

**ipat**

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**THINKING AND WORKING POLITICALLY.**

*Effective Advising in Statebuilding and Peacebuilding Contexts – How  
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## 1. THINKING AND WORKING POLITICALLY: WHY?

Social and economic development, organizational development and institutional reform, statebuilding and peacebuilding, the delivery of social services and other public goods etc. are not solely 'technical' challenges. Around each of these and related issues we find competing interests, power asymmetries, perceptions about who benefits and loses from the status quo and from possible or proposed changes. This makes the issues 'political' in the broad sense of the word. Trying to work 'around the politics' or to pursue generic 'best practice' solutions has often turned out not to work. There are few 'self-implementing reforms' i.e. where key actors have both the power and the incentive to implement.<sup>1</sup>

*"Behind institutions lie politics..." (Fritz & Bevy 2014: 2)*

*"...in many situations, advice based on technically optimal solutions is not that helpful for potential reformers because such solutions may not be politically feasible or may even backfire and have unintended negative consequences." (Fritz & Levy 2014:1)*

'Thinking and working politically' doesn't mean that the efforts have to pursue direct political objectives (in the narrow sense of the word, though sometimes they do as in 'democratisation' programmes), but that they acknowledge that what can happen, when and how, will depend on how different key stakeholders and actors perceive their interests. That in turn may determine - in a given constellation of power and interests at a particular moment in time- what is politically feasible and at what pace. It will help us to be realistic in our ambitions. It may also help us make informed choices about what to work on, whom to work with, how to go about it and how to assess progress. If we use 'theories of change', it will help us develop 'theories of change' that are derived from an understanding of the actual dynamics in a certain context and not from generic assumptions.

While this is an argument against assumed universally valid 'best practice', it is not an argument in support of those who hold that every situation is 'unique'. Comparative research and analysis shows considerable resemblance among political economy challenges across countries and sectors (Fritz & Levy 2014:10).

It invites us to work (and advice) in ways that are politically smart.

By **politically smart** we mean:

- ❖ *Politically informed* – this includes a sense of history (awareness of what has happened previously in a particular country and in the world); in-depth understanding of country and sector context, including embedded structures, local informal institutions, relationships and actors. Donors and their partners need to be armed with the best *knowledge* they can muster about local political economy dynamics (and this needs to be constantly renewed, not limited to undertaking formal analysis as a one-off exercise).
- ❖ *Politically astute* – this refers to ways of working that use information about the politics (including political economy) with intelligence and creativity. Donors or their partners need political *skills*. That is, they must be not just well-informed but clever operators, with the capacity to work *with* the politics or *around* them according to what works best in the context. Political skills may be harder to acquire than political knowledge. In the case of donor staff, the most important political skills may be those involved in devising funding and management arrangements for third parties who are more politically informed and astute than outsiders can ever be. (Booth & Unsworth 2014:3).

## 2. THINKING POLITICALLY: POLITICAL ECONOMY ANALYSIS.

'Political economy analysis' (PEA) has been promoted since many years as a lens with which to examine and understand the often invisible aspects of the 'political dynamics' around what many issues of social and economic importance.

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<sup>1</sup> A term coined by Jaimo Faustino of the Asia Foundation in the Philippines, quoted by Booth and Unsworth (2014:7).

### WHAT IS 'POLITICAL ECONOMY ANALYSIS'?

Bridging the traditional concerns of politics and economics, it focuses on how power and resources are distributed and contested in different contexts, and the implications for development outcomes. It gets beneath the formal structures to reveal the underlying interests, incentives and institutions that enable or frustrate change. Such insights are important if we are to advance challenging agendas around governance, economic growth and service delivery, which experience has shown do not lend themselves to technical solutions alone.

Political economy analysis is not a magic bullet for the resolution of intractable development problems. However, it can support more effective and politically feasible development strategies, as well as inform more realistic expectations of what can be achieved, and the risks involved. It can also contribute to better results by identifying where the main opportunities and barriers for policy reform exist and how donors can use their programming and influencing tools to promote positive change. This understanding is particularly relevant in fragile and conflict-affected environments where the challenge of building peaceful states and societies is fundamentally political. DFID 2009:1

#### a. When Political Economy Analysis?

The practical usefulness of a focused PEA is influenced by its timing. Key elements to take into consideration here are:

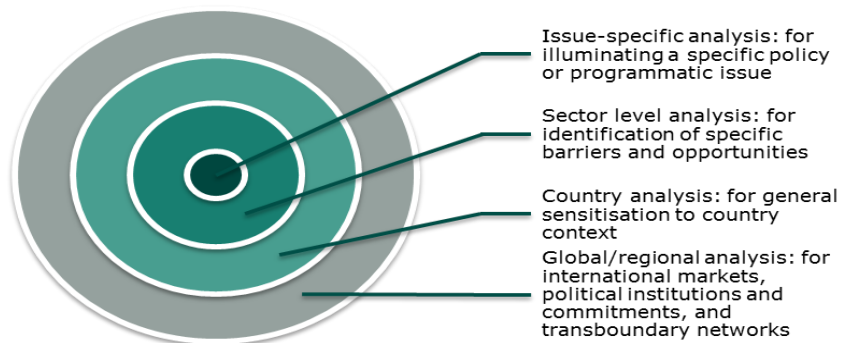
- The programming cycles: Certainly before you focus your programming effort and work out its design; probably at moments of more substantive review;
- Around key events in the 'context': For example at the time of a policy review, a change of leadership, major legal changes, moments of significant 'crisis' or 'shock' etc.
- Linked to turn over of key staff: To capture to often implicit knowledge and relationships network and – experience of key staff that are moving on to another post, and to help new staff more quickly understand the deeper, not so visible, dynamics in the environment. (Harris & Booth 2013:2-3)

The above considerations also clearly suggest that a PEA is not a one-off exercise (as many focused analyses tends to be!). Gaining deeper understanding will only come gradually and certain insights will not reveal themselves until certain actions are underway. In other words: an initial PEA will have to be tested and deepened over time. But a significant review will also be necessary when there are what appear to be significant changes in the context.

#### b. At What Level Political Economy Analysis?

Harris & Booth (2013:2) identify four levels of analysis: the regional/global one; the 'national' or 'country wide' one; sector-level analysis; and 'issue-specific analysis'. A more common way of talking about 'issue-specific' is 'problem-focused' or 'problem-driven' analysis.

Many political economy analysis have pitched themselves at the 'national' level, which is de facto the 'capital-city' level. But some practitioners stress the important of also focusing on the more local level. If for example, you want to understand the 'politics of service delivery', then it comes very relevant to also focus on the "interactions at regional, district and community level between local government officials, service providers and users..." What motivates their respective behaviours? Theories of change that do not take into account what shapes the behaviours of those at the 'front line' of service delivery, risk missing a vital point. (Foresti et alii 2013:2/4)



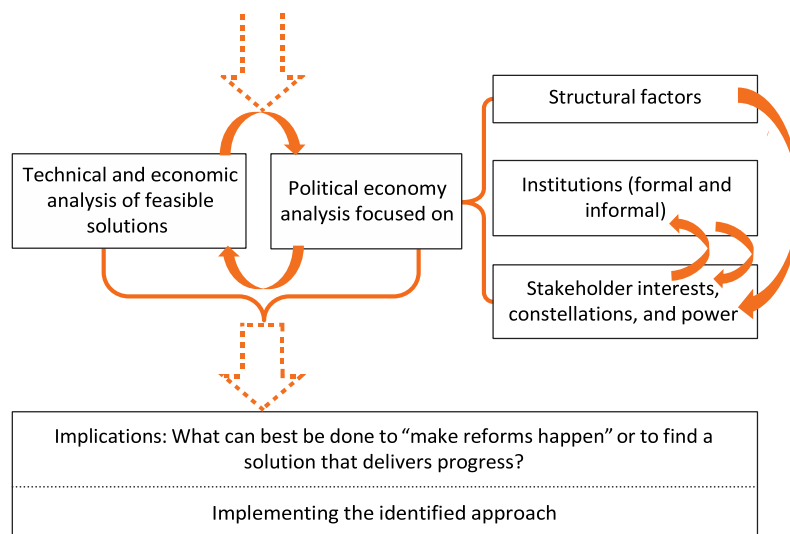
In practice there are connections of course between the dynamics at local and at national level, and between what happens at the sectoral level and the wider context.

c. The Scope of a Political Economy Analysis.

- General PEA: When PEA started being actively used by some major development agencies, the tendency was to conduct 'general' PEA's. This helped to raise awareness about the limitations of pursuing 'technical solutions' to what are at heart also 'political problems'. But it didn't usually offer practitioners or programme people much concrete guidance about what then to do differently. While we do not want to see 'action addiction', we also do not want to end up in 'analysis paralysis'.
- Problem-focused PEA: By focusing on a significant 'development' or 'state-society building' problem, it is more likely that the analysis will be more directly useful to practitioners and programming. While this is highly important, we also need to remain attentive to the risk that the scope is too narrowly defined, missing out on important factors that will influence the opportunity for change or not. (Harris & Booth 2013:2).
- Success or excellence-focused PEA: Though the current trend among some major development partners is to pursue 'problem-driven PEA', it is very well possible and probably advisable to also pay attention to significant examples of 'excellence' or 'success', and to analyse how these became possible. (Fritz, Kaiser & Levy 2009: viii) (See also Hand Out – Appreciative Inquiry).<sup>2</sup>

d. Doing a Political Economy Analysis.

Comparative reviews seem to have led to some form of a three-step framework to structure a 'problem-driven' PEA effort. The first figure comes from a review of World Bank experiences (Fritz & Levy 2014:5), the second has been developed by researchers at the Overseas Development Institute in London (Harris 2013:5).



Step 1 consists of identifying a 'problem' that is very relevant for the society concerned, and whose persistence seems to be the consequence of 'political economy' factors (what is often informally referred to as 'lack of political will').

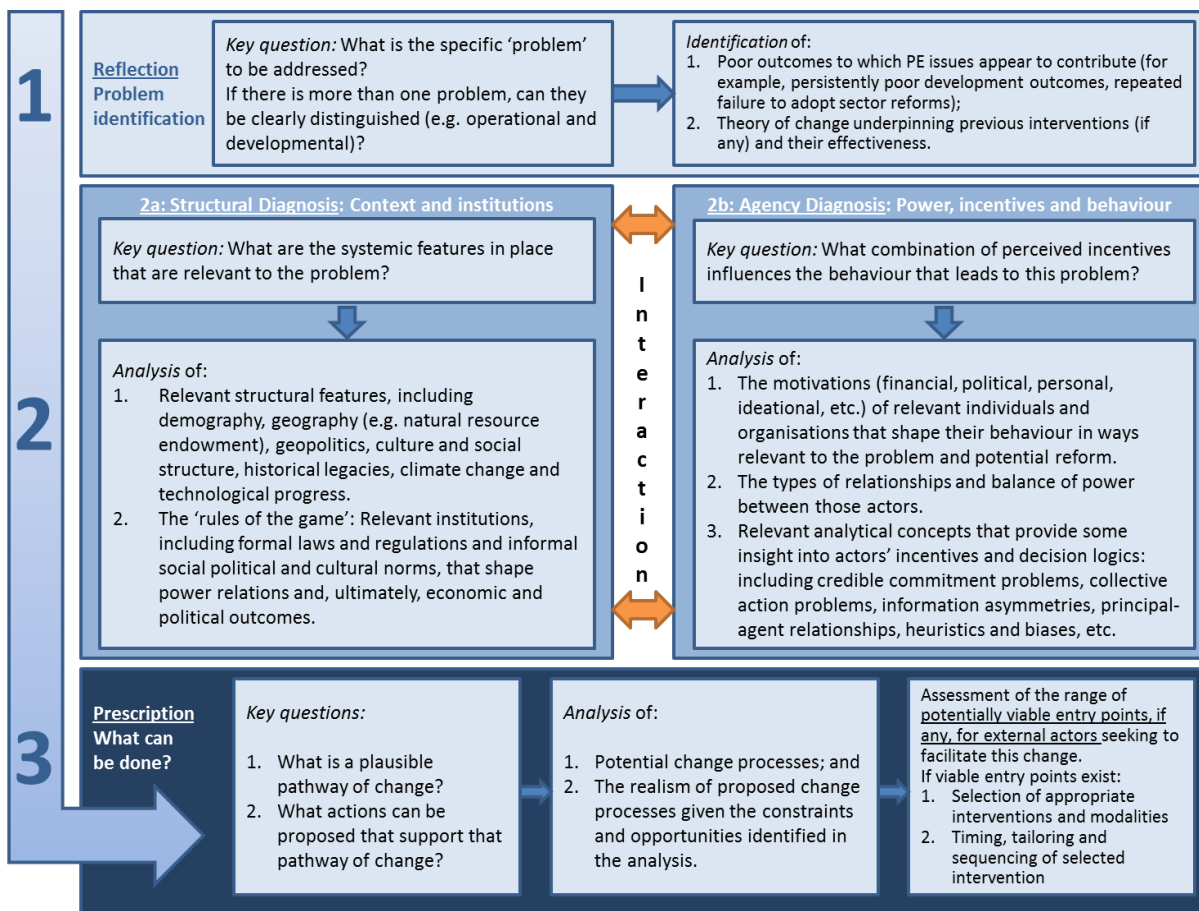
Step 2 pays attention to the 'structures' and 'institutions' (both formal and informal). Note here some typically overlooked elements such as the influence of 'geopolitics' or of 'historical legacies'. The real political economy analysis then comes in the second part of this step: the analysis of what seems to motivate key actors and stakeholders, and the relationships and power balances between them. (see also Hand Out - Understanding and Working with Power). This may of course be easier said than done, and sometimes have to rely more on 'informed guesses' (or simply 'guesses') than solid information.

<sup>2</sup> It is possible to modify the analytical frameworks for 'problem-driven' PEA, starting by replacing the word 'success' for 'problem' in steps 1 and 2 of the frameworks.

The above insights gained should then lead to concrete advice and options for pathways of change.

How this is done in detail cannot be discussed in this Hand Out. Three important observations can be made however:

- Because much of the real dynamics in an environment is going to be relatively invisible, even more so to 'external' actors, it inevitably requires high quality interaction with a diversity of local/national actors (or some foreign advisers who have been around for quite some time and seen much 'from within');
- Useful broad starting questions can be: Why has the situation come to be as it is today? What has been tried before and why hasn't it resolved the problem?
- While a significant aspect of the analysis will draw on qualitative 'data', there is definitely scope for quantitative data to contribute to the analysis. That might be the results of opinion surveys for example, but also information about budgetary allocations, the pricing of important services etc.



A note of caution: Just as 'capacity assessments' tend to focus on what doesn't seem to be there i.e. the 'capacity gaps', political economy analysis tends to focus on the expected 'obstacles' and 'resistances' to change. It may paint a fairly pessimistic picture of how much space there really is for reform. It may underestimate the determination and creativity of local actors to drive change against the odds. (no author 2010:2)

### 3. APPLYING POLITICAL ECONOMY ANALYSIS.

Often we will be confronted with a situation where the space for reform seems limited. In essence then, that leaves two options (Fritz & Levy 2014:14-15).

- Seek out feasible options for reform within the existing space
- Try to expand the available reform space, e.g. by stimulating the engagement of a broader range of stakeholders, enabling a wider public and/or local authorities especially if locally elected, to have an informed debate about the costs and benefits of the status quo and of various change options etc.



*“...leaders differ in their feasibility calculations. A governance problem that one politician may dismiss as unsolvable might appear to another as a good opportunity. Part of this has to do with differences in actual and self-perceived political abilities among leaders. Skilled leaders can sometimes rally other parts of the political system around their plans.” (de Gramont 2014:13)*

*“Severe security challenges, economic crisis, and political competition can create strong incentives to make governance improvements, but they also tend to shorten time frames and make institutional reforms appear less feasible. Conversely, leaders who enjoy enough political dominance to plan far into the future and to push through significant policy changes may feel secure in their current positions and possess fewer incentives to transform the status quo. Political commitment does not arise from either threats or political security alone but rather from a dynamic tension between the two.” (de Gramont 2014:10)*

The two options on either side of the spectrum therefore are not either/or: In practice we may pursue a mixture of both (Fritz & Levy 2014:15). Still, given real world constraints, it is likely that we end up pursuing ‘second best’ or ‘out-of-the-box’ options, rather than ‘best practice’ (idem p. 18).

A detailed comparative analysis of seven programmes in different countries identified a number of key factors behind their ‘success’

- *Led by politically savvy local actors*: “It mattered that the process of finding solutions was undertaken by individuals who were both knowledgeable about, and skilled at operating in, the relevant context. It was this awareness and ability that allowed them to identify the opportunities and obstacles, and to make good judgements about what was both useful in the particular development context and likely to work. In all seven cases, the leaders of the interventions were politically well informed and had the skills to deploy that knowledge effectively.”
- *Locally owned, negotiated and delivered ‘solutions’*: “the interventions addressed issues with real local salience and the solutions were locally negotiated and delivered because project managers allowed local actors to take the lead.”
- *Donors stepping back*: “across the cases there was a common willingness of the ultimate funding body to take a back seat. Donors provided external stimulus and had their own vision of the kind of change they were seeking to support, but they avoided dominating either the agenda (in the sense of specifying what to do) or the process (specifying how to do it).” (Booth & Unsworth 2014:16-17)

Much emphasis is put by the analysis on the ‘locally-led’ characteristic. They also clarify this as a situation in which the monetary input from aid-providers is not absent but not the central consideration.

#### **LOCAL LEADERSHIP.**

“In our cases, the question of local leadership is not about the nationality of the front-line actors; nor is it about donor agency staff not being involved in the process. It is about relationships in which aid money is not the primary motivator of what is done or a major influence on how it is done. The donors are not just channelling money through local NGOs; the starting point is a genuine effort to seek out existing capacities, perceptions of problems and ideas about solutions, and to enter into some sort of relationship with leaders who are motivated to deploy these capabilities.” (Booth & Unsworth 2014:18)

Other key characteristics of the approaches that led to successful outcomes were:

- *Iterative problem-solving*: explore the dimensions and ramifications of a problem and test possible solutions, building on earlier learning; rapid learning feedback loops leading to enriched understanding and swift adaptations if needed. This is inevitable because real world processes of change are relatively unpredictable. Even if change turns out to be 'transformative', it will still be the results of a long series of incremental changes sustained by local actors (see also Rocha Menocal 2014:6)
- *Huge investment in building relationships* with a wide range of stakeholders to build basic trust and to explore common interests and broker alliances around them. Project leaders were able to work in this way because they were politically smart, that is, politically informed and skilled at operating in a particular context, and because the process was locally led. Crucially, the relationships in play were not primarily influenced or motivated by aid money. (*connector role*)
- *Flexible funding arrangements*, that allowed and supported iterative, innovative and purposeful experimental approaches to design and implementation, and that allowed people to respond to opportunities as they arose. In some of the programmes, the initial funding remained very limited for a long period of time, creating a situation in which focus and commitment were more important than monetary gain;
- *Long term commitment*, of the funding agencies and of key staff members, allowing the individuals to build up the in-depth understanding of the environment, broaden and deepen a network of relationships, and remain connected to the earlier learning.
- *A benign environment within funding agencies*, providing the space for 'programmatic entrepreneurship', and accepting that innovation implies taking risks and occasional failures to learn from. This in itself required the development of trust between the front line operators and the funders. (Booth & Unsworth 2014:22)

These good practice learnings are echoed in other fora of researchers, analysts and practitioners:

- Rather than focusing on the absence of robust institutions and resources to promote change and development, we can focus on the presence and energy of creative local modes of problem solving;
- The likely real pace of change will depend on the level of perceived political risks that a process poses to those in positions of power and influence;
- Testing out different reform scenarios on influential stakeholders might give an indication on how they think these will affect themselves and their constituencies;
- Meaningful and sustained changes do not happen without coalitions among reformers or drivers of change. Individuals and organisations playing the roles of connectors and conveners are critical to bring actors together that can coalesce into a coalition. Initial coalitions can expand over time, incorporating new actors and issues. Building such coalitions takes a long time, and they need to be constantly nurtured and sustained. Yet we need to remain alert that coalitions can also be built for obstructive purposes: those resisting change and reform are often better organized than those pursuing change.
- Political will and a strong civil society are not inputs but outcomes of coalition building processes.
- External actors should not try to lead but can play important supporting roles such as encouraging and facilitating the capacity of reform-minded actors to undertake 'collective action', providing information to reduce the differences in access to key information among various actors; and can help with communicating the costs and benefits of change versus staying with the status quo. (no author 2010)

*"Most individuals are not pure champions or opponents of reform, but rather respond to a variety of incentives and challenges, including the need to reach compromises, to balance interests, to be selective about spending political capital, and so on."* (Fritz & Levy 2014: 8)

**4. THE POLITICAL ECONOMY OF INTERNATIONAL DEVELOPMENT COOPERATION.**

a. Paradigm and Counter-Paradigm.

There has been very long-standing criticism of ‘command and control’ approaches to development cooperation, of which ‘the project’ and ‘project management’ are a core manifestation. In recent years that critique has been renewed by a number of researchers, analysts and practitioners, who advocate that sustained improvements tend to arise from different ways of working. High profile figures in this are associated with the ‘Building State Capability’ programme at the Centre for International Development at Harvard University, the Overseas Development Institute in London, and sections of the World Bank. The alternative approach they advocate for is referred to as ‘Problem-Driven Iterative Adaptation’ (PDIA). They are also strongly associated with the ‘Doing Development Differently’ manifesto (see Hand-Out ‘Doing Development Differently’).

In very schematic and simplified form, key characteristics of the two paradigms can be contrasted as such (see e.g. Booth & Unsworth 2014:19-26)

<b>PREVAILING ‘TECHNICAL’ PARADIGM</b>	<b>PROBLEM-DRIVEN ITERATIVE ADAPTATION</b>
<ul style="list-style-type: none"> <li>▪ Pre-chosen agenda focus</li> <li>▪ Selling ‘solutions’</li> <li>▪ Drawing on generic models and ‘best practices’, possibly presented in a normative manner</li> <li>▪ Risk aversion</li> <li>▪ Detailed advanced planning with predetermined objectives, to be reached by predetermined time frames and through a logic of relatively straightforward cause-effect logic;</li> <li>▪ Theory/ies of change are based on generic assumptions;</li> <li>▪ Not central emphasis on connecting and building relationships;</li> <li>▪ Requiring progress reports against predetermined objectives;</li> <li>▪ Tendency to rely on a few ‘reform champions’</li> <li>▪ Relatively short-term horizons;</li> <li>▪ Fairly rigid funding arrangements;</li> <li>▪ Tolerance for high staff turn-over;</li> </ul>	<ul style="list-style-type: none"> <li>▪ More open agenda, to be focused through multi-stakeholder interaction;</li> <li>▪ Work from ‘problems’ that are recognised as relevant and important;</li> <li>▪ Looking for ‘best fit’ – what is realistically feasible under the current circumstances, which may not be the ‘ideal’ hoped for;</li> <li>▪ Higher risk tolerance;</li> <li>▪ Pathways to be navigated rather than plans to be followed rigorously; the pathway itself is constructed while doing, through short feedback learning loops and fine tuning or adaptation;</li> <li>▪ Theory/ies of change are based on in-depth understanding of contextual dynamics;</li> <li>▪ Strong emphasis on connection and relationship-building</li> <li>▪ Progress is reported as important steps in the right strategic direction, admitting that there is no strict control over their timing, and reversals can and are even likely to happen;</li> <li>▪ Longer-term time horizons: changes will not happen without there being broad-support for them, which requires relationship building; bigger changes are the cumulative result of many smaller incremental changes;</li> <li>▪ Flexible funding arrangements;</li> <li>▪ Premium on staff continuity to maintain the in-depth knowledge, understanding of the trajectory, and the quality of the relational network</li> </ul>

Arguing for ‘flexibility’ and the space to ‘navigate’, learn also from ‘trial-and-error’, and adapt, might seem like asking for a blank cheque. This is not the case: Even though there is no heavily predetermined ‘plan’ but rather a ‘pathway’, those managing the process will have to demonstrate that they do maintain a strategic direction. They will also have to demonstrate that they are indeed learning and in a timely manner, and that their adaptations are thoughtful and justified. Flexibility and accountability can go together. (see Rocha Menocal 2014:9)



b. Explaining to Domestic Constituencies.

Institutional and governance reforms in so-called 'developed countries', are clearly recognized as 'political processes'. We also know from experience that they tend to take many years to come to fruition, and sometimes get stalled or are subject to reversals. We also know from historical experience that processes of 'state formation' and 'democratisation' often go through periods of violence, take many decades and even several centuries. So why is it that 'aid' donors seem unable or unwilling to explain to their domestic constituencies, notably their parliaments and tax payers, that we should not expect 'quick fixes' in other countries that often have weaker institutions still?

**RESOURCES.**

No author 2009: Political Economy Analysis. How to Note. London, DFID Practice Paper

No author 2010: The Political Economy of Reform: Moving from analysis to action. A global learning event. Washington DC, The World Bank Institute (CommGAP)

de Gramont, D. 2014: Beyond Magic Bullets in Governance Reform. Washington DC, Carnegie Endowment for International Peace

Foresti, M., T. O'Neill & L. Wild 2013: Making Sense of the Politics of Delivery. Our findings so far. London, Overseas Development Institute

Fritz, V. & B. Levy 2014: Problem-Driven Political Economy in Action: Overview and synthesis of the case studies. Chapter 1 in Fritz, V., B. Levy & R. Ort (eds): Problem-Driven Political Economy Analysis. The World Bank's experience. Washington DC, World Bank

Fritz, V., K. Kaiser & B. Levy 2009: Problem-Driven Governance and Political Economy Analysis. Good practice framework. Washington D.C., World Bank

Harris, D. 2013: Applied Political Economy Analysis. A problem-driven framework. London, Overseas Development Institute

Harris, D. & D. Booth 2013: Applied Political Economy Analysis. Five practical issues. London, Overseas Development Institute

Rocha Menocal, A. 2014: Getting Real about Politics. From thinking politically to working differently. London, Overseas Development Institute

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