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# POLITICAL ECONOMY AND POWER ANALYSIS (PEPA) MANUAL

FOR INCLUSIVE SYSTEMIC CHANGE



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Women gather for a discussion, Mali

## INTRODUCTION TO THE PEPA MANUAL

The elaboration of this manual has been a joint effort by HELVETAS' Voice, Inclusion, Cohesion<sup>1</sup> (VIC) team, including in-depth feedback from a broad range of HELVETAS collaborators from head office (HO) and country programmes. The manual has been drafted based on programme and project experiences, as well as regional training events, where VIC advisors over recent years have supported country teams to conduct a political economy and power analysis (PEPA).

### Target audience

- HELVETAS staff in partner countries including country programme management, project managers and staff
- HELVETAS HO staff including regional coordinators, acquisition managers, advisors and transversal topic coordinators
- Staff from HELVETAS' programme and project partners
- External audiences

### Key objectives

The manual aims to empower and further support the development of capacities of HELVETAS' staff and partners to:

- Understand what political economy and power analysis is, why it is important and how to conduct one
- Deepen the contextual analysis in country programme strategies
- Increase the likelihood of successfully contributing to inclusive systemic change
- Enhance the ability of users to manage and adapt projects according to contextual changes and disruptions

The application of the manual will:

- Facilitate learning and enhance the quality of project cycle management (PCM) by providing insights on how to use PEPA findings to improve links between the design, implementation, monitoring and evaluation of a country programme strategy and related projects
- Create awareness on why it is essential to conduct periodic PEPA reviews and adaptive management throughout the project management cycle, particularly as part of monitoring, evaluation, accountability and learning (MEAL) processes
- Increase understanding of ways to ensure greater inclusion of marginalised or vulnerable groups and decrease risks to do harm

### Pedagogical elements

- Guided learning of the PEPA process by acquiring information collectively: PEPA processes can only be enacted when their meaning is overt, accessible, recognizable to others in HELVETAS, its teams, and partners
- Gradually building trust in a safe space to contribute to the PEPA with an open mind
- The use of participatory dialogue and questioning in teams to apply PEPA
- Building bridges between analysis, design and MEAL – in accordance with the key elements of HELVETAS' theory of change (ToC): project implementation, thematic advice, advocacy
- Keeping it simple (KIS)



The manual is made from blending methodologies that are adapted to the scope of HELVETAS' work and can be applied straight away. It brings a minimal amount of theory while offering a maximum amount of operational guidance with steps to take and lists with key guiding questions in the appendixes. Throughout the manual, standardised terminology is used to avoid confusing practitioners with overlapping or contradicting terminologies from political science, sociology, economics and peacebuilding.

The underpinning didactics of the manual imply that the manual can be used as a modular toolkit and encourages a gradual approach. It provides design tips on the

PEPA process and enables teams to start small by discussing the nature of a sample of drivers and inhibitors among colleagues. This approach can later evolve to a more comprehensive analysis, at the country programme level and in projects that can be reviewed periodically to ensure adaptive management throughout the implementation. For this purpose, the PEPA manual can be used in a flexible manner. You do not have to meticulously go through all steps but rather zoom in on the part and steps of the methodology relevant to your programme / project's situation or needs. User guidance is given to connect PEPA analysis with building and monitoring a theory of change – including the need for periodic revisions based on updated findings of the PEPA.

## WHAT IS PEPA?

Political Economy and Power Analysis bring together two approaches from respectively the field of economics and political science. The image of an iceberg is a useful analogy for what respectively Political Economy (PE) – and Power Analysis (PA) offer, where they overlap and complement one another.

**Political economy analysis** focusses on the interaction of political and economic processes<sup>2</sup> in a system<sup>3</sup>. It looks at actors, rules of the games and processes that are visible and **“above the waterline”**, as well as what may lie half-hidden under the surface such as informal norms, informal rules of the game and relationships.

**Power analysis** is concerned with less visible social norms, beliefs and rules of the game **“below the water line”**, as well as half-hidden patterns near the surface that shape actors' behaviour and relationships. By combining these perspectives, we can gain a more complete and systemic view of how power operates across the spectrum of these different levels.

PEPA is a powerful tool for improving the effectiveness of development programmes as it focuses on how economic, natural and human resources are distributed and how power dynamics are played out in political processes.

In other words, PEPA goes beyond formal governance structures and processes by assessing the underlying vested interests, incentives and rent seeking behaviours that block socially progressive and systemic change. Amplifying the power dimensions in traditional political economy analysis, thus applying a **combined political economy and power analysis**, enables development practitioners to:

- Assess the multiple dimensions of power in a given social, political, economic, cultural context
- Challenge negative forms of power that limit attainment of human rights, and restrain the actors that are against or block positive change
- Encourage positive forms of power, through empowerment interventions, and support enabling actors that drive positive change to reduce poverty and inequalities
- Be more aware of one's own power position as a development practitioner or development partner
- Use awareness of power to support transformative change, and to support alliances in favour of such change

### Political processes?

.....

Contestation and bargaining between interest groups with competing claims over rights and resources.

### Economic processes?

.....

Generate wealth and influence in how political choices are made.

### Finding entry points for inclusive systemic change

HELVETAS' mission is to work for "a life in dignity" in the contexts we operate in. In line with our theory of change, we do this by providing thematic advice, implementing development and humanitarian projects and supporting advocacy. This way of working is aimed at **leveraging solutions and addressing problems to bring about change(s)** for the better. Such changes do not often happen as planned or with a linear causality. The complex dynamics in our context generate many triggers. Solutions and problems are therefore subject to the drivers and inhibitors of the system we operate in and in turn become triggers within this system. The implementation of country programmes/projects, advocacy strategies and advisory services can therefore often be a "muddling through" process bringing about incremental change alternated and/or generating more rapid, game-changing transformational change induced by the (hopefully) positive dynamics underpinning these tipping points.

People have very different ways of looking at their context and reality depending on their expertise, experience, cultural background, position in society etc. It is therefore key to look into drivers and inhibitors within a team setting and with partners to ensure that we **make the assumptions underlying our ideas about inhibitors and drivers, explicit and shared.**

**Bringing about change, challenges a status quo situation that typically always has its "winners and losers".** Problems and solutions are therefore often not only related to capacity, financial resources or technical competences. They are also fundamentally systemic, social, political and economic in nature. Consequently, **change processes aimed at solving specific development problems within a system, always have visible and invisible aspects to them.** The more invisible (underwater) part of the iceberg can e.g. be related to identity, attitudes, values, collective mindsets, beliefs, norms, social cohesion, group behaviour, constituencies, social networks, social movements, public opinion and (in)formal relations and interactions between state, society and private sector.

When we examine the nature of the inhibitors & drivers of change, it helps us to uncover the invisible by repeatedly asking ourselves the question "why are things the way they are?" and thereby **identify root causes of problems.** In order to help us get better insights into drivers and inhibitors, this manual adopts a categorization of drivers/inhibitors.

PEPA helps us to **find entry points for inclusive systemic change** by better understanding the existing vis-

ible and invisible drivers and inhibitors in the system, to gain better insights into its dynamics and navigate this reality to steer change and adaptation. Indeed, the analysis of the information gathered about the nature of drivers and inhibitors in the system, allows us to **"learn the game"** i.e.:

- It gives insights in the way power and resources are distributed, organised and contested
- Helps us to make implicit ideas and assumptions that we have about the dynamics in the system explicit and rooted in its reality (society, situation, context, problem)
- Anticipate or better understand potential implications of change (positive and negative)



### Drivers and inhibitors categories adopted by the manual

- 1 Actors / agents**  
Individuals, organisations, networks or movements
- 2 Institutions**  
Formal and informal rules of the game
- 3 Resource flows**  
Capital, information / data; monopoly over (natural) resources, commodities or market niches
- 4 Spaces**  
Existing and potential arenas for participation through which power can be exercised
- 5 Exogenous factors**  
External factors that can be game-changing events
- 6 Structural factors**  
Long lasting or deep-seated features of the region, state or society shaping the context

## PEPA can

### Help to make development practitioners become more:

- Realistic about what change may be delivered over different timeframes
- Objective about their actual level of influence
- Context sensitive and able to find solutions that fit the local context
- Able to recognize and seize opportunities
- Capable to identify the real agents of change / influencers within a system
- Creative and innovative in looking for solutions to problems
- Able to work constructively with partners
- Willing to accept compromise and adopt less dogmatic attitudes

## PEPA cannot

### ...however, PEPA is not adequate to:

- Solve underlying technical processes
- Provide immediate answers to programming problems
- Tell development practitioners what to do... do not expect miracles!

Learning the game helps us to better define priorities, minimise risks and mistakes and come up with enhanced theories of change that should allow for more context specific approaches to better:

- Influence or **“change the game”** – inform strategies for engagement with stakeholders
- Solve problems or **“win the game”** – address a particular blockage

It is essential to monitor the implementation of our approach based on such an “enhanced” theory of change while periodically updating our political economy and power analysis (**“learn the game”**) in order to see and understand what works and what doesn’t and adapt our approaches to **“change the game”** – **“win the game”**. Indeed, “the game” is constantly changing (think about rising authoritarianism, inequalities, conflicts, disruptions, climate change impacts, COVID-19, the impact of social movements like #METOO, Black Lives Matter).

## PEPA versus traditional approaches

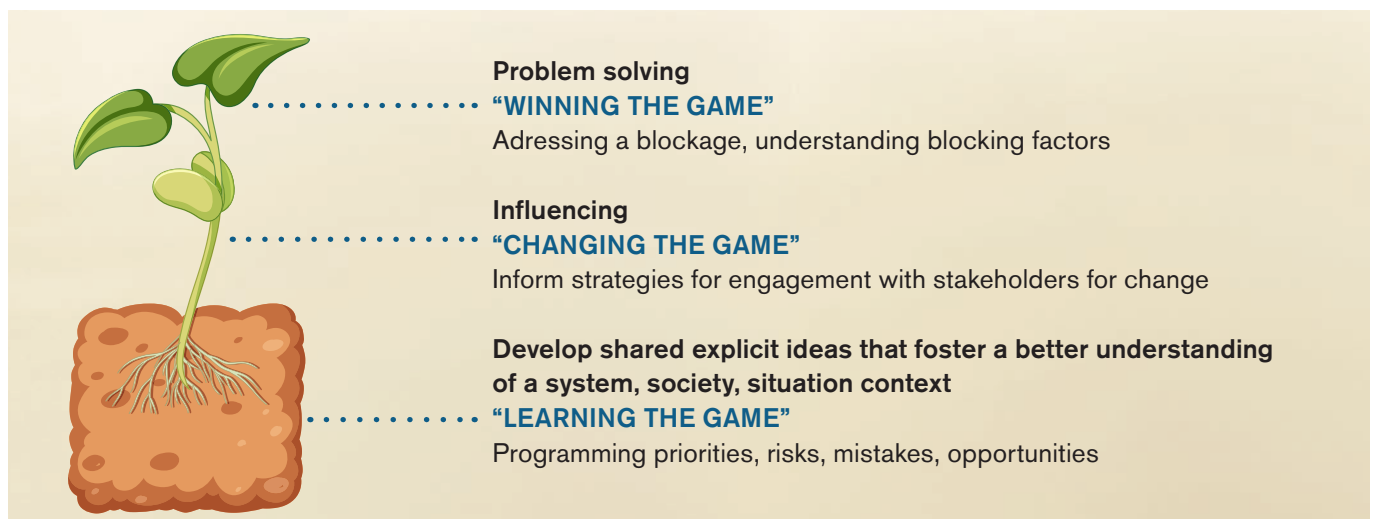
Abraham Maslow famously said **“I suppose it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail”**. Technical assistance,

**financial/in-kind aid, capacity strengthening and technical solutions have been the main “solutions” used by traditional international development cooperation approaches to solve problems that are also fundamentally systemic, social, political and economic in nature.**

Compared to the “traditional approach”, PEPA helps us to **better identify some of the root causes of problems** as opposed to only focussing on effects. Common problem analysis findings are e.g.: “women are not financially included” as opposed to “cultural beliefs (invisible) and public/private services are gender biased (visible)”.

By applying an analytical lens focussing on questions digging deeper into the question “why are things the way they are”, **PEPA makes the invisible visible** whereas the traditional approach tends to apply the more visible lens only.

So, in a nutshell – how is PEPA different from the traditional approaches? **PEPA is an approach which follows the political science school of thought more than the “rational” economic theoretical approach.**





**Problem definition and identification**

- Power dynamics, drivers/incentives, inhibitors/constraints
- Problems identified and refined by system actors
- Technical problems (lack of resources/capacity)
- Problems identified by top-down process

**Vision of change**

- Realistic change: strategic and pragmatic – based on what exists
- Desired change: tends to be normative based on “what ought to be”

**Changes sought**

- “Best fit” for contextual realities and “good-enough”
- Reforms are based on what is “politically feasible” as well as “technically sound”
- To find solutions, this approach looks at the functions that need to be fulfilled or the values / principles that need to be adhered to
- “Best practice” based on a pre-established understanding
- Top-down diffusion of innovation...often technologically smart or too advanced, and therefore not adapted
- To find solutions, this approach favors norms and organisational set-ups preferred by donors – often copied from their own context

**Implementation approach**

- Iterative cycles of planning, action, reflection, revision
- Explicit attention to risks, which are managed by making “small bets”
- Incrementalism based on trial and error
- Linear, rational sequencing in fixed annual work plans and results frameworks
- Fidelity to plan with limited attention to risks and the potential of failure: often one-off preliminary risk assessment as part of the project formulation

**Ways of working**

- Facilitating and brokering partnerships and spaces for collective action based on long-term engagement, with local ownership (systemic approach)
- Provision of (often uncoordinated) expert technical assistance and capacity development within limited timeframes

**Ways of learning**

- Rapid cycles of learning/reflection throughout implementation
- Periodic formal evaluation

**Key partners**

- Attention to agents of change within a system – organisations are not perceived as a homogenous entity: there are e.g. different interests and incentives within a ministry
- Attention to stakeholders outside the traditional zone of donors, including local chiefs and power brokers, women and youth leaders, religious leaders, social movements
- Traditional donor stakeholders, including government organisations at different levels, regulators, civil society organisations

**Indicators of success**

- Process-based indicators, with focus on fostering relationships and building trust, as a measure of gradual progress toward outcomes (most significant change, story-telling)
- Easily quantifiable (and usually short-term) outputs aimed at higher-level outcomes



Staff Helvetas Tanzania

**Taking a gradual approach to learn the PEPA process**

We encourage teams that are not yet familiar with PEPA to **adopt a gradual approach and start small** whether at the level of a country programme strategy, project interventions or advocacy initiative. It is easier to “start small” within the team (e.g. one-hour PEPA exercise) and upgrade gradually (e.g. one-day workshop) to a fully-fledged PEP analysis (e.g. one-month PEPA report).

**PEPA is flexible** so you don’t have to meticulously go through all steps. **Depending on your needs**, you can zoom in on the part and steps of the PEPA methodology that are relevant to the situation or needs of your country program, project, or advocacy initiative. A gradual approach enhances learning and trust. It helps teams to explore whether they share the same analysis of the situation and discuss in what ways their understanding would need to be deepened and aligned in order to work more strategically. Teams do not often take the time to have such important discussions.

Such a gradual approach could consist of agreeing on a problem definition, the purpose and scope of the analysis (see below) and, related to this discuss:

- **During a one-hour team meeting** among colleagues (and partners), analyse the nature of a sample of drivers/inhibitors by focussing on a category of drivers and inhibitors: actors/agents, institutions, resource flows, spaces, exogenous factors, structural factors. This can be repeated several times when needed.

- When the team is more at ease with PEPA, trust in the process has grown and a safe space for dialogue is created, **a one-day workshop can be held** to conduct a more in-depth actors/agents stakeholder mapping. The section on actors/agents and related conclusions is useful for e.g. building a theory of change or adapt the project/country programme implementation – depending at what stage teams are in the programme/project cycle
- Later, teams can evolve to **a more comprehensive analysis** (one-month PEPA) that can be reviewed periodically to ensure adaptive management throughout the implementation
- More experienced country teams can contribute even more successfully to inclusive systemic change by **using and linking PEPA findings with the country programme strategy, projects and advocacy efforts**. When the relevant aspects of these processes are connected and feed into each other on a periodical basis (e.g. annual review), adaptive management, throughout the monitoring of implementation cycles of the whole country programme will become much more strategic

	<b>ONE-HOUR PEPA</b>	<b>ONE-DAY WORKSHOP</b>	<b>ONE-MONTH PEPA REPORT</b>
<b>Assumptions</b>	Analytically grounded	Same	Same
<b>Participants</b>	Core team	Core team, management, other specialists, selected stakeholder representatives	Core team, consultants, broader group of stakeholders
<b>Format</b>	Internal discussion and exchange	Moderated workshop	Consultations and report
<b>Style</b>	Open-ended questions – tackling only partially PEPA aspects	Positional ‘yes’ or ‘no’ statements drawn from the questions – tackling only partially PEPA aspects	Hierarchical sections assessing the available evidence
<b>Sources</b>	Personal experience	Personal experience, collective knowledge	Primary and secondary data



## Problem

Agree on a joint problem definition. A “problem” is a difficulty or challenge encountered (e.g. in public policy) which is broader than a management issue or a technical challenge - institutions, power dynamics, interests and incentives bear on it.

Once the team starts discussing the problem definition, it often reveals a lot of implicit assumptions that do not always match. You may want to define your problem on the basis of a, not too elaborate, problem tree analysis that identifies one or a few **core problems of the situation**<sup>5</sup>. Cause-effect relationships identified through this discussion will be useful for the later stages of the PEPA. The problem definition can never be “perfect”: it is a starting point for your analysis indicating what you agree to examine as a team. During the PEPA process, the team might realise that the initial problem definition was perhaps not entirely adequate.

## Purpose

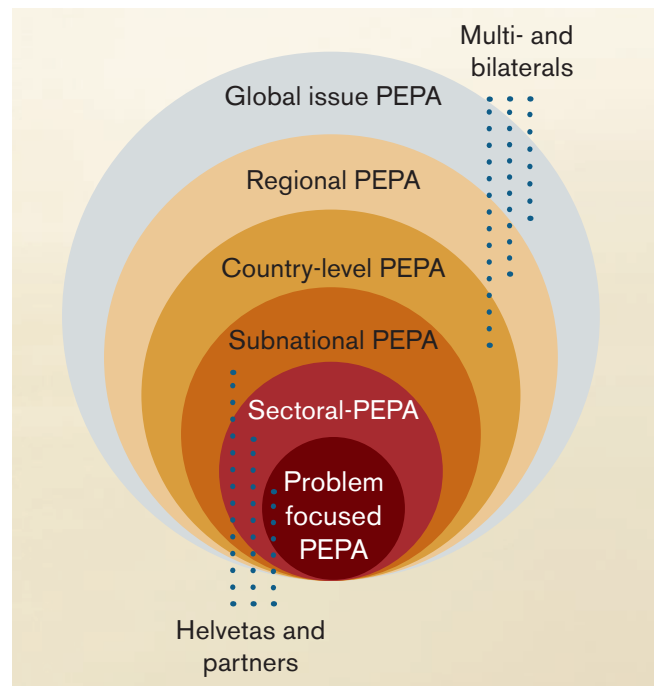
Before starting, you need to be clear if the purpose of your analysis is to gain a better understanding) of the system and/or or the problem you are facing. Or is the purpose of your analysis also to solve and/or influence a problem?

## Scope

Most PEPAs conducted by HELVETAS are focused at the sub-national or sectoral level or are problem/topic related. This doesn't mean that essential PEPA elements from country, regional or global levels are excluded from such an analysis. More comprehensive PEPA reports, typically conducted by international donors can often be found online. However, you need to be aware about the weaknesses and strengths of higher-level political economy and power analysis:



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## STRENGTHS AND WEAKNESSES OF HIGHER-LEVEL PEPA

### Strengths

- Provide an understanding of how countries operate “below the water surface”
- Enable development partners to take a more realistic view of their level of influence and the likelihood of change

### Weaknesses

- Analysis is often abstract and short on specifics
- Usually doesn't provide specific recommendations on what donors should and shouldn't do
- Findings may be sensitive or controversial – difficult to share and discuss findings outside of trusted donor circles

## Process

Once you and the team have initially defined the problem, purpose and scope of the analysis, it is also prudent to further elaborate and clarify the methodology. This will help all involved actors to understand what to expect in the process. The following questions can help you with this:

### → Who (not) to involve/consult?

It is essential to involve a range of local actors based on the diversity of the context which you are working in. These actors need to have a good understanding of the context (economic model, political processes, governance system, culture, gender, indigenous minorities, age, differently abled).

### → What are the required resources and expertise?

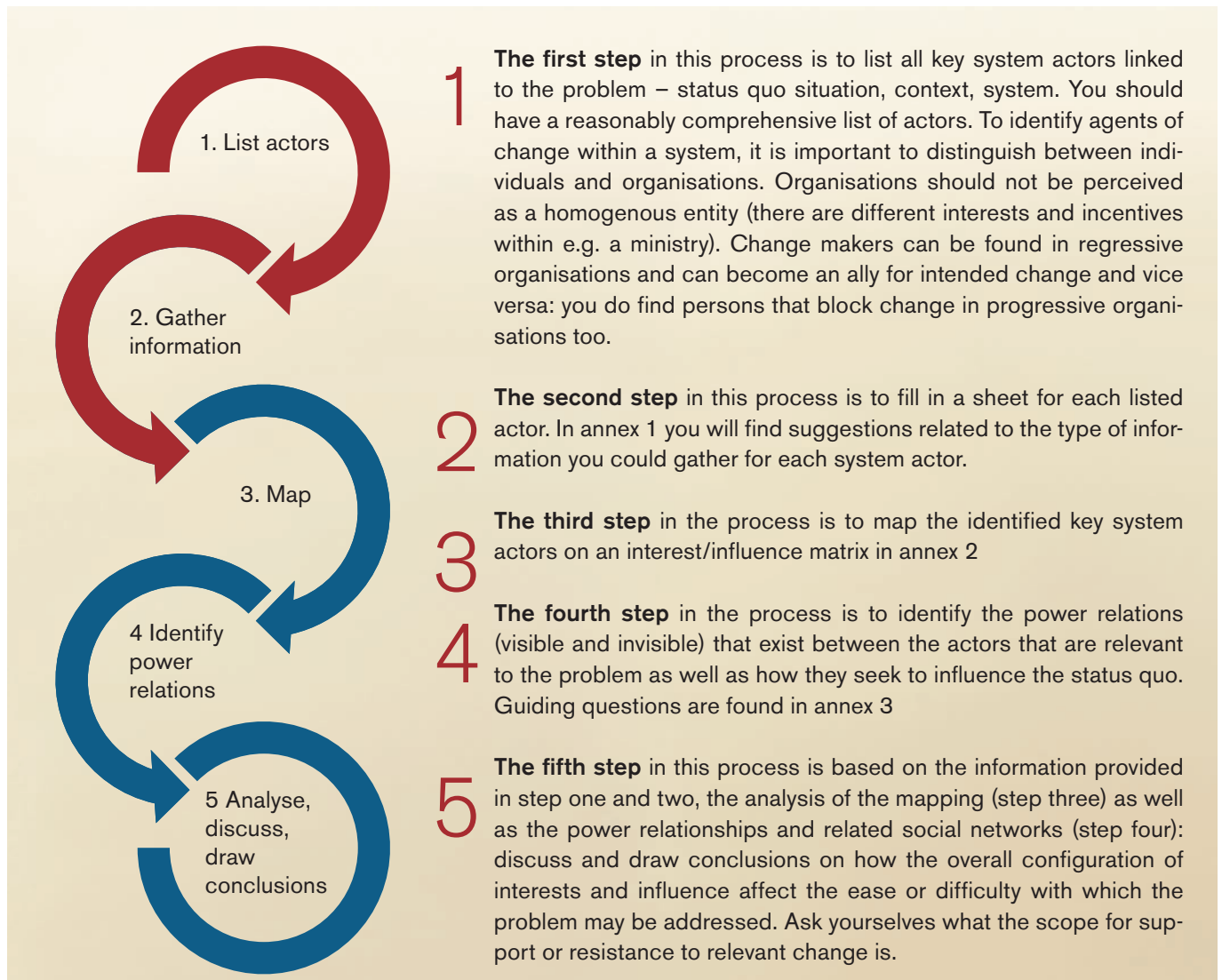
Depending on the identified problem, it is useful to include certain types of expertise. Consider that anyone involved in the analysis (yourself included) is, de facto, biased and that there might be conflicting interests among participants. It is therefore pivotal to allow participants to freely contribute with their knowledge. Also, it is important to provide a safe space for everyone involved, independent of hierarchies and statuses within the team and among partners.

### → What are the sources of information/research methods?

Note that when an in-depth one-month PEPA is conducted, triangulation of information is necessary to ensure that the conclusions and findings of your PEPA are more robust.

### → What is the timing and timeline of the analysis? Including:

- Timing in relation to the annual programme/project cycle, e.g. integrating PEPA in annual review and reflection processes
- Expert/peer feedback on the methodology and zero draft of the report
- The final approval process of the report
- The next steps/the follow-up/the implications/the communication and dissemination of the analysis once it has been finalized. Sometimes it is wise to share the findings of the analysis broadly while in other cases, the findings can be very sensitive. A careful risk management prior to the dissemination of the analysis is therefore very important.



## Identifying and analysing drivers and inhibitors in the system

When analysing **inhibitors & drivers of change** and identifying **root causes of problems** it is useful to refer back to the previous categorization of 6 key drivers/inhibitors: **(i) Actors / agents; (ii) Institutions; (iii) Resource flows; (iv) Spaces; (v) Exogenous factors; and (vi) Structural factors**

### (i) Actors/agents:

Actors/agents are key stakeholders related to a problem and/or within a system. They can be individuals; civil society organisations; networks & coalitions; movements; INGOs; media; traditional and religious authorities; political elites; political parties; state bureaucrats; elected officials from the sub-national/national level; sector ministries; parliament, the judiciary; different types of private sector (local, foreign, multi-national); academia; development partners; foreign states, etc.

**Actors/agents are the centre of any political economy and power analysis.** It is fundamental to identify, map and understand these actors/agents in order to know which ones are potentially opponents against change and allies to change the status quo. A five-step approach is therefore proposed. Steps 1–2 (see **annex 1**) are similar from what we know from traditional stakeholder analyses/mapping, whereas step 3 (see **annexes 2, 3**)–5 brings in the PEPA dimension.

### (ii) Institutions:

**Formal** institutions include formal written rules governing the political system, a particular sector or problem such as constitutions, electoral laws, access to information, administrative regulations, treaties and policies. **Informal** institutions are socially shared rules - usually unwritten - that are created, communicated and enforced outside officially sanctioned channels. They refer to less visible beliefs, norms, values shaping social identity, culture, collective mindsets, group behaviour and relationships, public opinions, shared visions and social mobilisation.

It is key to understand the way they shape the context to get better insights in the incentives at work in a particular environment: e.g. informal understandings, arrangements or deals to maintain political support, stability, gender norms, clientelism, etc.

Institutions shape the quality of governance, the incentives/constraints as well as the influence of actors/organisations and thereby have an impact on:

- The behaviour and capacities of different actors/groups and the relationships/power dynamics between them;
- The extent to which public and private actors behave and interact according to rules that are widely known and accepted;
- How processes of political bargaining play out;

- **Collective action:** institutions influence potential opportunities for different groups to mobilise and engage in collective action that promotes development. Arrangements that are seen to be effective in supporting collective action, can become “institutionalised” over time. Some are formally codified as written rules and procedures, but others depend on more informal relationships and social norms. In countries with weak formal institutions, collective action is often organised informally. This can be productive, for example when relationships of trust between businesspeople help enforce contracts in the absence of more formal, legal arrangements; or when village level organisations undertake dispute resolution. Informality can also lead to “crony” relationships that create exclusive benefits for a small number of powerful people and undermine development.

A **two-step approach** is proposed to get better insights in the way institutions/the rules of the game drive behaviours and dynamics. A set of questions in **annex 4** will guide you to understand how institutions drive behaviours and dynamics related to your problem and how these interact.

### (iii) Resource flows:

Access to resources means power and influence while, in turn, power and influence gives access to resources. Understanding resource flows therefore helps to have better insights into the power relations in your context and come up with ideas how feasible changes related to them could become a driver of change that could either influence or solve your problem or influence your system (context, situation). Key resource flows to look into include: **capital** (in CHF, € or USD); **information/data**; de facto monopoly **ownership of / or access to** a (natural) resource/sector/commodity/market niche by certain actors/agents or groups. Answers to the guiding questions in **annex 5** may give you better insights into the ways access to these resources influence your problem.

### (iv) Spaces:

Spaces are potential arenas for participation in which power can be exercised through e.g. citizen engagement in policy processes, from local to global levels. They can be **invited, closed, claimed, empty, invented, formal, informal, dangerous, etc.** They exist in dynamic relationship to one another and are constantly opening/closing through struggles for legitimacy and resistance, co-optation and transformation. It is important to explore the nature of existing spaces and try to discover empty spaces in the framework of your analysis. Answers to the set of guiding questions that can be found in **annex 6** can give you insights into this.

### (v) Exogenous factors

Exogenous factors are external factors that can be **game changing events**. They may coincide with internal devel-

opments and generate winds of change. They cannot readily be influenced but can change abruptly. Examples are: volume and support modalities in international development cooperation; global trade; multinational corporations; foreign investors; consumer and investments patterns in global markets; external responses to security risks and threats; external security risks; influence of technology; influence of external factors on climate change; covid-19 pandemic; global financial crisis; diasporas; foreign government interests.

To get insights in how exogenous factors influence your problem, ask yourself the following key questions:

- To what extent do exogenous factors have an impact on the context/problem which you seek to influence/ solve;
- Are there regional or international frameworks or trends which support or challenge prevailing national policies and socio-political and/or economic strategies in either positive or negative ways?

### (vi) Structural factors

Structural or foundational factors are long-lasting or deep-seated features of the region, the state or the society that fundamentally shape the social, political and institutional landscape and influence both the scope for constructive state-society bargaining as well as the institutional arrangements for organising collective action. They cannot readily be influenced and do not change abruptly because of the time frame needed. Structural factors include ethnic groups; socio-economic classes/ structures; religion; demography; history; sources of

income/public revenue; sustainable public finances; agglomeration; natural resource endowment; geo-strategic location; topography; the extent to which the state is well-established; the level of development of economic relations; the degree of urbanisation, etc. To get insights into the ways structural factors shape your context, try to answer these key questions:

- What structural and foundational factors shape the social, political and institutional landscape related to your problem/context?
- What structural factors influence your problem negatively or positively? Why?
- In what way do they influence how institutions work and people behave in the context or field of problem under consideration?
- How they influence both the scope for constructive state-society bargaining as well as the institutional arrangements for organising collective action?





### Theory of change

You need to **adopt an inclusive systemic approach** whenever you want to “change” or “win” the game. The analysis that you conducted, therefore becomes essential to:

- Inform the design of your country programme strategy, project or advocacy plan;
- Validate/revise your theory of change (ToC) and related assumptions throughout the programme/project management cycle.

Based on the insights gathered throughout the analysis, you want to build a ToC as a blueprint for the implementation to help to bring about the systemic change. The ToC is akin to a logical framework analysis. The primary difference is that a ToC is less linear, showing varied possible pathways to change. It provides more analytical information as to why these pathways are anticipated. Articulating a ToC should help you to:

- Identify long-term goals of your programme/project;
- Conduct a backwards mapping of critical pathways – or results chains – connecting the preconditions necessary to achieve that goal while explaining why these preconditions are necessary and sufficient;
- Identify your basic assumptions about the context;
- Identify the interventions that your initiative will perform to create the desired change;
- Develop indicators to measure your outcomes to assess the performance of your initiative; and to
- Formulate a narrative that explains the logic of your initiative

#### Keep in mind that a ToC is not:

- An absolute truth of how change has to happen, of how it is going to occur, or even of how we want it to occur
- A definitive recipe that helps to eliminate the uncertainty existing in complex and emerging social processes
- A substitute for the logical framework

### How to build a Theory of Change

The steps and tips below can help you to build the ToC and establish **joint ownership** with strategic partners and allies:

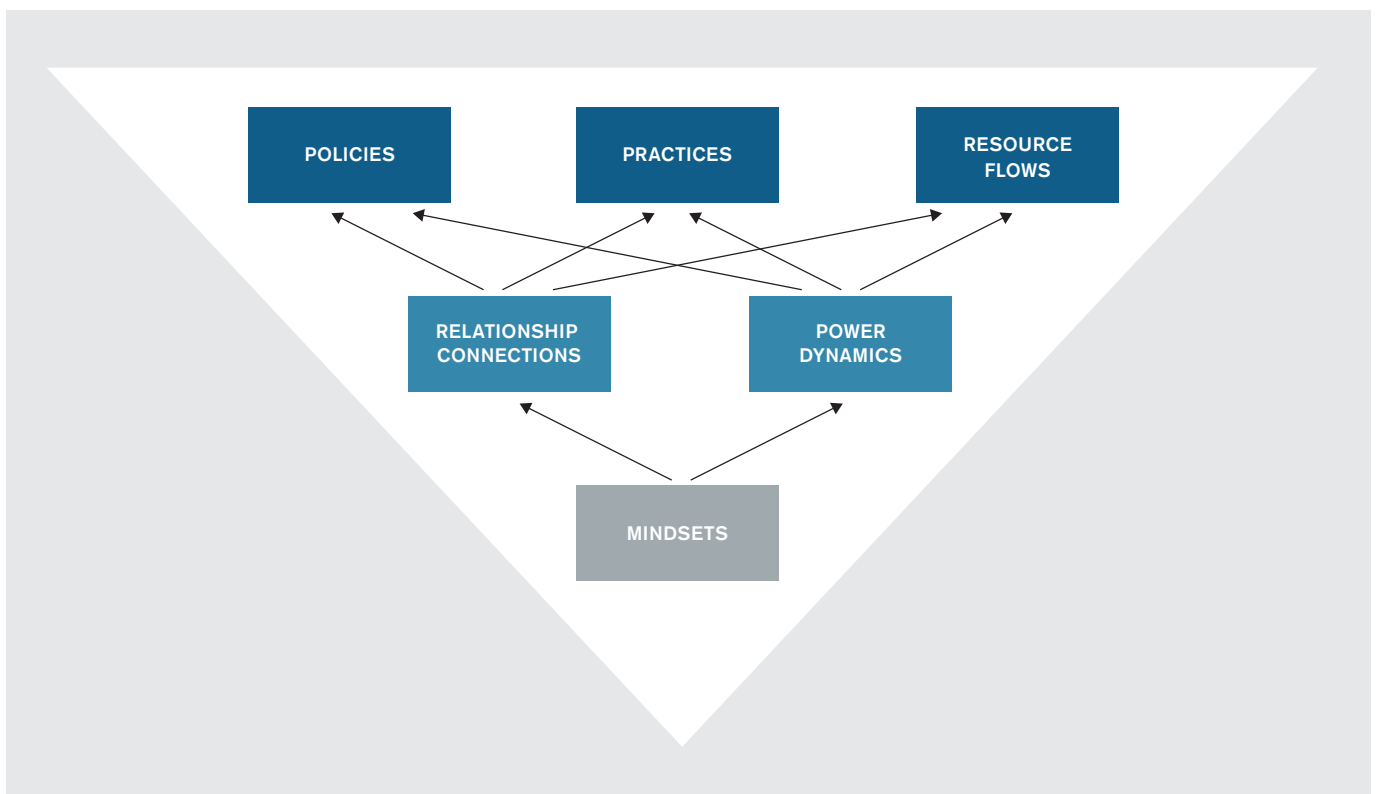
- Brainstorm with strategic partners about the short and medium-term and deeper long-term changes that need to happen to influence or solve the problem while considering your analysis of the: (i) actors / agents; (ii) Institutions; (iii) resource flows; (iv) spaces; (v) exogenous factors; and (vi) structural factors. Also, try and define what preconditions need to be in place for the (desired/realistic) change to happen (in the short-, medium-, long-term)
- Brainstorm what changes could affect your problem positively. Also reflect on possible negative impacts of such changes
- Focus on the analysis carried out in the actors mapping and select key strategic partnerships with a strong systemic footprint if you haven't got these in place already
- Build mutual ownership and reach a consensus with your strategic partners on how your approach will mobilize allies in the quest for systemic change while finding ways to manage opponents of change in order to minimize risk and anticipate blockages/obstacles
- Make sure to establish an inclusive “alliance for change” by tapping into a diverse group of stakeholders including:
  - Duty-bearers and rights-holders<sup>7</sup>
  - Civil society, religious institutions, customary leaders, academia, unions, NGOs, the private sector, (independent) media, government (national, sub-national)
  - People representing different generations, genders, ethnic groups (including indigenous minorities), differently abled people, marginalised and excluded groups, people from rural and urban contexts
- Make sure to reflect and decide whether certain groups (e.g. political parties) should be involved as you might run the risk of polarizing your issue along partisan lines. Also, pay attention to the fact that you shouldn't necessarily exclude elites. Engaging with elites can be key to achieving transformational change. Try to get a diversified elite (religion, gender, ethnicity) to be representative of various groups and think about smart ways to involve them without “hijacking the potential for change”.
- Think about the current winners of the status quo and try to find risk management strategies e.g. “what to do with them so they do not become the new losers”.
- Deploy a strategy about what needs to be done to get more influential allies for change. Think about **ways to move “key people” and “more people”** to a different position in terms of interest/perception or influence to

change the balance of forces in the system. To do so, focus on the ways your project, programme or intervention could invest in “individual change” in key people and groups of people (“more people”) by:

- **Changing attitudes** – work on inhibiting **mindsets and values** and find ways to influence world views and how circumstances are perceived. This is necessary to empower people, organisations, networks to gain the confidence and awareness to open up to the possibility to have the capacity to act and transcend existing paradigms.
- **Changing behaviours** – foster leadership skills, relational capacities, inter-personal behaviour. Such changed mindsets in “key people” and “more people” are essential and drive changes in the types of relationship/connections as well as underlying power dynamics between system actors. This approach is also based on the assumption that system actors that are not directly targeted by the project/programme or intervention could potentially become influenced by the changed attitudes and behaviors of those affected directly by the programme – and thereby internalise new values and copying their behavior. When relationships/connections as well as underlying power dynamics are impacted, policies, practices, resource flows are more likely to become subjected to changes as well

### ToC: how to mobilise and influence for systemic change

- Discuss how the “individual change” in “more people” and in “key people” can be used to mobilise them to achieve socio-political change. Examples of questions you might raise include:
  - What would need to change for actors which currently lack incentives or are indifferent, to support change?
  - Which actors currently do not meet / cooperate and would need to meet / cooperate for change to happen?
  - Can resource flows be influenced through our project to change systemic incentives?
- Brainstorm to find strategies through which the change in “more people” will influence “key people/players”. E.g. social movements reach a tipping point for social change, based on a change of social norms, when they reach a certain proportion of the population
- Brainstorm and agree on approaches that support enhanced influence of changed “key people/players” on “more people”



## Pay attention to analysis paralysis

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One of the imminent risks of conducting a PEPA is what is called analysis paralysis. As a facilitator of inclusive systemic change, it is therefore critical to consider how to move towards collective action. The steps and tips below can help you to move from analysis to action. Based on your work, consider the capacity to influence the achievement of the conditions that need to be in place for the change to happen. Identify the best entry points to influence the key conditions that can bring about the change and where the different partners can play different roles. Finally, **stay realistic** about the sphere of influence of your programme/project/advocacy efforts and test your approach by answering these questions (Source: Applying a Political Economy Approach in Tunisia, Discussion Paper N. 290, ECDPM, January 2021):

**ALTER:** What are the chances of being able to alter the interests of key stakeholder groups and actors?

**ADAPT:** To what degree can objectives be met, or can 'the problem' be addressed by in case the approach identified (in your programme/project/advocacy) can not realistically alter incentives of key stakeholder groups and actors - does the approach adapt to or build on the existing incentives/constraints and informal practices? I.e. "work with the grain"

**AVOID:** In order to avoid blockages of a PEPA nature in the implementation of your programme/project/advocacy efforts e.g. individuals/practices that undermine change efforts – what are the prospects, but also the potential costs/benefits of working through proposed alternative and/or parallel processes and institutional forms?

**AWAIT:** In some circumstances, it is sometimes advised to await more promising political-economy-power circumstances – are there some potentially important political or other game changers on the horizon that might offer better opportunities for positive change?

**ABANDON:** Assuming that none of the 4 A's provide satisfactory answers, i.e. the programme/project/advocacy efforts may stand little chance of success and might need to be abandoned - is abandoning the change endeavours identified, politically feasible or desirable, and might negative effects otherwise be offset?

Analysis paralysis (or paralysis by analysis) describes an individual or group process when over-analysing or overthinking a situation can cause forward motion or decision-making to become "paralyzed", meaning that no solution or course of action is decided upon.

## Setting up a MEAL framework to detect significant changes and adaptation needs

HELVETAS' use of the acronym **MEAL** highlights the two core functions of monitoring and evaluation – and their contribution to accountability and learning. We acknowledge the relevance of these specific objectives as organization-wide core values. On one hand, HELVETAS aims to be a learning organisation thus stimulating staff to ensure inclusive feedback loops and reflection mechanisms in programme and project management cycles. On the other hand, we put emphasis on being accountable towards communities and partners while making best use of received funds towards the donors.

Civil Society Organisations are under increasing pressure to demonstrate to the public, parliaments and government agencies that received Official Development Assistance (ODA) is efficiently and effectively translated into sustainable development results relevant to the achievement of Sustainable Development Goals (SDGs). Setting up an adaptive MEAL system, together with local partners, which includes a theory of change and a logical framework with clear objectives and sex disaggregated indicators that are able to measure systemic change, enhances the relevance, joint ownership and mutual accountability of programmes and projects.

Attention is increasingly focused on the need for results management approaches that are appropriate to the complexities of development and on the need for relevant, locally owned results. Theories of change are meant to be one such approach. **Adaptive and agile management** is also getting increased consideration as a new approach to results management. Central to this approach are a strong power analysis to inform planning and implementation; flexibility, adaptation and path adjustment based on learning in changing contexts. Adaptive management can be an especially relevant approach when an INGO like HELVETAS is being supported to affect transformative social or institutional changes, including strengthening civil society and government agencies in partner countries.

Much has been written about how an inflexible application of results-based management (RBM) can impede the attainment of key OECD-DAC evaluation criteria such as relevance, effectiveness & efficiency, impact and sustainability. It also can hinder risk-taking and innovation and favour quantitative, relatively quick-win results rather than the more complex and sometimes unpredictable institutional and social transformations needed for long-term sustainable change which we expect from our programmes and projects. Inflexible RBM comes with a risk of "crowding out" intangible but possibly transformational results while potentially focusing on results that are less relevant to partner country civil society organisations (CSOs) and their constituencies and beneficiar-

ies. Nevertheless, development partners do not always consistently use results information to analyse if the direction of the programme should be adapted due to contextual changes and major disruptions, such as e.g. Covid-19. Keep in mind that a “mechanistic” interpretation of RBM leads CSOs to use monitoring simply to tally results rather than as a tool for lessons learning to inform strategic planning and relevant adaptation to changing contexts.

A more agile interpretation of RBM allows for iterative programme planning and implementation as well as to generate a process of learning throughout the programme cycle. PEPA is therefore particularly useful for annual- or end of phase reflection processes. Here, HELVETAS, ideally together with strategic partners, can use the manual to consistently analyse major changes in the political, socio-economic and conflict context or changes in key actors, power relations, structures and processes and adapt the ToC, logical framework, risks and assumptions accordingly.



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**In conclusion, the joint reflection processes using the PEPA manual should foster:**

- Strong analysis, insight and understanding
  - Detailed appreciation and response to the local context
  - Flexibility and adaptability in programme design and implementation
- .....

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1 Until 2020 known as the Governance & Peace (GOP) team  
 2 Cf. HELVETAS' [Systemic Approach](#)  
 3 Click on the link to see how a team applied a PEPA approach to “Improving security of property rights in the Philippines”  
 4 Source: The Policy Practice (Swiss Development Cooperation Training) – For connections with advocacy see the Helvetas Advocacy Toolbox  
 5 Links to examples of global, regional level and problem focussed PEPAs: respectively: “The Political Economy of Climate Change”, IDS Bulletin 42.3 - Tanner, T. and Alouche, J. (2011) ; “The political economy of regional integration in Africa” - The Southern African Development Community (SADC) Report - Vanheukelom, J. and Bertelsmann-Scott, T. (2016), European Centre for Development Policy Management ECDPM ; The supply and distribution of essential medicines in Malawi: summary findings, ODI Research Report - Wild, L. and Cammack, D. (2013)  
 6 Cf. HELVETAS' [Human Rights Based Approach](#)

# ANNEXURE

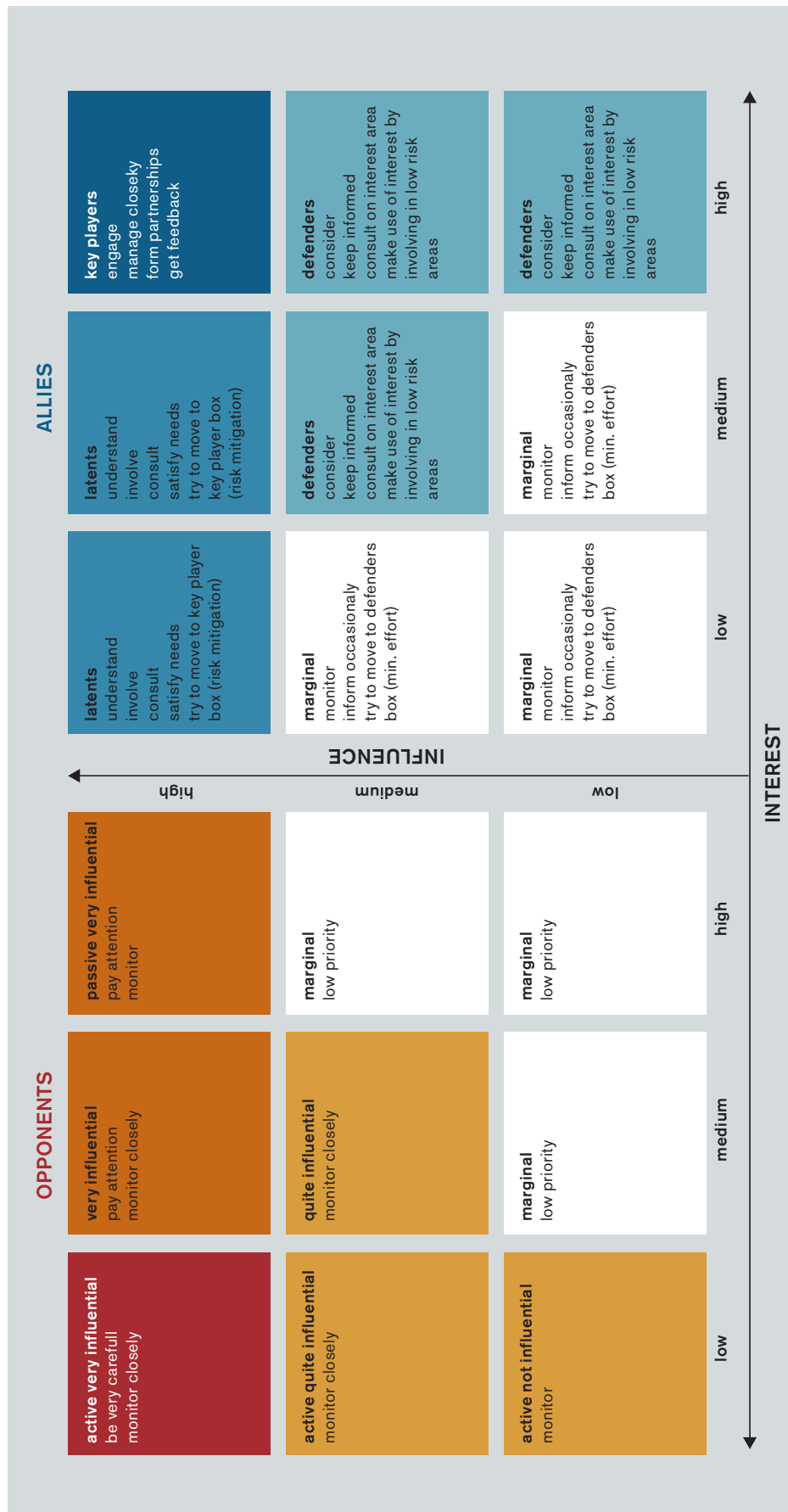


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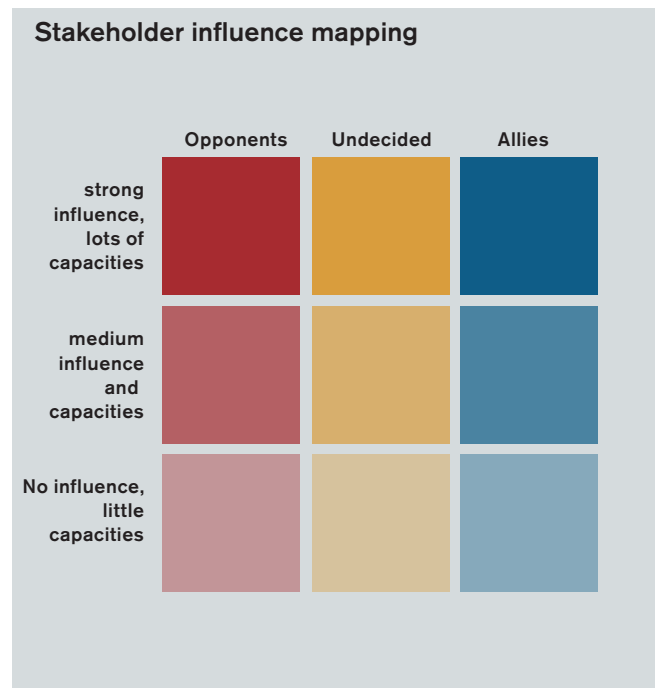
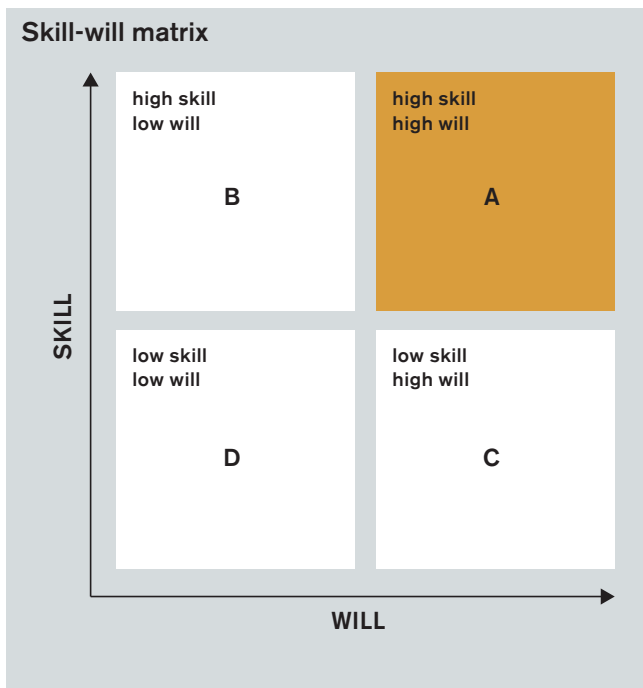
## Annex 1: Actors/agents – gathering information

	Person	Organization, network or movement
<b>Identification</b>	<ul style="list-style-type: none"> <li>Name</li> <li>Title</li> <li>Organization, networks, movements s/he belongs to</li> </ul>	<ul style="list-style-type: none"> <li>Name</li> <li>Type of organization, network or movement</li> </ul>
<b>Role</b>	<ul style="list-style-type: none"> <li>Duty-bearer or rights holder</li> </ul>	<ul style="list-style-type: none"> <li>Duty-bearer or rights holder</li> </ul>
<b>Identity</b>	<ul style="list-style-type: none"> <li>Age group</li> <li>Gender</li> <li>If possible/acceptable in your context: ethnic group, religion, ...- if not, the person's location could be an indicator</li> </ul>	<ul style="list-style-type: none"> <li>New or well-established organization, network, movement</li> <li>Is there a tendency of dominance of certain features in the organization: age group, gender, ethnic or religious group or is it diverse and inclusive</li> </ul>
<b>Relations</b>	<ul style="list-style-type: none"> <li>Other organization, networks, movements s/he belongs to</li> <li>Mention, if existing, the (in)formal/family relationship with someone from our team or strategic partner</li> </ul>	<ul style="list-style-type: none"> <li>Other organization, networks or movements the actor/agent belongs to</li> <li>Mention, if existing, the (in)formal/family relationship with someone from our team or strategic partner</li> </ul>
<b>Power</b>	<ul style="list-style-type: none"> <li>Is s/he (or the organization, network or movement) currently a winner or a loser of the status quo?</li> <li>S/he or the organization, network of movement can bring about change, or is s/he (or the organization, network or movement) in a position to block change? <ul style="list-style-type: none"> <li>Is there a credible commitment? E.g. a promise made by one actor that is thought to be believable by those to whom the promise is made. This credibility tends to arise from there being some cost to the actor making the promise if it should be broken.</li> <li>Is there legitimacy - do citizens trust the actor/agent or organizations? Is s/he an ambassadors/champions/role models related to your issue?</li> </ul> </li> <li>Deepen your insights about the motivations/interests, influence/power, (dis)incentives that this agent/actor may have to support change – and therefore may either become an ally or a barrier for change. Look into: <ul style="list-style-type: none"> <li>Their access to or ownership of different types of resources</li> <li>The different types of power they may have <ul style="list-style-type: none"> <li>Their access to, participation in or ownership of different types of spaces</li> <li>Is there a collective action problem i.e. a situation in which a group of individuals would all benefit from a certain action, but since there is no arrangement to ensure that the costs would be shared among those benefiting (to limit 'free riding'), individuals are discouraged from contributing to the action, and it does not happen. Collective action problems are solved when there are institutions (e.g. disciplinary powers vested in leaders) or organisations (e.g. a trade union) that limit free riding.</li> <li>Their belonging to a certain gender, age, ethnicity, language, religious, political, differently abled or underserved group</li> </ul> </li> </ul> </li> <li>What type of rewards or punishments are perceived by the individual/organization, network, movement related to their actions. These can be both material and non-material in nature. Are they incentivised by: <ul style="list-style-type: none"> <li>A moral hazard: i.e. the incentive that someone has to act irresponsibly when someone else has given them an implicit or explicit guarantee that they will be protected from the consequences. Some argue that aid donors have this effect on governments that receive aid.</li> <li>A political settlement (and between which groups) i.e. a pact, agreement or understanding among elites that limits violence and prevents resort to civil war. Political settlements usually involve some sort of bargaining over the allocation and use of rents which in turn influences the institutions that are adopted and how they work</li> <li>A principal-agent relationship (and with whom) i.e. a relationship between two actors, one of whom (the agent) is expected to act on behalf of the other (the principal). Principal-agent problems arise when the two have different interests and the agent has more relevant information than the principal.</li> </ul> </li> </ul>	

## Annex 2: Actors/agent mapping



## Alternative matrixes



## Stakeholder mapping of actors with connections to the project team

The system actor is connected with:  
Names of people from our team & strategic partners

System Actor	Type of connection
1 Mr. .... Title: Organisation:	
2 • Ms..... • Title: • Organisation:	
3 • ...	



### Annex 3: Actors/agents - guiding questions to identify power relations

- Look at how actors (including elites) are organised:
  - What are their main networks, alliances and relationships?
  - Who knows whom?
  - What are these power relations based on – e.g. common interest, friendship, family relations, ethnicity, gender, ideology, religion, age?
- Are these social networks dense?
- If so, identify which actors are in the core. Actors in the core might be more resistant to change while the actors in the periphery might be more open to change and less prone to conform
- Analyse and debate to what extent power is concentrated in the hands of specific individuals/groups? Specifically look at the power relations and dynamics between decision-makers
- Are these social networks permeable/penetrable or do they have strong boundaries segregating others from them? If the latter is the case, this might induce more pressure for conformity based on communal norms
- Understand what the incentives/motivations are of actors to cooperate with one another? Are they e.g. based on trust, duty, tradition, self-interest, laws or regulations? Short-term or long-term interest?
- In what way do identified social networks seek to influence or maintain the status quo? This could e.g. be by influencing mindsets, public opinion, social mobilization, relationships, coalitions, norms, behaviour, regulations/laws, policies, resource flows, access to networks or spaces: Do they ensure gatekeeping, coordination, representation and inclusion, consultation, liaison
- How is HELVETAS or individual staff part of this network and how could such connections be used to “play the game” – i.e. taking a step beyond learning the game

## Annex 4: (In)formal rules of the game – guiding questions

A two-step approach guides you through the questioning process related to the rules of the game pertaining to your problem. The first step with five sets of sub-questions, looks into the ways formal and informal rules of the game drive behaviours and dynamics. The questions of the second step help to explore how formal and informal rules of the game interact.

### STEP ONE: how do formal and informal rules of the game drive behaviours and dynamics related to your problem or context?

**QUESTION ONE: what governance typology is in place – what are its main characteristics and what does this mean for the incentives and dynamics in your system (context, situation and/) or related to your problem or context?**

#### Examples of key questions to ask:

- In autocracies and democracies that do not result in alternation of power, political power is more concentrated. Therefore, relevant questions could be:
  - Does the regime view the issue as a potential threat?
  - Is the regime likely to respond through force and repression, or political negotiation / bargaining with interest groups through strategies of compromise and co-optation?

In both cases, the degree to which political competition is based on ideology, personalities or ethnic coalition-building may be relevant.

- The governance typology will affect the (in)formal legal frameworks that are in place regulating behaviour:
  - Within the state (e.g. integrity of bureaucracy), the private sector (enabling environment) and civil society (civic space)
  - Relating to the protection of basic rights and freedoms
- Electoral systems create incentives / dynamics for certain behaviours. It is therefore useful in some contexts to understand in what way the type of electoral systems that are in place at the national and sub-national levels have an impact on incentives of the elected candidates and the citizen.
  - In multi-party-political systems, the focus will be on how the issue is addressed through electoral competition: how do political parties and politicians use the issue (problem) in their strategies to attract votes from different constituent groups and how do these different electorate groups respond to commitments made by politicians?
  - At the sub-national level, incentives play out differently when mayors are elected directly or indirectly
- Are there behaviours around the issue (problem) that are based in party politics or political competition, clientelist / patronage relations, illicit activity or corruption, rent-seeking, nepotism, gender /social and/or religious exclusion, or some sort of political arrangement?

**QUESTION TWO: in what way does the governance typology affect the types of accountability in place and related pressure? See also the section about “spaces”**

**Examples of key questions to ask:**

- How does the governance typology affect representative and inclusive participation, coordination, consultation and liaison mechanisms related to your problem, context / situation or sector work?
  - Across government? Why?
  - With other relevant stakeholders including civil society groups and private sector organizations: how much engagement is there between the state and different groups in society, and what is the nature and quality of such engagement? E.g. are relationships conducted through personalised networks or more public engagement with broader, organised groups of citizens? See also the section related to “spaces” and step four the section about “actors/agents”
- What is the nature of the formal and informal accountability mechanisms that are in place?
  - How do they operate in practice?
  - Why do they operate the way they do?

**QUESTION THREE: look at the type of economic model embedded in the formal rules and try to understand in what way this shapes incentives or constraints related to your problem (and / or your system, context, situation)?**

**Examples of key questions to ask:**

- How do particular economic structures / institutions shape incentives?
  - Do norms or logics emerging from economic practices -such as trade, ownership, investment, loans, taxation- affect your problem?
  - How do markets function and create: economic rents, competition for political power, limited open access orders, rules based or personalised institutions?
  - Look at whether the functioning of economic institutions is influenced by any underlying bargains among powerful elites or communities. If there is a “political settlement” that shares out access to economic rents among factions or their leaders as a condition for stability, this may affect the functioning of institutions and the possibility of reform. A political settlement is the informal power relations in a country, usually between a coalition of powerful elite factions. A political settlement is held together by the alignment of interests within the dominant coalition, and the dynamic relation between elite interests and the broader array of interests within a society.

**QUESTION FOUR: what are the sector, domestic and / or international formal institutional frameworks that define the rules of the game and therefore shape incentives / constraints related to your problem (and/or your system, context / situation)?**

Formal institutions relate to the constitution, legislation, regulations, treaties as well as policies / public and formal processes.

**Examples of key questions to ask:**

- What global / international or regional agreements / treaties or agendas is the country a signatory of or aligned with? E.g. human rights conventions, trade agreements, development agendas, etc.
  - How are they perceived across state and society and how much traction do they get in country?
  - Do they help influence domestic decision-making in any way?
  - Is what has been adopted through international or regional agreements / treaties or agendas related to your problem transcribed in the laws and regulations of the country?
- Are the laws and regulations on paper enforced in a consistent manner across the board, or are there implementation gaps? If the latter, what helps to explain those gaps?
- What is the nature of the decision and policy-making processes in relation to the issue?
  - What kinds of stakeholders participate in, or have voice and influence these processes – how, and why?
  - How does their participation impact both policies themselves and their implementation?
- Who participated in drafting the rules of the game?
  - At what point in time were these rules decided?
  - Do the rules represent the views, values or interests of a particular group?
- How do the formal rules affect underserved / marginalised groups?
  - How do gender related regulations reinforce power relations? How about indigenous minorities, religious groups, ageism, differently abled or other underserved groups in regulations?
  - Do particular regulations reinforce or sustain subordinate or discriminatory clauses related to gender, age, indigenous minorities, differently abled and other underserved groups' rights and roles?
  - In what way are often underserved / vulnerable or marginalised groups protected through the formal rules?
  - What is foreseen in regulations in terms of the participation / representation / inclusion of underserved groups?
  - What are the formal opportunities for indigenous minorities, religious groups, different age groups (young / old), differently abled or other underserved to voice their opinions?
- Are the existing rules broadly known, perceived as legitimate and widely accepted? Across all sections / groups of society or only among certain groups?
- Are the formal rules stable over time? How have they evolved over time?
- To what extent are the formal rules followed and effectively implemented in consistent and predictable ways? If not, why?

## QUESTION FIVE: list the informal rules that influence your situation / context and / or problem?

- What are the predominant identities?
  - How are these identities shaped and reproduced by social and cultural norms?
  - How do they influence political and judicial structures and processes?
  - How do people's self-perceptions of their identities either reinforce or challenge prevailing social and cultural norms?
  - How do these identities shape different values or discourses?
    - How are different narratives built into common development discourses?
    - Do these discourses contribute to reinforcing social hierarchies or exclusion?
    - How do these narratives build on beliefs, norms and cultural practices legitimise and reinforce material power structures?
    - Are these narratives used to advance reforms or legitimise the status quo?
- Do the informal rules seek to expand, complement, or contradict the existing formal rules of the game?
- Which informal rules and identities distort or reinforce developmental efforts? How?
- How do informal rules influence political and judicial structures and processes? How about economic processes?
- Do informal rules represent and benefit the views, values or interests of a particular powerful group?
  - Which one(s)?
  - Which identities shape the informal rules (ethnicity, class, age, gender, political affiliation)?
  - How are they benefitting the power holders?
- How do informal rules affect underserved or marginalised groups?
  - How do norms related to gender, indigenous minorities, religious groups, age groups, differently abled or other underserved groups reinforce power relations?
  - Do particular norms reinforce and sustain subordination or discrimination related to rights / roles of certain gender and age groups, indigenous minorities, differently abled and other underserved groups?
  - What are the prevailing social and cultural norms around gender, age, indigenous minorities, differently abled and other underserved groups?
  - How are norms related to the participation / representation/inclusion of underserved groups?
  - What are the norms related to indigenous minorities, religious groups, different age groups (young / old), differently abled or other underserved to voice their opinions?
  - In what ways do norms reflect more / less respect for certain groups of people?
- Please note that it is also worth considering that between and within women's groups and other marginalised / underserved groups, there can also be important differences pertaining to interests, power and influence
- Are informal rules stable over time and predictable? How have they evolved over time?
- Are informal practices legitimised or widely accepted? Across all sections/groups of society?
- You may also want to further explore the ways in which formal and informal institutional factors contribute to the uneven implementation of different policies related to your problem (or in a sector) - uneven performance e.g. related to different groups e.g. by (urban-rural) area/region, ethnicity/religion, gender. Where variation exists, what helps to explain it?

## STEP TWO: how do formal and informal rules of the game interact?

### Examples of key questions to ask:

- What are the rules of the game / practices in your system (context, situation and/or related to your problem) that define how the game is actually played: which rules are enforced?
  - Do these rules seek to expand, complement, or contradict the existing formal rules of the game?
  - Are these rules stable over time or predictable?
  - Are they legitimised or widely accepted?
  - Are they effectively applied? If not, why?

## Annex 5: Resource flows – guiding questions

This annex helps you to explore the nature of resource ownership and flows related to your problem with some examples of key questions to ask.

### CAPITAL FLOWS

#### Examples of key questions to ask:

- How is the sector or budgets and services related to my problem / context financed (e.g. public / private partnerships, user fees, taxes, donor support) and resourced?
  - Is there a “resource curse” in my context i.e. the negative effect on government accountability to citizens that is noticed when governments gain so much revenue from natural resource extraction that they do not need to collect taxes from individuals or firms ?
  - Is my context characterised by the “Dutch disease” i.e. an economic phenomenon where the rapid development of one sector of the economy (particularly natural resources) precipitates a decline in other sectors (e.g. agricultural products and manufactured goods) and thereby making those less competitive in international markets? It is also often characterised by substantial appreciation of the domestic currency.
  - How does this shape accountability dynamics across stakeholders within the sector and / or related to my problem / context?
- Budget processes:
  - To what extent is the budgeting of financial resources based on rational choice / common good e.g. socially inclusive and gender responsive budgeting, procurement and taxation?
  - To what extent are budgets credible and executed as planned?
  - Do de-centralised funds reach the local level, and if not why? Are intergovernmental transfer mechanisms effective / transparent / accountable?
  - How can budget transparency in decision-making processes be enhanced?
- How is corruption and “rent seeking” shaping up in my context / problem?
  - Rent seeking is the attempt to generate income/obtain economic rent by manipulating the social or political environment in which economic activities take place, rather than by creating new wealth (by creating a flow of rent). “Rent / economic rent” is the difference between what a factor of production (land, labour or capital) is paid and how much it needs to be paid to keep it in its current use. A rent is an ‘extra’ income associated with control of resources that are in limited supply, including mineral wealth; monopolistic business opportunities, including those created by government regulation of markets; and governmental decision-making authority (e.g. concerning award of public contracts). Rents may be illicit (as in corrupt contracting) but are not necessarily so. Resources derived from rents can be used in different ways, some bad for development and some necessary.
  - Where is corruption and rent-seeking most prevalent (e.g. at point of delivery; procurement; allocation of jobs)?
- Does it finance the status quo of my problem?
- Is it need or greed corruption?
- How / where / to whom does this money flow?
- Who benefits most from corrupt practices and rent seeking behaviour?
- Are there clear patterns related to / links with gender, age, ethnicity, language, religion, location?
  - How are some groups of society benefiting more from public or private services?
  - How is patronage, clientelism and nepotism being used?
  - How do different actors perceive how the economy functions, or how poverty and wealth are caused?
  - How do different people understand the variety of practices that donors might describe as ‘corrupt’?
  - How can systemic anti-corruption mechanisms be strengthened?

- How does foreign direct investments (FDI) affect my context / problem? How transparent and inclusive are government decision related to FDI?
- Is social protection and are subsidies provided - which groups benefit most from these?
- In what way does the economic power of cities affect my situation / context or problem (and their leaders)?

## INFORMATION FLOWS

Information has become one of the most important commodities of our time. It has an enormous impact on individuals, cultures, societies, politics and has an economic value. Information takes different forms:

- Data flows
- Financial transactions
- Flow of people
- Various forms of media contents and influence such as those associated with news, film, television, social media – the latter which used frequently for civic engagement

Access to information is power and information flows shape power relations. Often the term information asymmetry is used to describe a situation where one actor has more information about relevant matters than another actor and is therefore able to use that information to gain some sort of advantage.

Data is more and more often thought of as a common good. The way it is managed shapes power relations, access to resources and it has implications on human rights. “Big data” e.g. can help detect and fight infringements of human rights while on the other hand the very use of it can challenge core human rights - notably, but not only, privacy. Fundamentally, tensions between competing human rights are likely to become increasingly salient in the age of “big data”. In the case of the Ebola epidemic / COVID-19 pandemic the question could be raised whether mobile-phone data that have been shared to map population movements and the spread of the disease may have infringed on individual and group privacy and perhaps safety. Data is also a resource that is more frequently used and generated by machine learning through artificial intelligence (autonomous computer systems / self- learning algorithms). Ethical regulatory principles which underpin data generation, ownership, privacy, access and reliability for decision making are in most countries not yet developed – especially in Least Developed Countries. The EU has e.g. only recently developed its own [White Paper on Artificial Intelligence \(A European Approach to Excellence and Trust\) February 2020](#). This situation has important consequences with regards to:

- Fairness and inclusion
- Transparency, explainability, responsibility, and accountability
- Data limitations
- Privacy and security

The private sector currently has a strong advantage: it currently owns and generates most data. “Additional risks are associated to implementing an artificial intelligence (AI) system in a country with an authoritarian government or with authoritarian-leaning institutions such as the police, military, or intelligence services. A significant percentage of developing countries have these characteristics, and the risk of function creep in such contexts is strong. AI systems are powerful, and even a seemingly innocuous system like satellite imagery for crop monitoring could be used to conduct surveillance on a massive scale. Additionally, by finding patterns in data and parsing through the noise, an AI system could allow governments to more easily identify and categorise people as belonging to a particular group. This information could be used to deny services to certain groups or target them for more nefarious aims (World Wide Web Foundation 2017). In some cases, AI systems are already being used explicitly for this purpose. China has been exporting its AI surveillance technology to security forces in African countries with a history of repressing political opponents and ethnic and religious minorities (Gwagwa and Garbe 2018). In such a context, it is vital that AI for development initiatives have strong privacy and security measures to prevent abuse of their systems.”



### Examples of key questions to ask:

- Who / which groups in your context have access to what type of key information related to your problem and which groups do not have access? Why is this so?
- The spread of false information (often through social media) is currently more common and used to gain influence by different types of actors (both state and non-state actors). Look into how access to (un)reliable information (laws), censorship, media / press freedom, open access to academic research (links between government, CSO, media and academia) affects your situation / context / system / problem?
- Is information related to foreign direct investment, assets of government officials etc. publicly accessible?
- Data - generation / access / privacy / ownership / reliability related to your problem as basis for (un)fair decision making: how is data generation, access to, privacy, ownership and reliability of data in your context?

## NATURAL RESOURCES

### Examples of key questions to ask:

- Get insights into how the (natural) resources related to your problem are allocated / owned? These resources could e.g. be: land and water, non-timber forest products, rattan, telecom services, etc.
- Does it keep in place the status quo related to your context / problem?
- Who benefits most from it? Are there clear patterns related to / links with gender, age, ethnicity, language, religion, location, public sector, private sector...?
- Is patronage, clientelism and nepotism used?
- How do different actors perceive how this works out?
- To what extent can exclusive access be undone? Would that be useful?



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A business dialogue facilitated by the project Ho- Halé, Burkina Faso

## Annex 6: Spaces – conceptual framework and guiding questions

This annex helps you to explore the nature or absence of the spaces related to your problem and provides examples of key questions to ask.

### Examples of key questions to ask:

- What are the spaces and processes for consultations, liaison, coordination, representation, decision / policy making related to your context, situation and / or problem? Think about consultation related to foreign direct investments, accountability mechanisms, monitoring of implementation, policies, budget processes, coordination platforms, digital platforms. Are these spaces typically formal, informal, invited, closed or, claimed, invented recently, dangerous?

### Formal / informal spaces

- Are the spaces formally created by existing institutions / formal rules of the game or are they informal?
- In case the space is informal, would it be conducive (for positive change to happen) to strive to make this space “formal”? Formalising is not always favourable for change – it very much depends on the context.

### Closed spaces

- How much downward and mutual accountability exists towards groups affected by decisions over which they have had no say?
- What closed space could become a claimed / an invited space in which eventually power can be gained / and vice versa? How?
- Do we know any change makers who are in the closed space with whom an alliance can be made?
- Are these (informal) closed spaces complementing or replacing formal and invited spaces?
- How are these closed spaces affected by power holders who typically do not participate in invited spaces? Who are these power holders? Business associations, parastatals, corporates, military, church, drug cartel, diaspora, ruling party officials, donors?
- Is the closed nature of this space specifically applicable on a certain group? Gender, age, language, ethnic/indigenous, religious, differently abled, LGBTQ+, rural, migrant, IDP/refugee, and other minority or vulnerable groups?

### Invited or claimed spaces

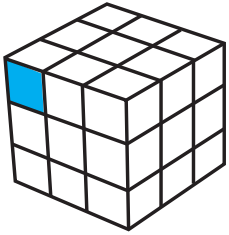
- Is the claim / invitation inclusive: representation / participation of differently abled, gender / age group balanced, indigenous minorities, religions, languages?
- Is the space truly accessible? Digitally, geographically, financially (cost), language used is understandable, supports used are understandable, less powerful people are respected and are free to express themselves. In other words, is real participation possible?
- What are our strategies for influencing these (formal) invited spaces and processes?
- What are the odds / risks that the invited or claimed space might become a closed space?
- Can the spaces truly be influenced?

### All types of spaces

- How does the space affect the envisaged change?
- Has the space existed a long time (and it is a trusted process) or has it been created recently and therefore perhaps not yet strongly embedded/ not trusted? Are these spaces and processes stable over time and / or predictable?
- Are these spaces legitimised or widely accepted - also by underserved groups: to what extent do citizens in general have trust in these processes, their outcome and the implementation of decisions taken?
- Is this space or could this space potentially become a dangerous space – for whom / why? What have past events demonstrated in this regard?
- Who governs this space and who are the gatekeepers of the space? Do people / organization(s) governing the space:
  - Have interests to keep / change the status quo?
  - Truly believe participants in the space have legitimate grievances / credible inputs?
  - Have equity / inclusion on their radar?
  - Hold responsibility in this public domain of discussions / concertation?
  - “Care” about the topic of discussions / consultations?
  - Is likely to be officially sanctioned because of not taking into account grievances / voices / inputs?
  - Is likely to run reputational risks when grievances / voices are (not) taken into account grievances / voices? Are potential reprisals? If so, what is their nature?
  - Have the capacity and resources to take action based on decisions taken? If not, could it lead to frustration?
  - Need others / something more in order to contribute in terms of resources/reforms? Are the others likely to collaborate?
  - Has access to higher levels of decision making?
- What is the quality of the dialogue / consultation process and decision making in the space - representation, inclusion, participation, transparency, responsiveness, accountability?
- What is the quality of the information shared in these spaces?
  - Is it new / relevant / credible information?
  - Is the information disaggregating – differently abled, gender, youth, ethnicity, language- to understand implications related to equity and inclusion?
  - Who produces / provides the information?
  - Is it accessible to or understandable for all participants?
- What are the entry-points for supporting empowerment and the organising capacity of people who are underserved or excluded?
  - What state institutions or mechanisms (exist to) respond to the initiatives and demands of people from underserved or excluded groups, and people living in poverty?
  - What is being done by state or non-state organisations to create spaces for people to bring their concerns?
    - To what extent is there capacity to understand / process and contribute in decision making spaces / processes?
    - To what extent is there a motivation / an incentive to participate in decision making spaces / processes? Is there a belief that actions taken will have an impact?
  - What forms of voice currently exist, are there alliances in place? Could effective alliances for change be created?
    - Through what channels do specific groups women and men, girls and boys, and other social / citizen groups, use to express their voice?

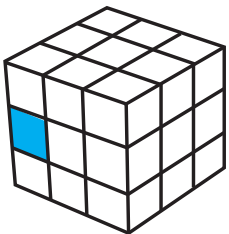
## Annex 7: Power – conceptual framework

The “Gaventa Power Cube”, typically highlights the interaction of different dimensions where participation can take place (or not). It shows the levels (global, national, local) and the spaces (closed, invited, claimed/invented - see annex 6) in which this can happen. The power cube also provides insights into the types of power:



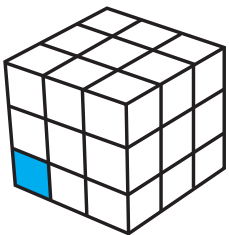
### Visible power

- Contests over interests which are visible in public spaces or formal decision-making bodies (legislatures, local government bodies, consultative forums), and even of social movements or other spaces for collective action.
- Decision-making arenas are neutral playing fields, in which any players who have issues to raise may engage freely.
- Access to these decision-making arenas are open to relatively powerless groups. Grievances can be articulated in the formal decision-making processes and participate fully in the deliberations within them.
- By seeing who participates, who wins and who loses in these arenas, one can tell who has power. Little attention is paid in this approach to whose voices are not represented and why.
- Actors are conscious and aware of their grievances and have the resources, organisation and agency to make their voice heard.



### Hidden power

- Used by vested interests to maintain their power and privilege by creating barriers to participation, by excluding key issues from the public arena, or by controlling politics ‘backstage’.
- Alternative choices are limited, less powerful people and their concerns are excluded, and the rules of the game are set to be biased against certain people and issues.
- Is deeply embedded in social norms, values and world views which shape power relations in society.
- Use or threat of sanctions and discrediting the legitimacy of actors who are challenging the status quo.



### Invisible power

- Outside the formal and public arenas of decision making.
- Awareness of one’s rights and interests are hidden through the adoption of dominating ideologies, values and forms of behaviour by relatively powerless groups themselves - ‘internalisation of powerlessness’.
- People see various forms of power or domination over them as ‘natural’, or at least unchangeable, and therefore unquestioned. – ‘false consciousness’.
- Powerless groups can employ strategies of resistance which ‘hide’ their actions from the powerful.



### Power within

- Associated with leadership, self-confidence
- Self-identity, confidence and awareness that is a pre-condition for action to effect change.
- The capacity to imagine and have hope; common human search for dignity and fulfilment.
- Individual storytelling and reflections are used to help people affirm personal worth and empowerment



### Power to

- Capacity to have an impact
- It is the awareness and the capacity to act – to exercise agency and to realise the potential of rights, citizenship or voice.
- Unique potential of every person to shape his or her life and the world
- When based on mutual support, it opens up the possibilities of joint action.



### Power over

- From a negative point of view, “power over” is associated to authority, repression, coercion, discrimination, corruption, and abuse.
- The ability of relatively powerful actors to affect the actions / thought of the relatively powerless, perpetuating inequality, injustice and poverty.
- For example: patronage – i.e. the power to control appointments to public offices or the allocation of privileges.
- From a more positive perspective, “power over” is also seen as the capacity to challenge existing power patterns and to influence on political decisions
- People who come from underserved or ‘powerless’ group or in the absence of alternative models and relationships, repeat the ‘power over’ pattern in their personal relationships, communities and institutions. It cannot be expected that the experience of being excluded prepares people to become democratic leaders!



Prem from Helvetas staff discusses water user master plan in Uppaloo, Nepal.

## **Annex 8: Political Economy Analysis in Action:**

### **A Training Course provided for the Swiss Development Cooperation”, The Policy Practice, Harare 2016**

**Capability trap:** According to Pritchett, Woolcock and Andrews of Harvard University, a common situation where the capability of the state is severely limited or improves very slowly, which arises from a) mimicking global ‘best practices’ to signal good will to donors, and b) ‘premature load bearing’, where unrealistic expectations lead to stresses on existing systems, causing capability to weaken.

**Clientelism:** A social order or political system that depends on relations between patrons and their clients.

**Collective action problem:** A situation in which a group of individuals would all benefit from a certain action, but since there is no arrangement to ensure that the costs would be shared among those benefiting (to limit ‘free riding’), individuals are discouraged from contributing to the action, and it does not happen. Collective action problems are solved when there are institutions (e.g. disciplinary powers vested in leaders) or organisations (e.g. a trade union) that limit free riding.

**Complex system:** A system comprising many unique elements that interact in multiple ways. The elements themselves can change, learn, and adapt. The connections can change, loosen, reform, and the boundaries of the system can also shift over time (based on Bolton, Allen and Bowman, 2015).

**Credible commitment:** A promise made by one actor that is thought to be believable by those to whom the promise is made. This credibility tends to arise from there being some cost to the actor making the promise if it should be broken.

**Dutch disease:** The phenomenon first observed in the Netherlands where income from the export of oil forces up the exchange rate of the national currency, thereby making other exports (e.g. agricultural products and manufactured goods) less competitive in international markets.

**Economic rent:** The difference between what a factor of production (land, labour or capital) is paid and how much it needs to be paid to keep it in its current use. A rent is an ‘extra’ income associated with control of resources that are in limited supply, including mineral wealth; monopolistic business opportunities, including those created by government regulation of markets; and governmental decision-making authority (e.g. concerning award of public contracts). Rents may be illicit (as in corrupt contracting) but are not necessarily so. Resources derived from rents can be used in different ways, some bad for development and some necessary.

**Incentives:** The rewards and punishments that are perceived by individuals to be related to their actions. These can be both material and non-material in nature.

**Information asymmetry:** A situation where one actor has more information about relevant matters than another actor and is in a position to use that information to gain some sort of advantage.

**Institution:** The rules and regulations, laws, codes or social norms that govern the way people behave in a particular field of activity, and the mechanisms by which they are enforced. Institutions can be both formal (laws, regulations) or informal (norms and implicit understandings, often rooted in culture, including family and kinship structures). It is now usual to use a different term – organisation – to refer to entities set up for a purpose, like banks or development agencies.

**Moral hazard:** The incentive that someone has to act irresponsibly when someone else has given them an implicit or explicit guarantee that they will be protected from the consequences. Some argue that aid donors have this effect on governments that receive aid.

**Neo-patrimonialism:** A hybrid form of state in which patrimonial relationships (see patrimonialism) pervade political and administrative systems that are formally constructed on rational-legal lines (that is, regulated by a Constitution, legal frameworks and bureaucratic procedures). In other words, a neo-patrimonial system is one in which a position of authority is used for personal gain, not recognising a strict division of the private and public spheres.

**Pathway of change:** A description of how and why a change might happen. See also Theory of Change.

**Patrimonialism:** A form of governance in which there is no clear distinction between the wealth of the leader (emperor, king, sultan or president) and the wealth of the state or the people. The term was famously used by Max Weber to distinguish some early-modern political systems in Europe and Asia from those of feudalism and modern capitalism, in both of which such a distinction exists.

**Patronage:** The power to control appointments to public offices or the allocation of privileges.

**Political settlement:** A pact, agreement or understanding among elites that limits violence and prevents resort to civil war. Political settlements usually involve some sort of bargain over the allocation and use of rents (see rents), which in turn influences the institutions that are adopted and how they work (see institutions). According to Mushtaq Khan of London University, a sustainable political settlement is a 'consistent combination of institutions and a distribution of power such that the two are compatible and mutually supportive'. Political settlements in developing countries are usually clientelist (see clientelism), but the form this takes can be important for development.

**Principal-agent relationship:** A relationship between two actors, one of whom (the agent) is expected to act on behalf of the other (the principal). Principal-agent problems arise when the two have different interests and the agent has more relevant information than the principal (see information asymmetry). The agent may then be motivated to act in his/her own interests rather than in those of the principal, and the principal may not have enough information to prevent this. Principals can be political leaders or managers; but, in a democracy, they can also be the ordinary citizens whom politicians and public officials are supposed to serve.

**Public good:** A good that is both 'non-excludable' and 'non-rivalrous'; that is, a good that individuals cannot be effectively excluded from using and where use by one individual does not reduce availability to others - for example, clean air, knowledge, lighthouses, an efficient civil service or national defence. Public goods tend not to be produced by private enterprise despite their importance, because there is no way the costs can be recovered by the suppliers. State action is typically necessary.

**Reform entrepreneur/development entrepreneur:** An actor who seeks a specific developmental change using an entrepreneurial logic, rather than a planning logic.

**Rent:** See economic rent.

**Rent seeking:** The attempt to generate income by manipulating the social or political environment to create a flow of rent.

**Resource curse:** The negative effect on government accountability to citizens that is noticed when governments gain so much revenue from natural resource extraction that they do not need to collect taxes from individuals or firms.

**Rules of the game:** See institution.

**Theory of Change:** A theory of how and why an initiative works.



## **Annex 9: Further reading**

[USAID \(2018\) Thinking and Working Politically through Applied Political Economy Analysis](#)

[Poverty-wellbeing.net \(2007\) Empowerment note: The Power Cube explained](#)

[IDS \(2014\) Bridging Political Economy and Power Analysis](#)

[DFID \(2009\) How to Note still gives a good overview on how to undertake a PEA](#)

[ESID \(2015\) Briefing Paper](#)

[WB \(2014\) Problem-Driven Political Economy Analysis: The World Bank's Experience](#)

Websites with even more resources:

<https://www.dlprog.org/>

<https://thepolicypractice.com/onlinelibrary/>

<https://twpcommunity.org>

<https://www.dlprog.org/>

A note regarding source material: the authors have made every effort to ensure the original sources of content included in this manual are appropriately referenced and credited. Any errors or omissions are wholly unintentional.



Our vision is of a just world in which all men and women determine the course of their lives in dignity and security, using environmental resources in a sustainable manner.





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