



Applied political economy analysis: Five practical issues

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Introduction

The last decade has seen an explosion of interest among operational development organisations in more and better ways of understanding the countries and sectors in which they operate. Aware that their efforts have often been compromised by ill-informed or unsophisticated assumptions about country context, agencies from the World Bank to local NGOs have been convinced that what they need is applied political economy analysis.

One upshot of this interest has been a proliferation of acronyms and labels representing particular agencies' first efforts in this area. This has created the appearance of a complex and highly diverse field of activity. The wide range of concepts and frameworks in use can be off-putting to practitioners who are not yet familiar with the field. However, this is largely a false impression. Organisations naturally seek brand recognition for their particular approaches. In reality, however, the differences among the frameworks are limited to small variations around a common analytical core that guides users to investigate how power is exercised, how decisions are made, and how incentives and disincentives are brought to bear on specific organisations and individuals. The labels do not matter and, for most practical purposes, the diversity of available frameworks is unimportant.

Five things are more important:

- Different models for integrating political economy analysis into operations.
- How political economy exercises vary in scope and purpose.
- The appropriate timing of political economy work.
- Defining quality and the necessary skills and expertise.
- Achieving and monitoring uptake into programmes.

This note focuses closely on these five issues. It draws on more than a decade of practical experience with applied political economy in development work and aims to provide basic guidance for newcomers to the field.

1. Integrating PEA in operations: different models

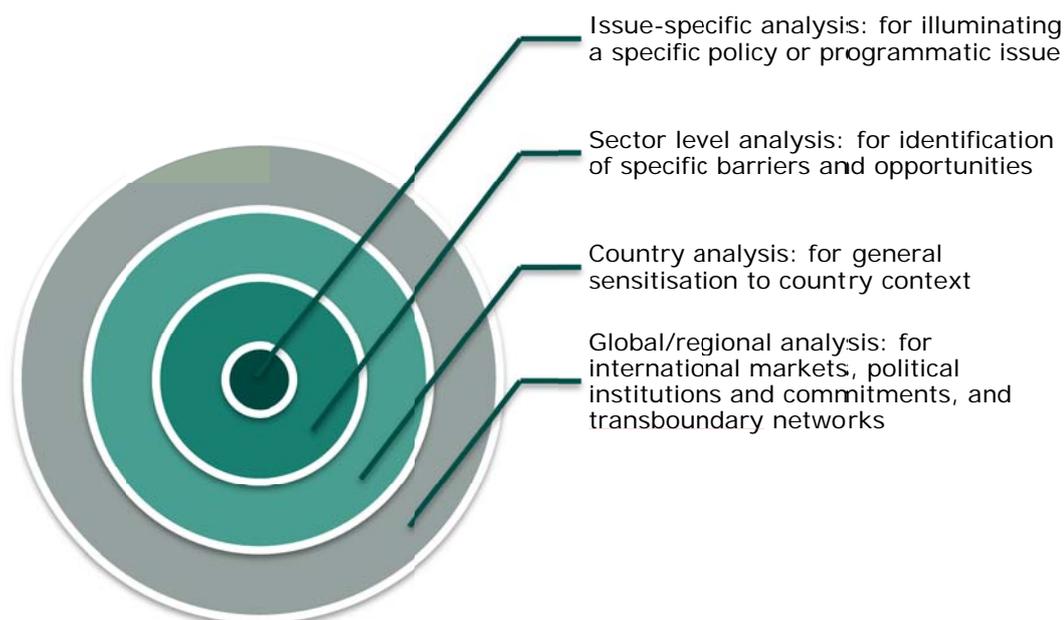
The key point here is that there are a number of different ways that applied political economy analysis can usefully be integrated into operations, so that it improves the quality of programme design and implementation. A variety of models now exist, which may be looked at as a spectrum. At one end of the spectrum lie models in which the analysis is almost entirely in the hands of external consultants. The role of the operational development organisation here is limited to commissioning and contracting the work. At the other end of the spectrum are approaches that seek to put the agency or other in-country partners at the centre of the analytical team. Analysis can be done largely in-house, with external specialists acting as trainers, facilitators or resource-people.

There are potentially important advantages in following the second model, or one of a number of intermediate options. They include more opportunities for drawing on the tacit knowledge held by development partner staff, and better prospects for achieving a close connection between what the political economy analysis reveals and the operational decisions needing to be taken (on which we say more at the end of the note). Advantages of contracting out analysis to consultants include the possibility of harnessing more specialised or long-term knowledge of country contexts and a view that is relatively independent of current donor entanglements or barriers to coherent action. Last but not least, the sensitivity of the issues covered by political economy exercises sometimes make it convenient for the commissioning agency to be able to distance itself from their conclusions, shifting responsibility to the independent body carrying out the work. Careful consideration of the relative strengths of each approach, along with more basic practicalities (e.g. the level of in house expertise, staff availability, budget, etc.) will help decide which option would be most appropriate.

2. Scope and purposes

There is one very simple sense in which political economy analysis exercises vary in scope and purpose, and two rather more subtle kinds of diversity that have come to be recognised. The first kind of variety is about level or breadth of analysis, and is illustrated by Figure 1. The figure distinguishes four levels, ranging from a narrow focus on a specific policy or programmatic issue, to sector level analysis, country level analysis and regional or global analysis.

Figure 1: Levels of political economy analysis



Two further dimensions of diversity cut across this issue of level. They need to be carefully distinguished:

- *The degree of problem orientation:* Early efforts at applied political economy analysis for donor agencies were largely geared to enhancing sensitivity to major, possibly underappreciated, features of country contexts. They gave an overview of the issues that might be relevant to improving planning and implementing in a given country or (less commonly) a particular sector. More recently, an increasing number of political economy exercises have been 'problem-driven', starting with a specific developmental or programmatic challenge that has arisen in the course of operations (Fritz et al., 2009). Some concerns have been expressed that problem-driven or problem-focused analysis risks too narrowly defining the scope of the analysis, building in donor assumptions that limit the ability of the study to come up with fresh programming ideas that are genuinely grounded in country realities. On the other hand, many practitioners are convinced that a greater problem orientation is the key to better uptake of analytical findings.
- *Definitive analysis versus scoping studies:* Applied political economy analysis is not necessarily or ideally a one-off activity. It may be better to consider it as a process in which an organisation progressively deepens its understanding of issues of concern. In that context, scoping studies are increasingly being used to assess the potential for more specific political economy exercises. Here, the initial assignment is limited to uncovering a range of topics or problems about which a focused political economy analysis would be both feasible and likely to prove productive from an operational point of view. Examples include recent surveys of regional integration issues in East Africa and of regionalism in West Africa.

3. Appropriate timing

The operational value of political economy work is most likely to be maximised when it is appropriately timed. However, what constitutes 'appropriate' timing necessarily varies according to the purpose of the work. Awareness of two types of considerations can help ensure alignment between timing and purpose:

- *Organisational cycles of the development agency*, including key milestones in programming cycles and staffing cycles. The former are relevant in defining whether the work should be informing programme design or will be a part of a lesson-learning approach to monitoring and evaluation (e.g. during mid-term and *ex-post* reviews). The latter determine the extent to which the work can build on tacit knowledge of agency staff, prevent the loss of institutional memory and improve the speed with which new staff can work effectively.
- *Context specific events* that are relevant at the level at which the work is to be carried out. These can help to define the focus of the work and generate theories of change in ways that are grounded in country realities rather than external ones. Examples include policy cycles in the sector in question, electoral cycles or other changes in leadership, major institutional reforms (e.g. constitutional or legal changes), and significant shocks (e.g. conflict, economic crises, etc.).

While some degree of uncertainty is a feature of many working environments, anticipating key events in advance where possible and timing analysis to feed into forward planning can be particularly useful.

4. Defining quality and the necessary skills and expertise

What distinguishes good, robust political economy analysis from bad or weak analysis? And how can those commissioning or leading such work be assured that they will get the best output that may reasonably be expected? These are both large topics, but several elements of an answer can be given in each case.

An essential initial point about quality is that applied political economy analysis is almost entirely a qualitative method. The raw data that feed analysis are in the form of information and perspectives derived from multiple informal interviews, usually conducted face-to-face and often under conditions of confidentiality. The rules of thumb that are typically applied in assessing quantitative studies – indicator definition, sample sizes, margins of statistical error, quality of model construction, etc. are largely irrelevant. The same general principles of validity and reliability apply, of course. However, the tests are different. A central issue is whether the principle of triangulation has been adequately observed or not.

Triangulation refers to the cross-checking of information from different sources to assess its reliability and validity. The analogy is with the traveller who is able to situate herself with confidence on a map by taking no less than three compass readings against visible landmarks. Ideally, all significant factual claims made in a given interview are checked against claims on the same or similar subject by other interviewees occupying different vantage points. The analysts record in their notebooks both the basic information and their emerging interpretations. These records are subsequently interrogated, and if necessary challenged, by other investigators.

A second quality issue, on which there is less consensus among practitioners, concerns the extent to which the investigation follows a pre-established pattern using a standard framework (that is, a checklist of issues or questions to be addressed). An example of a framework is the guidance on Power and Change Analysis that was used in the Strategic Governance and Anti-Corruption Analyses (SGACA) commissioned by the Dutch Ministry of Foreign Affairs in 2008-9. The SGACA exercises were carried out in a more or less uniform manner by Dutch embassies throughout the world. There were obvious gains in terms of comparability. However, comparability may or may not be an important consideration. In contrast, DFID's country-level

Drivers of Change studies were not required to follow a single framework, and consultants were encouraged to choose their own ways of articulating questions and structuring reports.

Regardless of the model chosen, getting the right mix of skills and expertise is critical in carrying out applied political economy work. In particular, it affects the chances that analysis will lead to operationally relevant findings. The following applies particularly where a decision has been taken to contract-out the work to a team of consultants, but with modifications it is relevant to conducting analysis largely or wholly in-house.

In practice, a combination of international and local expertise has generally been found to achieve the necessary mix of skills and attributes,¹ including:

- *Political economy expertise*, by which we mean some familiarity with key analytical concepts including problems of credible commitment; collective action (free riding, tragedy of commons, etc.); moral hazard; information asymmetry among principals and agents; and exit, voice and loyalty. Identifying accurately the type of 'puzzle' underlying an observed pattern or problem is the key to searching out potential solutions based on theory and/or experience elsewhere.
- *Strong country knowledge* and, given the current trend towards more narrowly specified problem-driven analyses, strong knowledge of the sub-sector in question, including competence in dealing with the relevant technical issues.
- *Good networks of key informants in country*, including sector-specific contacts. Experience suggests that this often overlooked attribute is absolutely critical to the success of political economy work.
- *Appropriate linguistic skills*, given the country context(s). Ideally relevant linguistic capacity should be held throughout the team, but failing that, at least one highly-skilled multilingual team member is needed.
- *Knowledge of the aid business*, which is helpful in recognizing and including in the analysis an assessment of donors own (more or less) active role in the context in question. Such knowledge is also useful in making crucial links between analysis and operational implications.
- *Writing and other communication skills*. Such capabilities are critical not just for the production of the final study outputs, but important in managing the whole process of the exercise, including the facilitation of consultation or dissemination in any agreed upon forums (e.g. validation workshops).

5. Achieving and monitoring uptake into programmes

Ensuring findings are translated into action depends on bridging analysis and follow-up action. After the analysis is completed, it is advisable for staff of the commissioning agency to allocate time to work with the research team to think through how best to use the analysis, and how this might inform programming. In such a process, the research 'output' should be seen as one input among many. In many situations, there will be value in an explicit comparison of the 'theories of change' reflected in current or past programming with the change processes that appear plausible in the light of the political economy analysis.

In any case, however, the uptake of findings into programming should not begin or end with the delivery of the final study output. It should be on-going throughout the exercise, based on regular communication between agency staff and the research team. In order to establish a common understanding of the purpose and scope of the work, this communication should begin even before the analytical work itself commences. Such interaction can continue during fieldwork. It should certainly include the provision of full feedback on the draft deliverables. As

¹ For a general overview of the strengths and weaknesses of different types of consultants, see Fritz et al. (2009: 32-35). It is worth noting that there is no firm rule regarding which skills or attributes are associated with which type of consultant. For example, long-term expatriates may provide necessary networks of key informants and local consultants are increasingly gaining relevant political economy expertise.

well as serving quality-control purposes, this can provide opportunities for incorporating into the analysis the often significant tacit knowledge held by donor advisors.

Finally, as interest and investment in political economy analysis grow, it is important to reflect critically on experiences of incorporating such analysis into development work. This note is a contribution to a much-needed distilling of lessons. However, the number of experiences is growing all the time, presenting an important opportunity for further lesson learning. The design of future political economy work should therefore include forms of interaction between researchers and practitioners that facilitate an evaluation of impact and uptake. A number of practical options exist (e.g. follow-up visits by researchers, telephone interviews and written feedback from agency staff). The important thing is that agencies and researchers build into the design of the work plans for revisiting the process with a view to understanding better the impacts that analysis can have on agency thinking, programming and, ultimately, development outcomes.

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