **Agency diagnosis** (power, incentives and behavior) – what combination of perceived incentives influences the behavior that leads to the problem identified? Map out the actors.
- The Prognosis: What are the likely sources and pathways of change? What is the overall likelihood of change?
- The Interventions: What are the potentially viable entry points, if any, for external actors like Irish Aid seeking to facilitate positive change in agriculture? What could be done?

Key Messages

- No need to invent new tools, rather applying well-established as well as innovative tools with a specific perspective
- Tools help to create the link to action, do not stay at analysis stage only

Wrap-Up of Day 2

[Input by Facilitators]



Course Roadmap

learn4dev
JOINT COMPETENCE DEVELOPMENT

Day 1

Mind the political economy!

- Learn how to think with political economy considerations in mind

Day 2

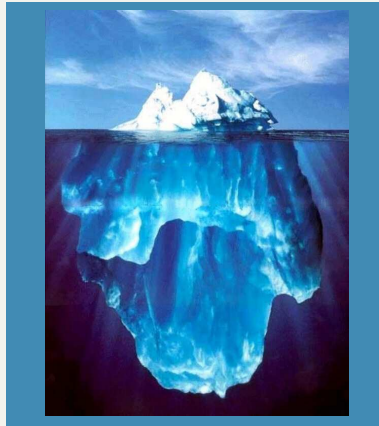
Basic tools and lessons learnt.

- Learn how political economy analysis developed over time and get familiar with some of the most powerful political economy tools

Day 3

The How To

- Learn and share experiences how to apply the results of political economy analysis in your daily work



Learning Unit 3

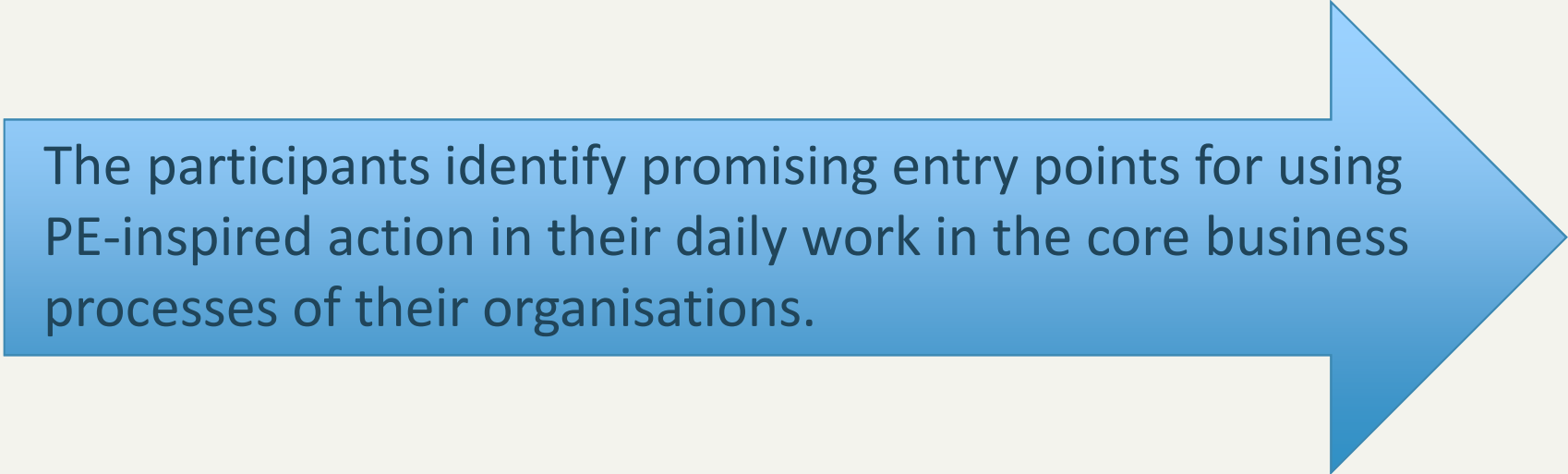
How can practitioners overcome practical obstacles and benefit from the opportunities of PE-inspired reform support measures?



Module 3.1

Identifying suitable Entry Points for PE-inspired Action in Our Daily Work

Learning Objective

A large, blue, 3D-style arrow pointing to the right, which serves as a container for the learning objective text.

The participants identify promising entry points for using PE-inspired action in their daily work in the core business processes of their organisations.

Agenda [in facilitation notes]

- Overview of entry points
- Policy cycle-centred entry points
- Actor-centred entry points
- Institution-centred entry points
- Cross-cutting entry points
- Mode of delivery-centred entry points
- Programming cycle-centred entry points

Identify Opportunities, not only Constraints

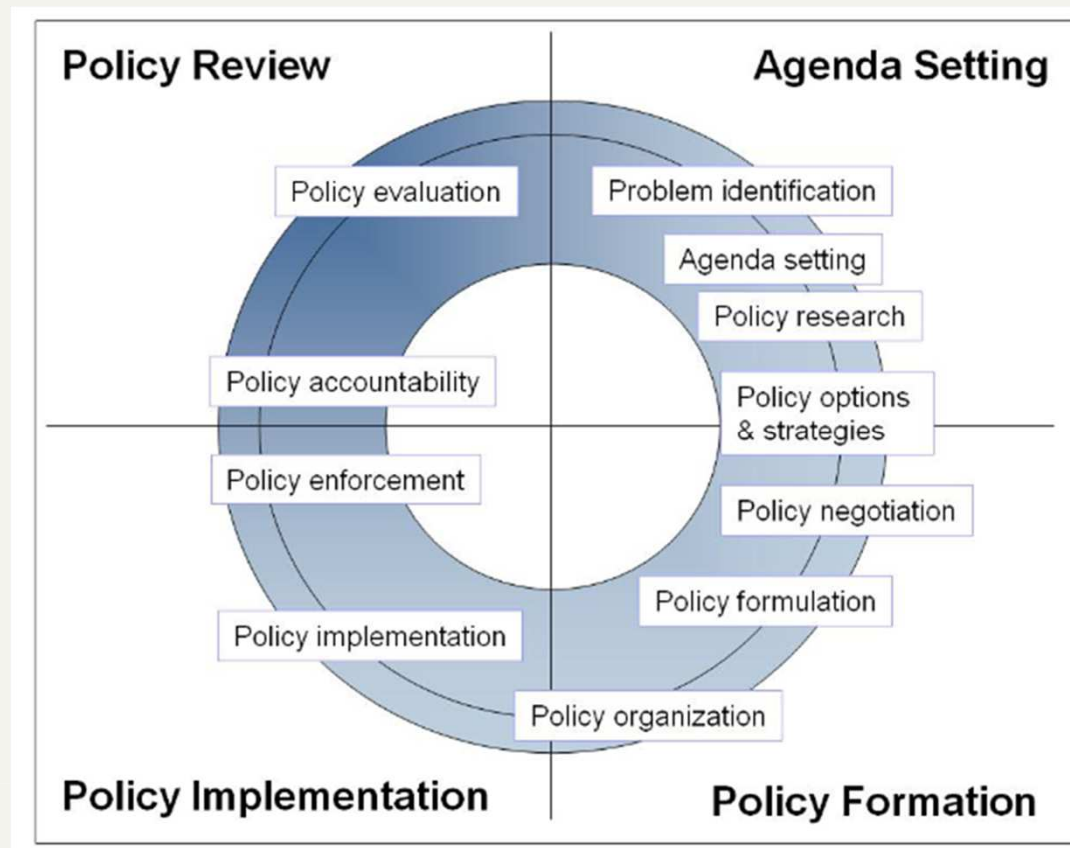
- What can we achieve under a given PE context – despite the odds?
Identify opportunities, not only constraints!
- Professor Ashutosh Varshney, Department of Political Science, Brown University, USA
- World Bank Institute Workshop „The Political Economy of Reform: Moving from Analysis to Action“, June 21-22, 2010, Washington, D.C.
- http://www.youtube.com/watch?v=oT_XoqJgl-E&feature=youtu.be
(1:26')

Source: <http://blogs.worldbank.org/publicsphere/political-economy-reform-moving-analysis-action-final-report>

Entry points for PE-inspired action

- **Policy cycle-based entry points:** elections, coalition negotiations, agenda setting, policy formulation, policy implementation, policy evaluation
- **Actor-centred entry points:** work with the reform supporters, wait-and-see group or opponents
- **Institution-oriented entry points:** work with the institutions that are functioning, that are partly/not yet functioning, help creating new institutions
- **Cross-cutting entry points:** communication, compensation, coalition building, ...
- **Aid modalities-centred entry points:** policy dialogue, financing, capacity development, ...
- **Programming cycle-centred entry points:** country programming, decision on mix of projects, project identification, project formulation, project implementation, project evaluation

Policy cycle-centred entry points



Source:
<http://www.geostrategis.com>

Actor-centred entry points

Strengthening the reform supporters:

- Promoting capacity development for reform (e.g. training, organizational development)
- Facilitating coalition building
- Financing of activities / strategies
- ...

Winning over the undecided reform actors:

- Promote pro-reform communication
- Support knowledge generation and dissemination on positive reform impacts
- Design reform so that it meets the interests of this group

Overcoming resistance of reform opponents

- Supporting transparent and inclusive policy processes
- Building bridges for the losers of reforms so that they can benefit from the post-reform setting
- Providing compensation for real or perceived losses
- ...

Institution-centred entry points

- Strengthen, enlarge and replicate the institutions that are functioning in a given context ('islands of excellence')
- Support the improved functioning of institutions that are not or only insufficiently functioning
- Support the creation of institutions or the that are missing to overcome collective action problems
- Change the structure of institutions to overcome blockades

Example: recommendations from research

- Help to create the conditions in which political elites and sector actors can address their collective action problems for themselves.
- Focus on sectors or areas where government attitudes are positive for political reasons and sector actors have revealed a collective ambition to move ahead.
- Spend money flexibly when opportunities arise to help address a major collective action problem.

Source: The political economy of development in Africa: A joint statement from five research programmes. April 2012, Copenhagen.

Cross-cutting entry points

- Communication
- Compensation
- Coalition building
- Awareness raising
- Generate knowledge/evidence
- ...

Example: reform communication in World Bank

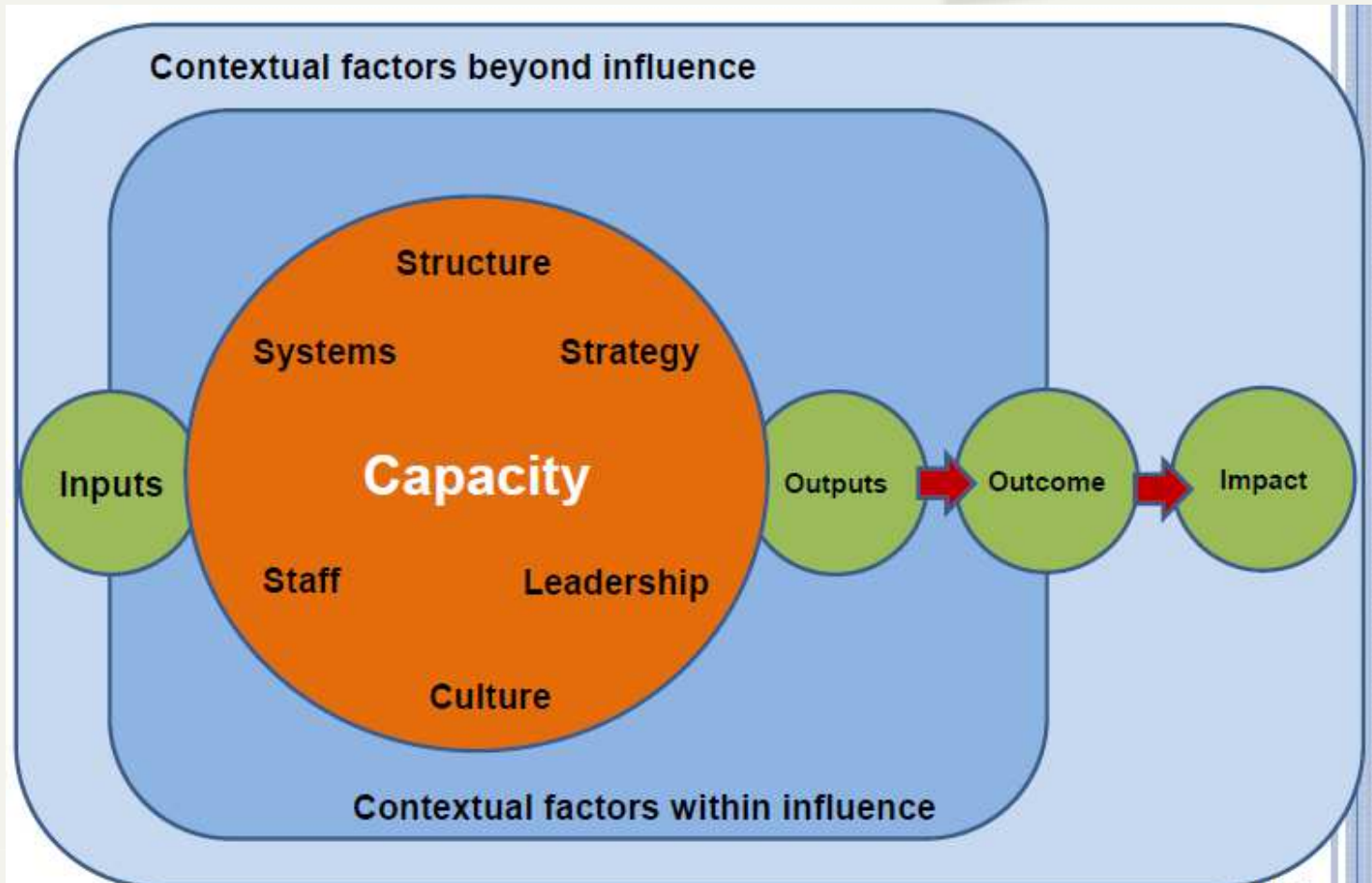
- Why is good reform communication important? To build legitimacy for change and to win over public opinion for change.
- Larry Cooley, President Management Systems International
- World Bank Institute Workshop „The Political Economy of Reform: Moving from Analysis to Action“, June 21-22, 2010, Washington, D.C.
- <http://www.youtube.com/watch?v=qwI9GNoRdhs&feature=youtu.be> (2.09')

Source: <http://blogs.worldbank.org/publicsphere/political-economy-reform-moving-analysis-action-final-report>

Mode of delivery-specific entry points

- Policy dialogue, country programming, decision on mix of aid modalities (e.g. linking PE-studies with conflict assessments)
- Selection, design and mix of financing instruments (e.g. general budget support, cash for delivery, incentive tranches)
- Selection, design and mix of capacity development measures (e.g. focus on individual, organisational, network or system level)

Example: DANIDA's approach to capacity development *[Option 1]*



Source: Learn4Dev Course on MfDR, based on DANIDA (2011): Addressing Capacity Development in Danish Development Cooperation.

Example: Sida's Aid Modalities *[Option 2]*

- General Budget Support for Poverty Reduction (GBS): a non-earmarked financial contribution to the recipient country's national budget with the purpose of supporting the implementation of the country's national development strategy such as a Poverty Reduction Strategy or equivalent.
- Sector Wide Approach (SWAp): a programme-based approach operating at the level of an entire sector or policy area.
- Sector Programme Support: support for a sector programme (SWAp) at sector level. The support can focus on a sector, sub-sector or a policy/thematic area.
- Sector Budget Support: a form of sector programme support that uses budget support as the financing modality.
- Support to a Specific Programme managed by an Organisation: support to an organisation with the purpose of supporting a specific sector, policy area or geographical area.
- Project: a project is a set of inputs, activities and outputs, agreed with the partner country, to reach specific objectives/outcomes within a defined time frame, with a defined budget and a defined geographical area.

Source: Sida (2008) Guidance on Programme Based Approaches.

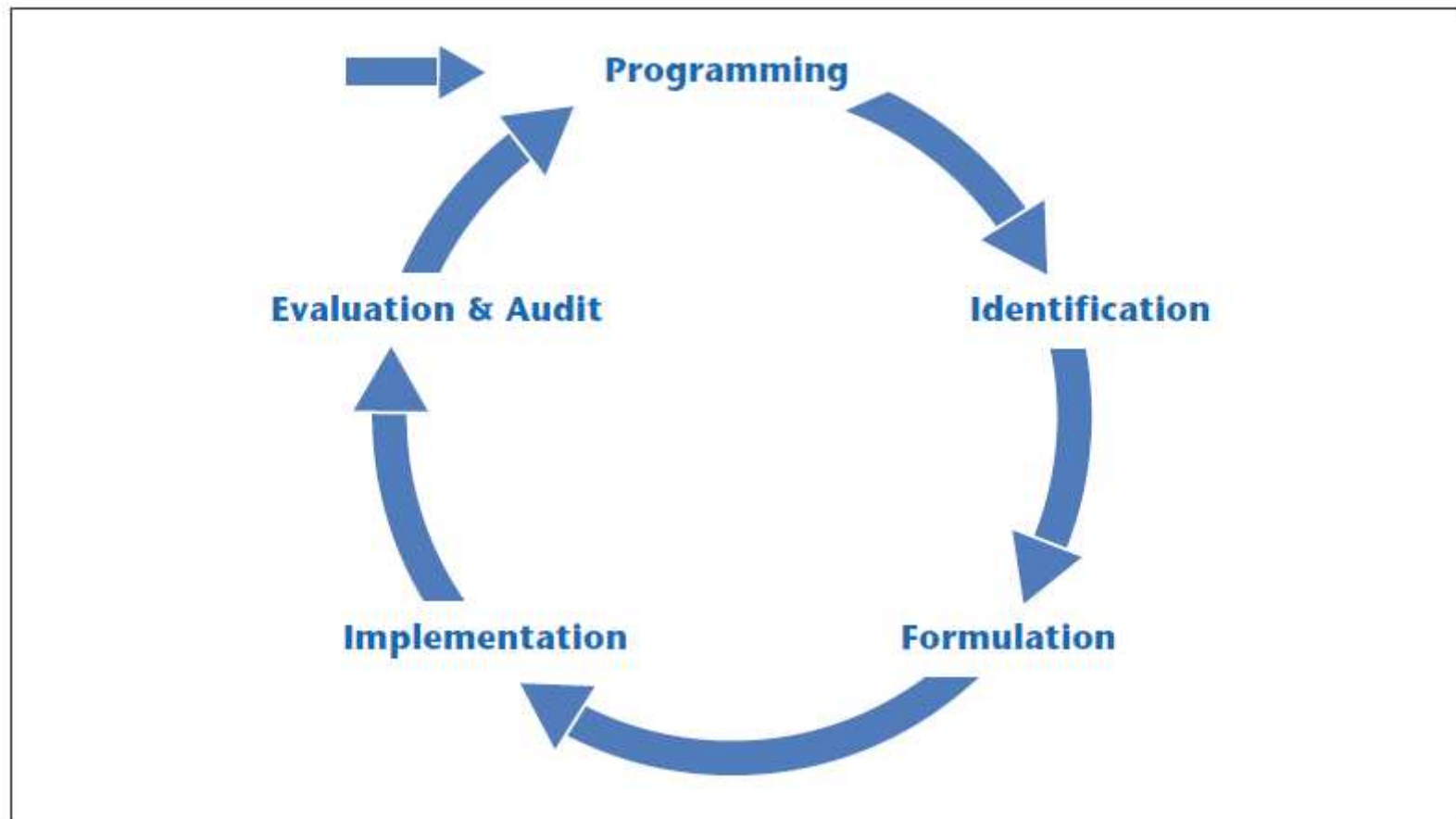
Example: EC's Aid Modalities *[Option 3]*

- Country Programming
- Program design
- Policy dialogue
- Risk management
- Capacity development

Example: DFID's Aid Modalities *[Option 4]*

Tasks	Insights from PEA
Formulating Country Plans	Beyond technical assessments and plans, identifies what might work
Choice of aid modalities and partners	Consideration of incentives and underlying drivers of change
Design of projects or programmes	Interests and incentives are explicitly addressed
Informing dialogue and engagement with partners	Sensitivity to the underlying causes of good and bad governance

Project cycle-centred entry points



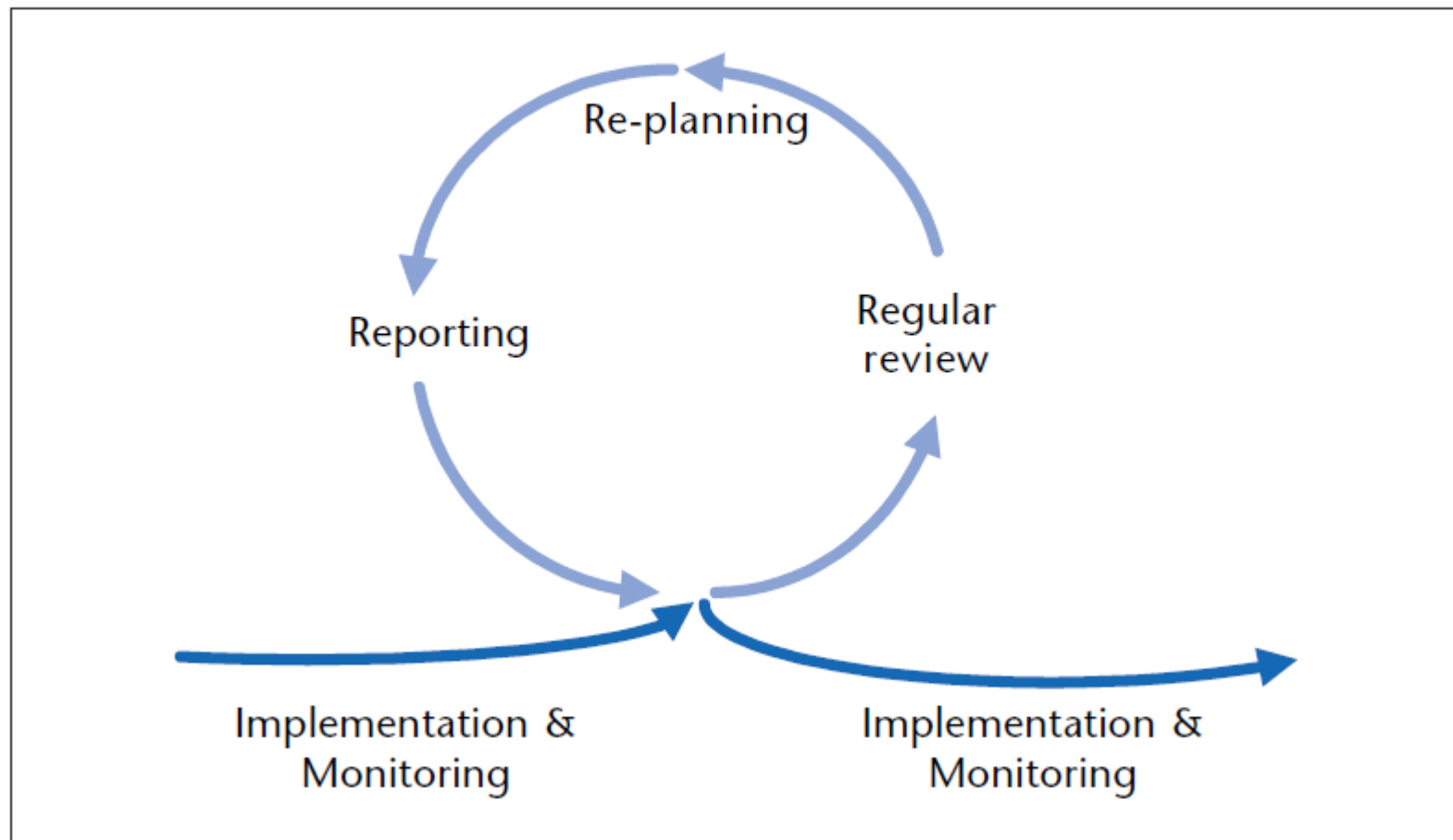
Source: EC (2004) Project Cycle Management Guidelines.

Example:

WB uses advisory group to inform implementation

- World Bank establishes advisory groups of local political scientists to inform in-country programme implementation
- World Bank: Using Political Economy Analysis to Guide Our Operational Work
- <http://www.youtube.com/watch?v=bZdyqja7wQM> (3:54)

Implementation: a learning process



Source: EC (2004) Project Cycle Management Guidelines.

Key Messages

- We need to identify the **opportunity for change**, not only the constraints to change
- We need to identify the right **entry points** for supporting change
- Each development partner can use different entry points, depending on the **organisation characteristics**

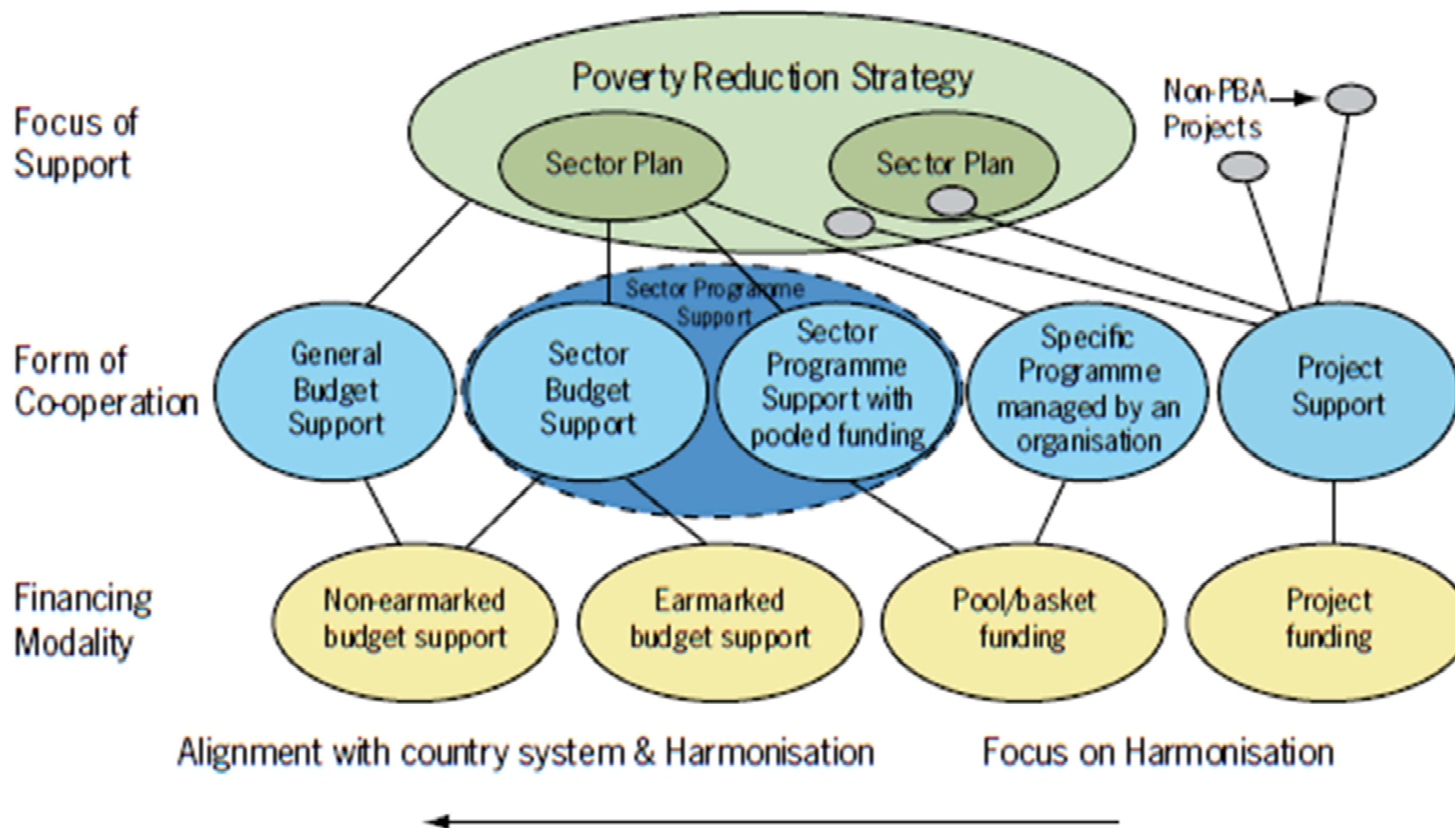


Exercise: Identify,,,, entry points for your work

- 4-5 groups with around 5 participants
- Group work (30'):
 - Which entry points for using PE-inspired action would you use to initiate/accelerate/support successful implementation of the [xyz] reform in [country XYZ] under the following framework conditions?
- Plenary discussion (15'): presentation of the main findings in the plenum and brief discussion of issues and observations related to the group exercise

Example: SIDA's Aid Modalities [Option 1]

Overview of forms of co-operation and financing modalities for support to a partner country



Source: Sida (2008) Guidance on Programme Based Approaches.



Module 3.2

How to Undertake a Political Economy Analysis and Translate it Into Action

Responsible for finalisation: Stefan Hochhuth

Learning Objective

The participants are familiar with the most frequent challenges of PE-inspired analysis and action and develop solutions to overcome these challenges

Agenda

- How to conduct a PEA
 - General Consideration
 - How to Prepare for a PEA
 - Main Steps of PEA
 - Lessons from Practitioners
 - Different Donor Approaches (SGAGA, WB, DFID, etc.)

Preparation

- What kind of PE analysis?
- When is the best time to make a PE analysis?
- Who should do the PE analysis?
- Should you publish the results?
- How do you use the results?

Menu of products

Political Economy CoP: Three Product Groups

		I – CAS support, country-level analysis			II – Sector-specific analysis and support				Implementation and Process Support
Product number and description		A – CAS Political economy process support	B – CAS Country political economy assessment & process support	C – CAS In-depth country political economy assessment, including sector analyses	A – Sector desk-based political risk identification note	B – Sector political economy assessment	C – In-depth and participatory sector or project political economy assessment	D – Follow-on implementation support	III – Supporting CMUs build up political intelligence capacity
	Client	CMU/country team	CMU/country team	CMU/country team	Project TTL/team	Sector/project TTL/team	Sector/project TTL/team	Project TTL	Country management unit
Inputs and Outputs	Process support: country/sector TTL and team	*	*	*		*	*	*	*
	In-depth study		*	*		*	*		
	Input – cost	\$5-20K	\$35-50K	\$100-200K	\$10K	\$30-50K	\$90-110K+	\$3- \$20K	\$3-20K
	Input – mission	No mission	Mission	Mission – longer/more people/multiple	No mission	Mission	Mission – longer/more people/multiple	Mission advisable	Mission advisable
	Input – staff/consultant time	1-2 staff weeks	5-7 staff weeks	18-25 staff weeks	2 staff weeks	5-7 staff weeks	15-20 staff weeks	1-4 staff weeks	Few days - 2 staff weeks
	Timeline	1 month	3-5 months	6-12 months	1 month	3-5 months	6 months +	As needed	3 months
	Examples of product output	Facilitated workshop on political economy; CAS retreat; Written summary or presentation	25-40 page report (and annexes) Involvement of CMU in assessment	50+ page report (and annexes) Involvement of CMU in assessment	10 page note, focused on risk identification	25-40 page report (and annexes) – risk identification & management Involvement of sector TTL in assessment	50+ page report plus intensive multi stakeholder engagement, and close interaction with operational task team.	Targeted just-in-time support on stakeholder engagement challenges.	Targeted advice CMU political intelligence gathering assessment

Notes: 1. Staff weeks could be made up of a combination of consultants and staff. 2. Timeline refers to the length from the initial discussions around a concept to when a project could be completed. 3. The sector offerings could also relate to themed or project activities.

Menu of products



Yes/No	Team Member	Country/ Sector	PE knowledge	Advantages	Disadvantages
<input type="checkbox"/>	SDC Coof Coordinator	x		knows country context, generates ownership	limited time
<input type="checkbox"/>	SDC Coof Team Member	x	(x)	familiar with project	
<input type="checkbox"/>	SDC HQ staff	(x)	(x)	familiar with sector	does not necessarily know country context
<input type="checkbox"/>	Swiss Embassies (PA IV)	x		good contacts and knowledge, important in fragile contexts	more sensitive to diplomatic issues
<input type="checkbox"/>	Project Staff	x		familiar with project	might have vested interests
<input type="checkbox"/>	Local Consultants	x	(x)	know country context, better understanding of gathered evidence, better access to locals/ partners	might have hidden agenda, biased, lack of political economy thinking
<input type="checkbox"/>	University				
<input type="checkbox"/>	NGOs, CS				
<input type="checkbox"/>	Think Tanks				
<input type="checkbox"/>	International Consultants	(x)	x		
<input type="checkbox"/>	Other donors (joint analysis)	x		ownership, shared costs, donor coordination	difficulties with sharing sensitive information, vested interests
<input type="checkbox"/>	Local Partners (joint analysis)	x		ownership, insider knowledge, integration in preparation process	vested interests, no sensitive information
<input type="checkbox"/>	Ministries/ Agencies	x		strategic involvement	no exclusive analysis possible
<input type="checkbox"/>	Beneficiaries			strategic involvement	no exclusive analysis possible
<input type="checkbox"/>	Oponents			strategic involvement	no exclusive analysis possible

Who should be part of your team?

Yes/No	Team Member	Country/ Sector Knowledge	PE knowledge	Advantages	Disadvantages
<input type="checkbox"/>	SDC Coof Coordinator	x		knows country context, generates ownership	limited time
<input type="checkbox"/>	SDC Coof Team Member	x	(x)	familiar with project	
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<input type="checkbox"/>	Think Tanks				
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<input type="checkbox"/>	Beneficiaries			strategic involvement	no exclusive analysis possible

Example: SDC Stakeholder Tool 2013

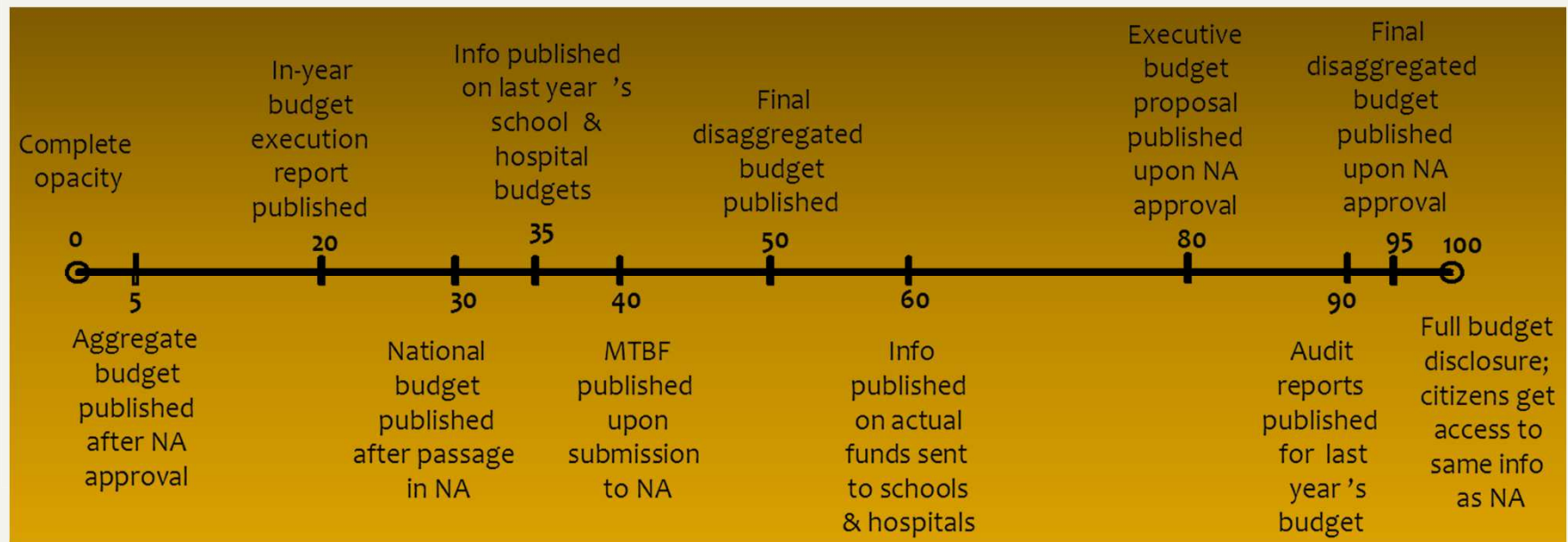
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Reform Analysis

What do you want to achieve?

What are the different achievement options?

Budget Transparency in Mongolia (0% - 100% Reform)



Source: The World Bank

Steps to do

1. Define the Reform Objective
2. Identify the Relevant Stakeholders
3. Create a Power - Interest Matrix
4. Identify Reform Champions
5. Adapt your Intervention Strategy

See Module 2

PEA Considerations

1. Scope and purpose
2. Who does it, who knows it
3. Appropriate timing
4. Defining quality and the necessary skills and expertise
5. Achieving and monitoring uptake

General Challenges for PEA

- **Broad scope**

- How to draw specific conclusions relevant for the immediate demands of programming and decision-making

- **Abstract language**

- How to incorporate analysis into logframes

- **Politically sensitive nature of the findings**

- Managing relationships, ownership, justifying 'second-best' solutions

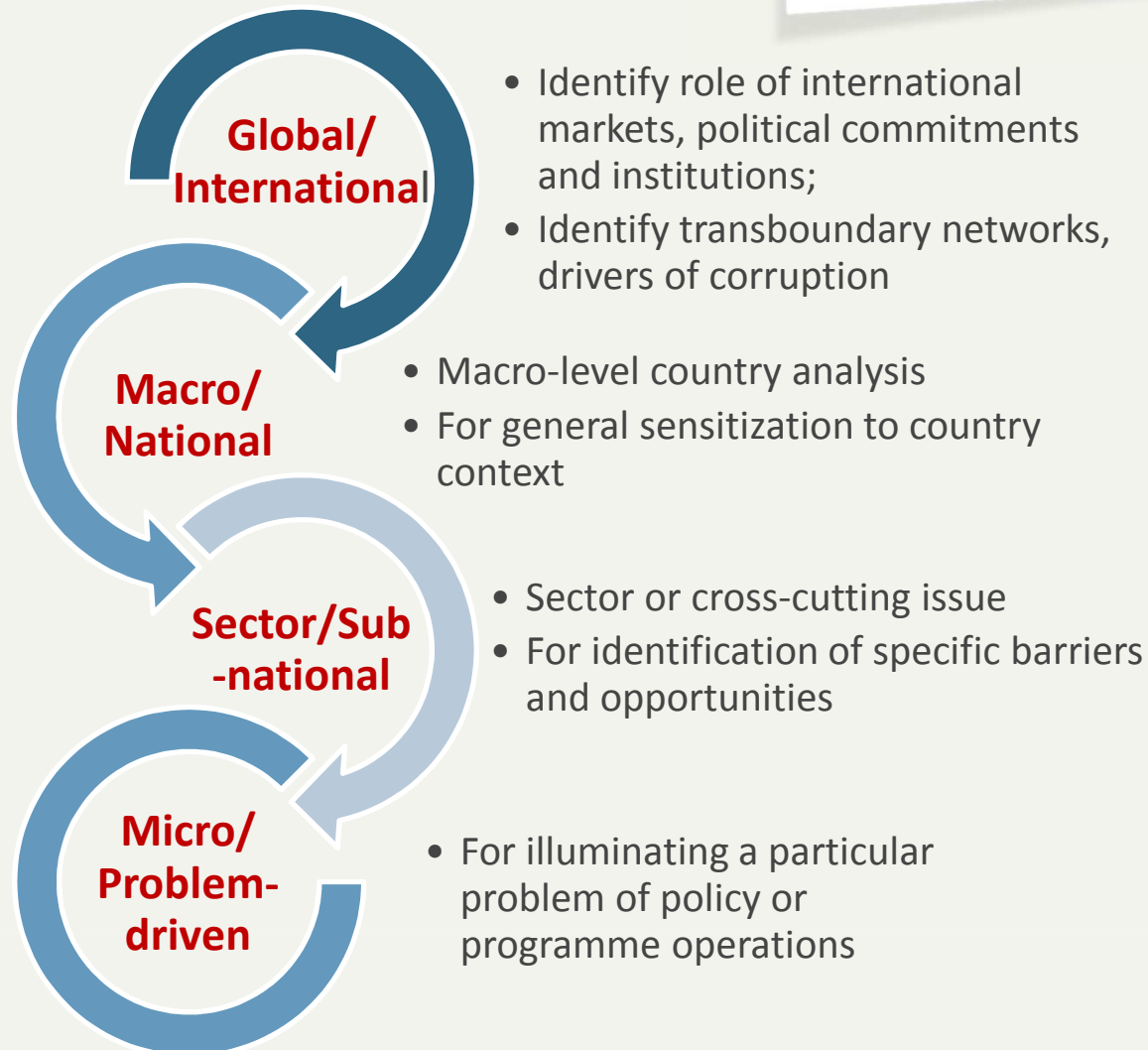
- **Find the right consultants to do PEA**

- **Translating findings into action**

1. Scope and Purpose

- What will the analysis be used for (the purpose)?
 - Donor decisions and concerns (e.g. CSP processes)
 - Donor-partner cooperation (e.g. sector allocations and modalities)
 - Promotion of domestic reform processes (e.g. informing policy change in particular issue or sector)
- PEA exercise should clearly aim at ONE of these
- A range of tools exist for carrying out PEA at different levels of analysis

Levels of PE Analysis Approaches



2. Who does it, who knows it?

- Depends on specific purpose
- A number of models: external consultancy v mission staff and partners at the centre
- Decide access and confidentiality rules ex ante, driven by purpose
- Political sensitivities matter
- Specialised expertise, independence, objectivity from external analyses
- Tacit knowledge and relevance for operations from internal

3. Appropriate Timing

- The demands of CSP cycle may contribute to defining purpose:
 - Context analyses
 - Mid-term review
 - Evaluation
 - Learning
- Consideration of timing can also mitigate issues around staff turnover
- PEA still remains relevant for responding to specific events, that cannot always be anticipated
 - Electoral cycles, major reforms, shocks/crises

4. Defining quality/skills

- Difficult to define a quality PEA
- Use of existing (proven) tools and approaches
- Outsourcing to overcome resource/capacity constraints
- Desirable attributes:
 - A mix of international and local skills
 - Political economy expertise
 - Strong country knowledge
 - Good networks of key informants in-country
 - Appropriate linguistic skills
 - Knowledge of the aid business
 - Writing and other communication skills

5. Achieving/Monitoring Uptake

- Buy-in from relevant actors, colleagues
- Importance of commitment to implement and follow-through
- Time to digest and respond to findings
- Critical reflection on experience of incorporating findings into development work

Learning in the Plenum: Most frequent Challenges in undertaking PE Analysis

- First round: What were the biggest challenges you faced in practice, when you wanted to undertake a PE analysis? (10 minutes)
- Second round: How could you overcome the challenge? (10 minutes)

Frequent challenges in PE-inspired Analysis and Action

- The purpose was not clear enough, therefore the findings were too vague to be used
- The findings came too late in the domestic policy-making processes so they could not be taken up by the decision-makers
- The findings can not be published, because they contain politically sensitive information
- The study is too long and too academic and has only very little recommendations on what can actually be done differently
- The domestic policy cycle and the external project cycle of the development partner could not be synchronised
- ...

How to conduct a PEA: Lessons from Practitioners

- What is the purpose of a PE Analysis?
- Kapil Kapoor, Zambia Country Manager, World Bank
- World Bank Institute Workshop „The Political Economy of Reform: Moving from Analysis to Action“, June 21-22, 2010, Washington, D.C.
- <http://www.youtube.com/watch?v=qOJ5BXTzEz0&feature=youtu.be>

How to conduct a PEA: Lessons from Practitioners

- Where do you get your information from for PE Analysis?
- Rakesh Rajani, Head and Founder Twaweza
- World Bank Institute Workshop „The Political Economy of Reform: Moving from Analysis to Action“, June 21-22, 2010, Washington, D.C.
- <http://www.youtube.com/watch?v=V7DuUgqQgzc&feature=youtu.be>

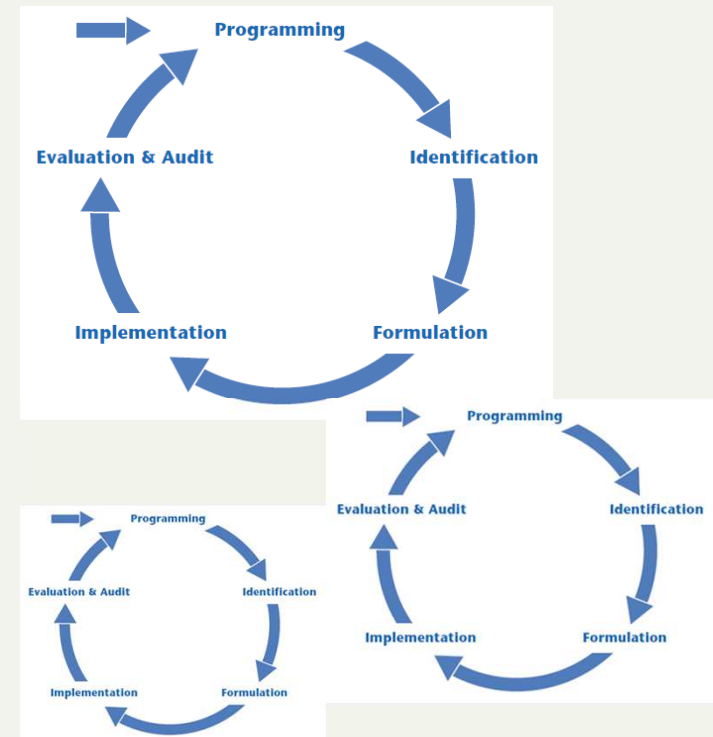
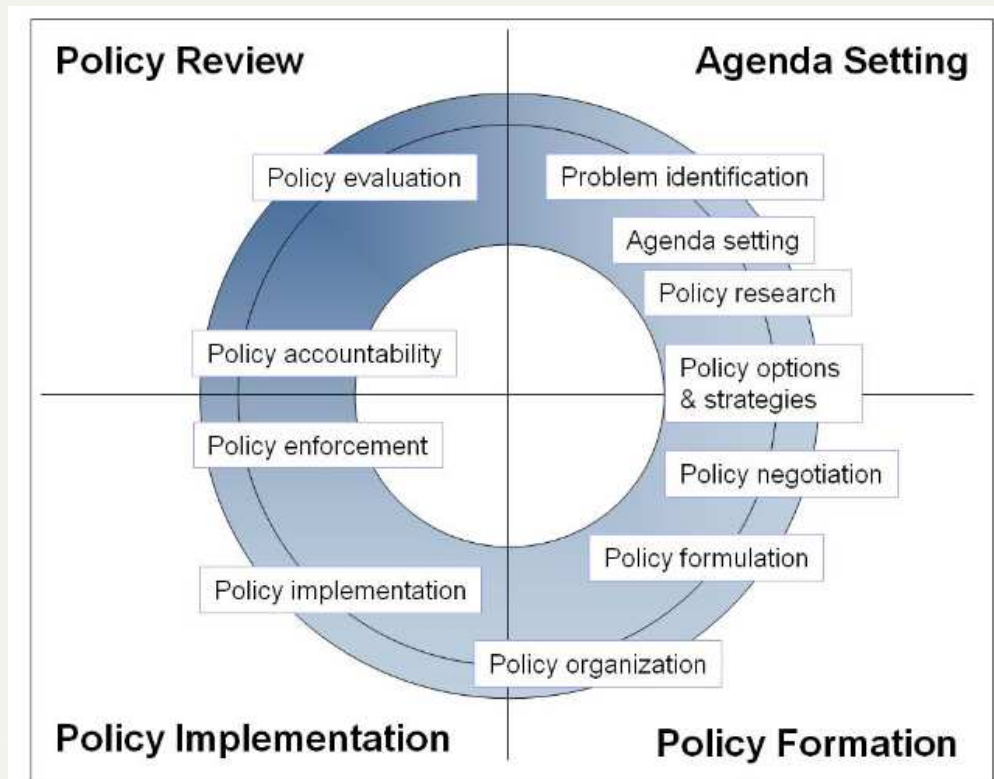
How to conduct a PEA: DFID check List

- What is the **purpose** of the exercise?
- Is the **timing** right to feed into strategy, planning, reviews or other decisions?
- Is the **length of process** proportionate?
- Who is the primary **audience**?
- Is there sufficient **internal buy-in** to the importance of the analysis and its value for strategy and decisions?
- Is there a clear **owner or champion** with responsibility for taking forward the implications (e.g. Head of Office)?
- What **mix of skills** and expertise are required to undertake the work?
- Will it be conducted **in-house**, or are specialist consultant skills required?
- What **methodology** and data collection techniques will be used?
- Are the right **partners** (e.g. from HMG, donors and country partners) involved?
- Has it been agreed how the work will be **disseminated**, and to whom?
- Is there an agreed process for **follow-up** once the analysis is complete?
- Have **indicators** been developed to assess the impact of the analysis on DFID Programs and processes?
- What **results** are we expecting from the work?

Source: DFID (2009): Political Economy Analysis: How To Note.

Learn4Dev Joint Learning Programme "Political Economy for Practitioners"

Aligning Policy Cycle and Project Cycles

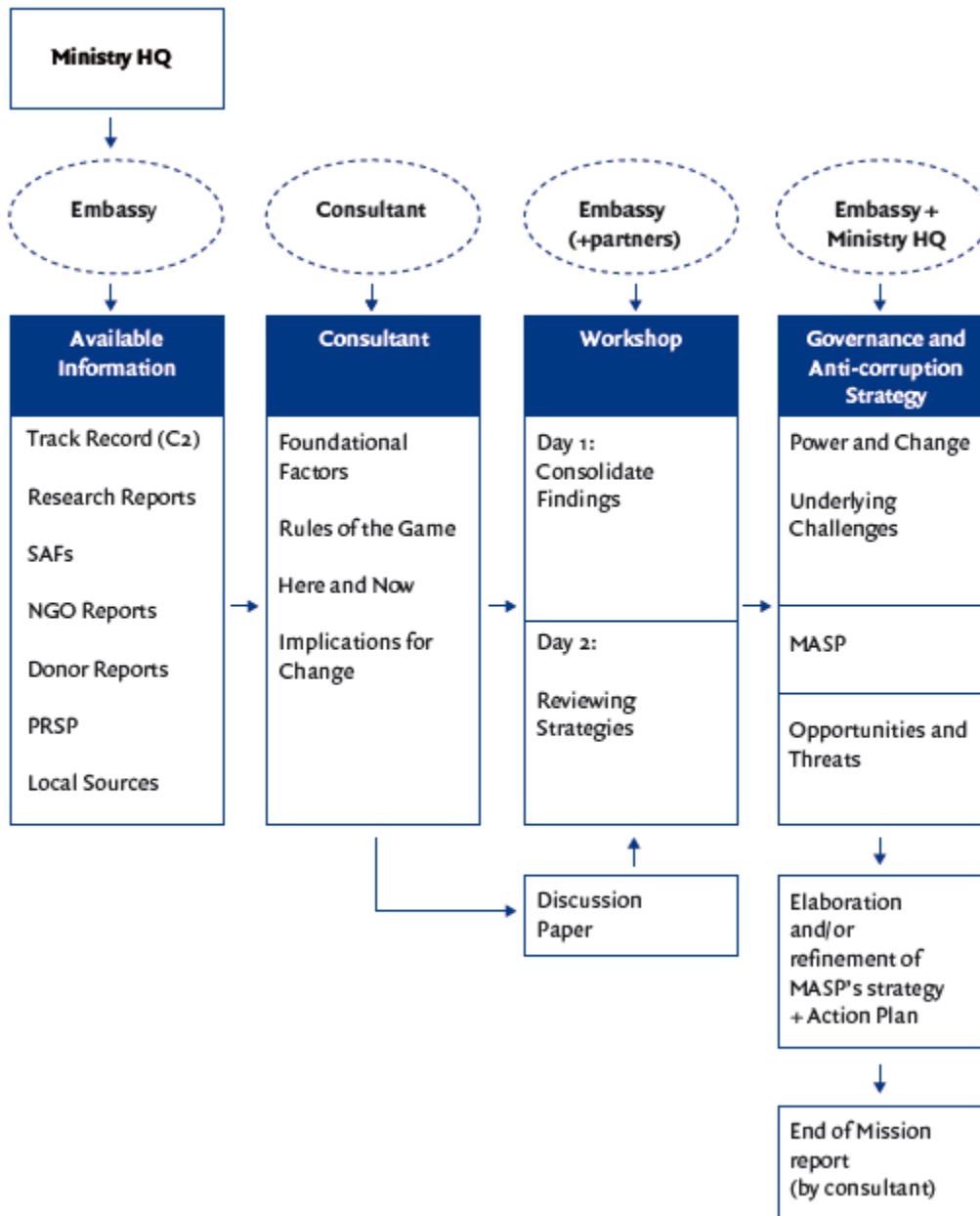


Source: <http://www.geostrategis.com>

Analytical framework: The SGAC approach *[Option 2]*

The SGACA has four main components:

- The starting point is the **Track Record**, which is part of the Embassy's standard monitoring work. Its findings, together with other available Information serves as a basis for the Power and Change analysis;
- **A Power and Change analysis:** Embassy staff are encouraged to commission (and work together with) a local or international consultant to deliver a synthesis report based on the three dimensions outlined in this document;
- **A 2 day Workshop.** Day 1: internal exercise or might be open to selected external stakeholders. Day 2 should be nonpublic and focus on elaborating/refining the current donor strategy for the Netherlands;
- **Strategic Choices** that summarize the findings and present policy choices regarding the governance and anti-corruption strategy for the coming years.



Source: Clingendael Institute (2008):
Framework for Strategic Governance
And Corruption Analysis (SGACA):
Designing Strategic Responses
Towards Good Governance.

Mainstreaming PE approaches: Experiences

DFID:

- ,Drivers of Change team': a standing team was created for that purpose and dissolved after 4 years
- ,Drivers of Change champions': advisers in the Governance and Fragile States team was tasked with leading mainstreaming efforts for 12 months

World Bank:

- ,Political Economy Community of Practice': the PREM unit coordinates a coalition of supporters and sympathizers from different units of the Bank (trainings, interactive online portal)

Experiences from other development partners (Dutch Development Cooperation/SGACA, others)?

- ...

List of potential key stakeholders

Political System
Policy elites
National government
Politicians/ Parliamentarians
Bureaucrats/ civil servants
Regulators
Cabinet members
The President/ Head of State
Community leaders
Legislators
Political Parties
Local/ Regional governments
Opinion makers
Local media
Religious leaders
Local NGO
Celebrities
Journalists
Academia (Researchers, Prof.,)
Swiss Cooperation
EDA (embassies)
SDC
seco
Swiss NGOs

Interest groups
Local private sector
Representatives of affected groups (Lobbyists)
Trade Unions
Local government associations/ local community groups
General public (workers, farmers, consumers)
Churches
Minority groups (women, youth, etc.)
state-owned enterprises
Farmers
Industrialists
Externals
International Media
International NGO
International Donors
International Private Sector
International Organisations
Others
Military
Business leaders
Organized Crime
Aristocrats
Middle Class

Key Messages

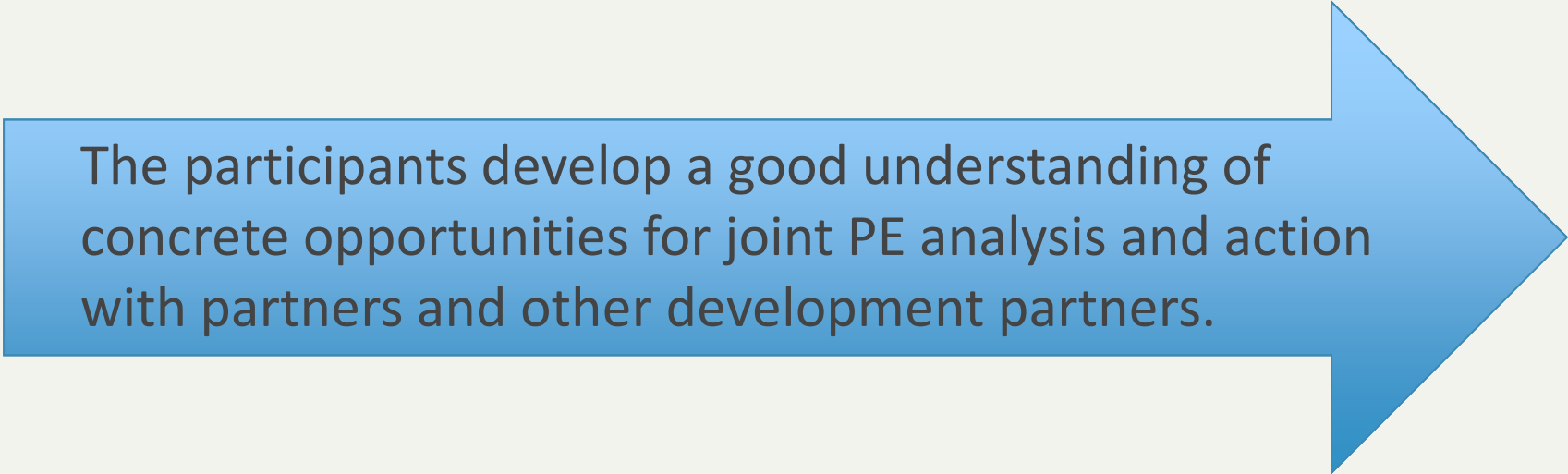
- There is a variety of PEA approaches (from quick and dirty towards complex and costly)
- PEA needs good preparation and timing
- PEA is not easy but can be very effective



Module 3.3

Closing Session: Next Steps in Undertaking PE Analysis and Action in Practice

Learning Objective



The participants develop a good understanding of concrete opportunities for joint PE analysis and action with partners and other development partners.

Agenda

- Joint donor-donor approaches
- Joint donor-partner approaches
- Exchange: lessons learned with joint donor-donor and/or joint donor-partner activities
- Next steps for joint learning

Joint PE activity with other donors

Limitations of single donor-approaches:

- Limited effectiveness: Limited scope of influence on reform dynamics due to very specific mandate, business model, aid modalities, financial resources, personnel resources, knowledge resources, political influence
- Limited efficiency: Each donor reinvents the wheel

Added value of multi-donor approaches:

- Increased influence on reform dynamics (e.g. combined political influence, coordinated complementary aid modalities)
- Critical mass of financial, personnel and knowledge resources for analysis and action

Challenges of multi-donor approaches:

- Purpose of analysis is tailored to organisation-specific issues
- Synchronisation of analysis and action (2 or more project cycles)
- Sharing of sensitive information and findings between organisations

Joint PE activity: donor with partners

Limitations of donor-centred approaches:

- Limited influence due to limited mandate / financial, personnel and knowledge resources / political influence / specialised business model and aid modalities
- Limited ownership of partners

Added value of joint donor-partner approaches:

- Increased domestic ownership of findings and activities
- Complementary mandates, business models and modalities
- Critical mass of resources and political influence

Challenges of joint donor-partner approaches:

- Identification of shared entry points for joint analysis and action
- Sharing of sensitive information in fields where donor and partner have different perspectives
- Synchronisation of domestic policy cycle and external project cycle



Exercise: Joint PE activities with other donors

- What practical experience do we have with joint PE activities of 2 or more donors so far?
- What are promising entry points, arrangements or initiatives for joint PE activities of 2 or more donors?
- What were the benefits, what the challenges?
- What could we do together in the future?



Exercise: Joint PE activities with partners

- What practical experience do we have with joint PE activities of donors and partners so far?
- What are promising entry points, arrangements or initiatives for joint PE activities of donors and partners?
- What were the benefits, what the challenges?
- What could we do together in the future?

Joint PE activity: joint learning among donors

Sharing information, knowledge and experience (see Expert Group website)

- Learn4Dev PEP website
- GSDRC Library
- The Policy Practice Library
- Etc.

Linking the communities of practice working on PE

- Learn4Dev Joint Learning Programme
- Capacity4Dev Public Group
- GovNET group
- Etc.

Joint PE activity: joint learning among donors

Exchanging practice-oriented experiences

- Exchange of practical examples on how a PE perspective contributed to improved aid effectiveness
- Exchange of practical experiences on how a PE perspective could be mainstreamed in different development organisations
- Etc.

Undertaking joint learning and innovation

- Joint Learning Events under the umbrella of the Learn4Dev network
- Joint discussions on the way forward in development practice (e.g. GOVNet)
- Joint conferences on the scientific insights of PE-inspired development research
- Etc.

Key Messages

- We know the **entry points for supporting reform** processes more effectively
- We know **how we can work jointly** with other donors and partners
- **Let's do it!**

Wrap up of the learning event,
evaluation sheets
and fare-well

Home Expertise Training About Resources

We link bilateral and multilateral organisations to help ensure effective development aid.

learn4dev
JOINT COMPETENCE DEVELOPMENT

For further information, please contact:

Website of the Learn4Dev Expert Group „Political Economy for Practitioners“:
<http://www.learn4dev.net/expertise/political-economy/>

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