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STRENGTHENING SECTOR POLICIES FOR BETTER FOOD SECURITY AND NUTRITION RESULTS

Political economy analysis



These policy guidance notes have been produced in the frame of the strategic partnership between the Food and Agriculture Organization of the United Nations (FAO) and the Directorate for International Cooperation and Development of the European Commission to boost food and nutrition security, sustainable agriculture and resilience.

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This policy guidance note is part of a series that the Food and Agriculture Organization of the United Nations (FAO), the Directorate for International Cooperation and Development (DEVCO) of the European Commission and partners are producing to support policy makers address the food security and nutrition situation in their country. Each note provides guidance on how to sharpen the focus of sector policies in order to achieve sustainable food security and nutrition outcomes.

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Introduction

This guidance note is an introduction to the challenges that issues of political economy pose to the work of those engaged with policy support in food and agriculture. It gives a rapid overview of what political economy analysis is and how it can contribute to making policy support work for improved food security and nutrition outcomes at country level more successful. It looks at three country examples as illustrations of the types of challenges that we mean when talking about political economy, and provides some practical hints on how political economy analysis (PEA) can be undertaken and used to better understand and address the political challenges and dynamics around food and agriculture. Some existing frameworks and tools are listed in the annex.

The global food crisis of 2008 and after, and the challenges that many governments faced to implement effective national policy responses to food price volatility, re-focused attention on the political economy of policy-making and implementation for food security and nutrition (FSN). The development world has become increasingly aware that technically sound policies do not necessarily produce good results. Experience shows that lack of progress in achieving FSN in practice was largely due not only to insufficient technical knowledge, policies or resources – but to the role of politics, actors, interests and institutions in shaping what actually happens on the ground.

In 2009, an FAO report on lessons learned from mainstreaming FSN in five countries showed that a good understanding of local dynamics, their influence on the policy process, and the various interests and concerns involved strongly influences the Organization's ability to engage in sectoral policy processes and mainstream FSN (Balié, 2009).



Key messages

- How best to support countries in improving food security and nutrition in a coherent, inclusive and sustainable way is as much a question of politics as of policy and technical assessment.
- Political economy analysis reminds us that if a theoretically good policy solution cannot be implemented in the context of a given national or local political settlement, it is in fact not a solution.
- A solid understanding of domestic political economy helps to produce information and promote policy outcomes that are more realistic, given the configurations of institutions and power, and therefore better adapted to country realities.

In other words, understanding political economy behind public policy-making and implementation is crucial to enhance the effectiveness of development agencies' policy support to countries.

Given the increasingly complex operating environments that have resulted from recent conflicts, political upheavals and sluggish and uneven global economic recovery from the global financial crisis of 2007-9, external actors will face continuing challenges over the coming years to provide policy support to improve FSN outcomes at country level.

Applying political economy analysis (PEA) to policy support in food security and nutrition can be of value when facing these challenges.

However, PEA should not be seen as a way to impose technical policy options proposed by an external actor. Instead, it can be useful to identify potential entry points to support reform efforts against the odds. Above all, it can and should be a vehicle to change how development agencies work at country level. It should enable them to be a more aware and effective partners, and play a role of catalyst and neutral facilitator in the nationally led policy reform processes.

This brief is intended to support policy practitioners and other stakeholders in working in a more politically informed way towards a coherent set of policies across the most relevant sectors that together lead to sustainable food and agriculture and better food security and nutrition outcomes. It aims to:

- Provide a quick sense of what PEA is and how it can add value to policy support work for improved food security and nutrition outcomes at country level;
- Illustrate a number of key political economy challenges in food security and nutrition, through a number of examples;
- Share information on the existing frameworks and tools for PEA.



Political economy analysis and its relevance to policy support work

Since its birth in eighteenth century, the field of political economy¹ has given birth to several academic disciplines, notably economics, political science and political sociology, which have developed their specific theories, methodologies and focal issues.

The attention to political economy issues for food and nutrition security has coincided with rising concern about, and attention to, the political economy of development more generally. Stronger focus is now given to questions related to factors that could explain: (i) why national policy reforms sometimes slow down, stop or reverse, despite technically sound policy content; (ii) how policies are implemented; (iii) why political support for reforms is sometimes strong and sometimes weak; and (iv) how development agencies can best support the locally led reform processes and needed institutional change.

A 2006 UK Department for International Development's White Paper on International Development asserts: "Politics determines how resources are used and policies are made. And politics determines who benefits" (DFID, 2006). Important efforts have been made to understand how political processes and institutions affect development trajectories and influence policy choices (Adam and Dercon, 2009). Today, there is a substantial and growing literature on political economy of development. It includes academic publications as well as qualitative and quantitative approaches, frameworks, tools and case studies developed by development agencies that supported the application of political economy assessments in practice.²

Based on the existing literature, political economy can be broadly defined as relating to social, economic, cultural and political factors that structure,

sustain and transform constellations of public and private actors, and their interests and power relations, over time. PEA aims to situate development interventions within an understanding of the prevailing political and economic structures and processes in society, and to suggest opportunities to address or remove impediments to policy change and improved outcomes.

While various political economy approaches adopt different analytical lenses and methods, they share certain general features. One common theme is their identification of different "layers" of analysis. Beneath the daily events in every political system, there are the institutional arrangements (the "rules of the game") that affect day-to-day politics by shaping the policy agenda and structuring the options that politicians have. Also fundamental are so-called "structural" elements, which relate to the history of the country under discussion, its natural resource endowment, and the power distribution across social groups (Hout, 2015).

Several recent approaches point to the relevance of ideologies and policy ideas (Birner and Resnick, 2010; Booth, 2015) of different actors, and their influence on the domestic policy choices, and emphasize the need to build on existing local capacities and engage more strongly with a broader range of actors that could facilitate collective action and problem solving (Booth, 2014a; Booth and Cammack, 2013; Andrews, Pritchett and Woolcock, 2012).

PEA reminds us that if a theoretically good policy solution cannot be implemented in the context of a given national or local political settlement, it is actually not a solution.

¹ 'Classical' political economy emerged in the eighteenth century against the background of industrialization and the establishment of a capitalist economic system in Europe. Among the most important representatives were A. Smith, D. Ricardo, K. Marx and J. Stuart Mill.

² The development agencies that have generated the most extensive research on PEA in development have been DFID, Swedish International Development Agency, German Agency for Technical Cooperation (GTZ), and the World Bank (see Annex 1).

Despite this, PEA has not yet been broadly integrated into development agencies' regular planning, programming and implementation although there is currently an increasing awareness of its relevance for their operations' effectiveness.

Applying a political economy approach to policy support related to FSN broadens the operational view beyond technical solutions to include the role of stakeholders, power, ideas, institutions and processes that shape policy formulation and implementation.

The added value of a solid PEA lies in producing information and promoting policy outcomes that are more realistic, given the configurations of institutions and power, and therefore better adapted to the existing country realities. Such analysis can inform policy dialogue about a country's overall FSN challenges and outcomes, highlight asymmetries of power and blocked access to resources and information, and can contribute to framing political dialogue in ways that are more inclusive and better able to recognize the political issues that impede the development of viable and equitable solutions. The analysis can also offer important insights into the values, interests and perspectives of country partners and identify suitable entry points for policy support.

The information and analysis gathered through PEA can enhance development agencies' ability to provide policy support to governments in a way that is more likely to result in improved food security and nutrition outcomes.



Political economy challenges in food security and nutrition: three country examples

In designing and implementing public policies (be it in the field of agriculture, land, fisheries and aquaculture, forest, food safety or social protection and employment), governments are motivated by complex and often contradictory forces, especially as they are confronted by competing economic, social and system imperatives. As well as, international drivers and emerging issues such as climate change, or new global agendas such as the Sustainable Development Goals. This is true whether they act in a time of crisis or during routine planning, because the demands of various stakeholder groups are seldom well-aligned (Pinstrup Anderson (ed.), 1993). These contradictions are multiplied in the case of FSN planning and implementation; FSN outcomes in a country are the result of a great variety of factors, including food availability, access, stability and utilization, and their major determinants, such as trade regimes and geopolitics. It is clear that the simple availability of food, even when it is plentiful, in a particular country or throughout the world, does not guarantee that all people will have continuous access to food in appropriate quantity or quality.

In most settings, food insecurity and malnutrition arise from social and gender inequalities in the distribution of resources and in people's access to natural resources, inputs, credit, social protection, information and extension services. Efforts to achieve FSN thus require dealing with many and very diverse dimensions through integrated and coherent action. For example, supporting maternal and child health and nutrition interventions should not be limited to health aspects but build on an understanding of the local context and integrate agriculture, women, water, sanitation and hygiene and education-related sectors for FSN policies to orient FSN programming. However, coherent and

integrated policy is not easy to develop or implement. Often there is no clarity on how to share consensus, undertake joint programming and implementation of FSN policies across multiple sectors, and engage the support of multiple stakeholders. Appropriate analytical tools are missing, some stakeholders may resist new approaches, and strong political leadership is often required to break with the old ways of doing things.

Therefore, the ability of FSN policy practitioners to work across sectors and stakeholders may be constrained by the political economy of the country they are working in. Understanding local political economy factors will be helpful in developing appropriate strategies for action.

The important influence of political economy issues on national and local level policy-making for FSN is illustrated through three country cases. The country examples selected are not in any way intended to single these countries out; they merely illustrate some of the typical political economy challenges that influence policy processes and that determine the effectiveness and impact of different policy choices on FSN outcomes at country or local level. These challenges are often present at the same time and strongly tend to reinforce each other.

Bangladesh Competition and rivalry in the move towards leadership over food security and nutrition³

Main challenges - Fragmented decision-making and resistance to change in moving from the country's traditional focus on food availability to a more holistic vision of food security and nutrition.

³ This country case was drafted based on information from: S. Mostafa, K. Robbins and J. Rose, 2014; FAO, 2013d; and interviews with Ciro Fiorillo, former FAO Chief Technical Advisor of the National Food Policy Capacity Strengthening Programme in Bangladesh, and Lalita Bhattacharjee, Nutrition Officer, FAO Office Bangladesh.

Since 2006, FAO has actively supported Bangladesh in the process of adopting a holistic strategy for FSN, with an emphasis on improving availability, access and nutrition outcomes in the country. Delivering a multi-sectoral response to FSN implied a change in attitudes, mandates, procedures and relevance among the concerned actors, and faced strong resistance. Among the main challenges were differences in understanding the problem (i.e. serious food insecurity and extremely high malnutrition in the country) and ensuing approaches and solutions for resolving it by the key actors. The Ministry of Agriculture (MoA) and the Ministry of Food and Disaster Management (MoFDM) supported focus on agricultural supply and increased food productivity; while the Ministry of Health and Welfare (MoHW) strongly promoted focus on health-based approaches that emphasize malnutrition as a clinical problem. These different approaches were used to strengthen the relevant actors' mandates and position in the country. Excluded from both of these approaches were emphasis on food access and on strengthening food systems for nutrition.

Context – Due to high risks of political and social instability arising from food shortages and volatile high prices, food security in Bangladesh was historically framed in terms of food availability, which is in turn, tied to environmental crisis, such as flooding, and the politically important commodity of rice. The responsibility for food security is divided between the MoA and MoFDM. Nutrition is traditionally perceived as a health issue, within the mandate of the MoHW. The Ministry of Commerce, the Ministry of Finance and the Ministry of Law, Justice and Parliamentary Affairs also play important roles in the formulation and approval of public policies.

In 2006, the country adopted the National Food Policy, complemented by a Plan of Action (NFP/PoA 2006-2015), which incorporated the dimensions of food access and food utilization. Three years later, it adopted the Country Investment Plan for Agriculture, Food Security and Nutrition (CIP) as a financing arm of the NFP. Together these policies represented an important

shift towards an integrated approach to FSN, linking food availability, access and nutrition dimensions. FAO's technical assistance through the National Food Policy Capacity Strengthening Programme (NFPCSP) played a key catalytic role in this process.

Political economy issues – Two parallel tensions characterized the process: On one hand, the MoFDM and MoHFW waged a battle for leadership that was grounded in the bureaucratic competition for access to resources and political influence. Although nutrition is a key objective of the agricultural development and food security agenda, the MoHFW maintained its own multi-sectoral Nutrition Steering Committee and remained the government lead on nutrition, generating a rivalry for the “nutrition space” between the MoFDM and the MoHFW. On the other hand, a more subtle confrontation took place in which concepts and ideas (e.g. food and agriculture vs. health focus) were used as weapons to gain resources and political support. This contestation unfolded across various communities: policy-makers, intellectual circles and academia, as well as within and across international actors and platforms (notably the REACH Partnership,⁴ the Scaling Up Nutrition (SUN) movement, and UNICEF). The international agencies played quite a significant role in influencing the agenda for sectoral actors and in framing concepts and discourses, thus contributing to increase the focus on nutrition but making the acceptance of a shared, holistic FSN vision and integrated governance more difficult. It should be said, however, that this is now slowly changing, with the Government taking the lead in setting the multi-sectoral agenda for nutrition. FAO

⁴ REACH – Accelerating the Scale-up of Food and Nutrition Action – was established in 2008 by FAO, UNICEF, the World Food Programme and the World Health Organization to assist governments of countries with a high burden of child and maternal undernutrition to accelerate the scale-up of food and nutrition actions. The International Fund for Agricultural Development (IFAD) later joined REACH. SUN – Scaling Up Nutrition – is a global movement composed of country-governments, civil society, the United Nations, donors, businesses and researchers.

continues to play a strong facilitating role, especially in the area of nutrition-sensitive policies and in strengthening interfaces with and between health and agriculture.

Building on PEA – For FAO, understanding the key stakeholders’ positions, ideas and interests was critical for devising an effective strategy for action. Based on the insights from stakeholder and political economy analysis, the launch of the NFPCSP was made conditional on the finalization of the NFP, thereby providing the incentive and impetus needed to bring to completion a process that had been ongoing for several years. FAO’s continuous presence and support to multiple government and non-governmental actors based in the Ministry of Food was crucial for integrating agriculture and nutrition improvement in the CIP. This represented an important move from the traditional country focus on improving nutrition with a strong clinical health orientation. Strong efforts were invested in supporting the National Food Planning and Monitoring Committee (FPMC - set up at the Cabinet level and headed by the Minister of Food), and its sub-agencies established within the Ministry of Food (in particular, its Food Policy Monitoring Unit). FAO facilitated the establishment of formal consultation and coordination platforms between governmental and non-governmental actors, as well as with relevant international agencies. This ultimately led to improved arrangements for institutional coordination, including a larger role and increased participation by non-governmental actors. For example, the preparation of the CIP boasted a consultation of more than 13 ministries and agencies as well as academics from more than 20 institutions, 200 people from the private sector, more than 300 farmers and over 40 non-governmental and civil society organizations.

These achievements were facilitated by another key component of the Programme: the Research Grant Scheme, which significantly helped in promoting dialogue and negotiations among main stakeholders. It provided both the resources and expertise necessary to produce data and information that created an evidence base for engaging the Government, academic

experts and civil society. FAO has also been able to provide policy advice to government and development partners alike, thereby informing their decision-making processes. Over its two phases, the FAO Programme has also contributed to better information-sharing, consultations, and collaboration among development partners working in the field of FSN in Bangladesh.

In 2015, the country adopted a new Nutrition Policy and is currently investing efforts in revitalizing the Bangladesh National Nutrition Council under the aegis of the Prime Minister. This raises the issue of strengthening the dialogue, collaboration and information flow between the Council and the FPMC (mandated to implement a holistic FSN policy), as both compete in mobilizing consistent and high-level participation from other relevant ministries and actors, and coordinating their action for common FSN goals. FAO continues to support the Government in formulating the new Food and Nutrition Policy and Investment Plan 2016-2021. Drawing on lessons from NFPCSP, more intensive support will be provided to a core group of ministries in their efforts to integrate FSN in their policies, investment plans and programmes, including traditionally weaker ministries such as the Ministry of Fisheries and Livestock and the Ministry of Women and Children’s Affairs.

Furthermore, the approval in 2015 of the National Social Security Strategy (NSSS) introduced a new dimension to the food and nutrition security policies, with both the entry of new actors into the process, and the inclusion of the social transfers under the same budgetary umbrella. The new NSSS will induce a move towards a more inclusive lifecycle social protection system and will entail changes in the overall governance of the social protection sector. The political coordination of NSSS will be assumed by the government’s Cabinet Division, while the Ministry of Social Welfare will have a key role in the NSSS architecture, assuming a leading role in the second phase of the strategy implementation, after going through a transition process. Ultimately, the Ministry of Finance will have a central role in the inter-sectorial allocation of the budgetary resources, whereas the Planning Commission will likely

keep its challenging role in the negotiation of the development budget with the line ministries, thereby giving it a say in the allocation of the social security programmes inscribed in the development budget. Briefly, this new institutional set-up will re-centre the FNS decision process around new key players: the Ministry of Social Affairs that will coordinate the overall social security policy in a more integrated manner, and the Ministry of Finance/ Planning Commission that will have an arbitrage role in the allocation of financial resources across the overall government programmes.

The European Union will support the NSSS through sector budget support (Sector Reform Contract), aiming at promoting a more coherent, structured and results-based policy dialogue with the Government of Bangladesh. Policy dialogue, as a key component of budget support, offers a convenient platform to discuss key policy issues with the government, in particular how to link the social security policy with the food security and nutrition policies, and how to make better use of the technical cooperation made available by the EU through the budget support contract.

Eastern Senegal Multiple claims over land use and regulation of transhumance corridors⁵

Main challenges - Institutional pluralism and competition between farmers and herders over land use

Between 2011 and 2014, the United States Agency for International Development (USAID) and the University of Wisconsin-Madison were engaged in a project focused on mapping transhumance corridors to support local-level government in eastern Senegal. The project found that under prevailing conditions of overlapping land uses with multiple claimants holding different use rights, tensions are rising to the level of outright or latent social

confrontation between different social groups (herders and farmers, or even within herders' groups), which often are also different ethnic groups. Corridor management is thus a major issue for village- and local-level government. The process of delineating and regulating corridors generates debates and tensions among herders and farmers, as well as among relevant authorities, regarding the question of the degree to which the right to access to pasture and water points for herders could translate into restrictions on agricultural expansion for farmers.

Context – Livestock play a crucial role in ensuring FSN in Senegal. Livestock in the region have historically moved seasonally through several agro-pastoral areas. However, the main livestock policy documents in the country⁶ tend to see transhumance as a constraint rather than a resource, to be articulated with the food security and nutrition strategy, or ignore it. For example, the strategy of livestock development mentions transhumance as a constraint to the implementation of some mainstream policy measures such as vaccination.

In recent years, transhumance has become increasingly vulnerable to corridor blocks and the loss of pastures around encampments and water points due to encroachment by crop fields. Recognition and protection of corridors is thus critical for ensuring FSN of the concerned pastoral communities. Delimitation of corridors is also felt to be a matter of urgency, as both herders and farmers perceive delimitation as necessary to avoid conflicts. The research project focused on mapping transhumance corridors with a view to provide information needed to support the development of local co-management systems.

⁵ Adapted from Kitchell et al., 2014; Adapting Livestock to Climate Change Collaborative Research Support Programme. Research Brief. Mapping Transhumance Corridors in West Africa. February 2012; and J. Ribot and N.L. Peluso, 2003.

⁶ See for instance, both the Document de Programmation Pluri-annuel des Dépenses (DPPD) of the Livestock Ministry and the Report of the Joint Assessment of the Rural Sector. The Report of Activities of the Livestock Ministry highlights the negative impact of transhumance on the agricultural production.

Political economy issues – There were two main issues. First, there is a strong competition between farmers and herders, which influences the process of delineation and formal recognition of corridors. Various actors concur on the need to recognize and protect pastoral corridors, but interpret the role of corridors in reducing conflict in different ways. One perspective views the corridors as a means to keep livestock away from fields and water points, emphasizing the prevention of crop damage and preservation of water resources. Another emphasizes the role of corridors as a validation of pastoral land rights and a means to ensure access to pastures and facilitate enforcement of prohibitions on cropping along corridors and nearby encampments and water points. These divergent perceptions made it more difficult to reach consensus, and obstructed livestock mobility.

Second, there are a variety of institutions involved in the regulation of livestock movement and land planning and use. The transhumance is perceived as a local issue, being mainly addressed by the local authorities (villages and local government) as part of a decentralized policy framework. In different local contexts, authority over livestock mobility is shaped by the shifting power of village chiefs (customary authorities), rural districts (local government agencies) and sector agencies. These different institutions are likely to embody vested interests in a particular land use: as representatives of local settlements, both village chiefs and agents of rural districts are likely to favour farmers' interests. Herders generally lack formal representation in decision-making over land use in the districts outside their home territory, and are generally less well organized. They do, however, exercise some political influence through clan or family heads, pastoral organizations where they exist, as well as through sectoral agencies, such as the regional Ministry of Livestock, which retains certain decision-making power over resource management despite decentralization.

This ambiguity in decision-making authority over land use and the complex relationships between formal and informal institutions together with the

dominant influence of farmers (respect to herders) makes the recognition and protection of corridors increasingly difficult: the tensions between different authorities are often exploited by farmers and herders, with each party seeking intervention from the authority it perceives as most likely to support its own interests (so-called "forum shopping") (Ribot and Peluso, 2003). The fact that pastoralists' corridors cross multiple rural districts further adds to the complexity of ensuring consistent and fair decision-making, as the local authorities do not perceive corridors as a cross-boundary issue that requires coordination with neighboring districts.

Debates around pastoralist corridors hence become struggles over authority in resource management and access to land, with the dominant discourse often favouring the interests of the settled cultivators, who are generally much better organized and able to act collectively through farmers' organizations.

Building on PEA – To understand the politics around formal corridor recognition and protection, the project put significant effort into analysing divergences in local perceptions of the function of pastoral corridors, and understanding the role of the authorities involved in land management. The analysis highlighted the fact that the issue of natural resources management (as well as the issue of FSN) is not only a technical issue but is also a social and economic issue. It is about relationships among people. The project facilitated a series of meetings and focus group discussions with all concerned actors involved in rural land-use planning – representatives of regional districts, customary authorities, and farmers' and herders' groups. These meetings showed that the intensity of conflicts was relatively low in areas where customary arrangements of regulation were perceived as functioning and where social relations among user groups (in particular where the groups shared socio-professional and ethnic identity) were better.

The findings also pointed out the need for stronger involvement of both village-level authorities and pastoralist groups in any initiative seeking to

recognize and delineate corridors. This is necessary for enhancing legitimacy and increasing the durability of land-use agreements. For example, an initiative to implement a formal system of regulating corridors in one region (Koulour) failed due to a lack of involvement of herders' groups in elaborating and enforcing the new rules. Such involvement is difficult where there is not an organized form of local representation of herders' groups. And many pastoral communities face difficulties in organizing, voicing their claims to pastoral tenure security, and participating in decision-making over land planning and use. In some areas where pastoral associations did exist, they played a role of a counterpart to the management institutions and contributed to finding more equitable and sustainable solutions. In other areas, strengthening pastoralists' associations appears to be an important pathway to better conflict resolution.

Finally, the national Ministry of Livestock could usefully play an overall regulatory role, while producing relevant information and knowledge to support conflict management around the delimitation and use of the transhumance corridors. It could also, through its regional directorates, create a bridge between the local jurisdictions, which tend to disregard the issues arising from the cross-border corridors.

The policy dialogue between the government and international partners can be an opportunity to bring the issue of transhumance to the policy agenda, and facilitate the inclusion of the relevant stakeholders into discussions. For instance, the European Union provides budget support to the Government of Senegal (a Sector Reform Contract supporting the food security, nutrition and sustainable agriculture), which includes a specific topic on sustainable land management. This opens the door to extend the dialogue to related matters like transhumance and its implications on the use of agricultural land. Such a dialogue should take into account the above-mentioned political economy issues.

Malawi

Influence of large-scale traders on food prices⁷

Main challenges - Food policy-making processes dominated by a few powerful stakeholders

The desire to ensure food availability at all times motivated the three major Government policy responses to the 2007/08 global food price crisis: price controls; domestic trade restrictions; and export trade bans. Although several stakeholders were engaged in shaping the policy responses, a few were dominant. The real beneficiaries turned out to be large-scale maize traders close to the political elite.

Context – In Malawi, the country's food security is perceived primarily in terms of the availability and accessibility of maize, which accounts for about 97 percent of the total land area planted with food crops, and is the basic food for the majority of the poor. This is why the Government's policy response to the 2007/2008 global food price crises focused exclusively on maize: it combined price controls on maize with restrictions on domestic maize trade and a ban on maize exports. The announced aim of the policies was to protect citizens from the detrimental effects of price swings on their livelihoods.

Price controls were decided by the State House following persistent media reports that highlighted the escalating maize prices in local markets despite the actual maize surplus realized in 2007. A price band was established by the Ministry of Agriculture and Food Security (MoAFS). The Agricultural Development and Marketing Corporation (ADMARC) and the National Food Reserve Agency (NFRA) were in charge of the price stabilization function.

⁷ This example was drafted based on information from: E.W. Chirwa and B. Chinsinga, 2015; E.W. Chirwa, 2009; and C. Poulton, 2012.

ADMARC serves as a marketing outlet for maize, especially during periods of chronic food shortage and sudden price shocks, and NFRA runs the country's strategic grain reserves. The price band however did not work for several reasons. Among them were the Government's absence of instruments for enforcing the price regime, and the private sector's frequent disregard of the price band. Also, the band was set lower than the prices prevailing in the markets, and the ADMARC and NFRA did not succeed in defending it, due principally to the weak financial position of the ADMARC and excessive political interference in the NFRA decision-making processes.

The domestic trade restrictions for maize introduced by the MoAFS designated the ADMARC as a sole buyer and seller of maize at the prescribed government price. The restrictions were relaxed only one month later, under pressure from the Grain Traders Association of Malawi (GTAM) and Farmers Union of Malawi. As a result, the large-scale traders were allowed to trade maize if they were licensed to do so and agreed to trade within the price band. Such an arrangement benefited the most powerful traders close to policy-makers. As the price band was not fully operational, the traders who managed to obtain licenses continued to trade maize, benefiting from the high prices, while the smallholders and marginal farmers were disadvantaged.

These measures were complemented by an export ban on maize, instituted by the President of the country himself. The export ban came when the maize export contract from Malawi to Zimbabwe (signed to further the record maize surplus that was realized through the 2005/2006 Farm Input Subsidy Programme) had not yet been fully met. The GTAM strongly opposed the ban, as most of its members had already invested considerable resources in arranging their maize exports to Zimbabwe. Despite protests, the ban remained in force until August 2010 but some traders (mostly politicians and their associates) continued to export maize, including to Zimbabwe.

The smallholder farmers and poor urban consumers were the main losers, as they suffered due to the instability in maize prices. To some extent, the Government also suffered losses, as both para-statal agencies in charge of implementation incurred the heavy costs of maintaining stockpiles of maize.

Building on PEA – This example differs from the previous two, as it has not involved a support intervention by an external agency/organization. It serves to illustrate the application of PEA to explain and understand the course of events in a given situation. Such understanding is critical for designing and adapting a support policy intervention that responds to the reality on the ground.

The example illustrates a situation where a government cedes to pressure from certain groups and takes measures that may go against existing sub-regional or bilateral trade agreements for the sake of ensuring internal food security. Most of the measures were influenced by pressure from the media and some interest groups, rather than based on real evidence. The Malawi government did not manage to strategically combine the various trade policy options. Such a situation allowed more powerful actors to circumvent the regulations and benefit from price instability. The unpredictability of the Government's trade decisions favoured uncertainty in the food markets, which led to speculation that pushed food prices up. This benefited those powerful actors who were able to engage in trade under such circumstances, while both smallholders and the poor urban consumers suffered losses due to the continued instability of maize prices.

Analysis and implications for policy support work

The three country cases presented above highlight the depth of the challenges involved in working across sectors, disciplines and actors for the common FSN goals, and the need for external development actors to work in a more politically informed manner. Four key political economy themes emerge from the three examples:

■ **Variety of interests, ideas and perspectives on FSN**

First, and most significantly, the variety of interests, ideas and perspectives that motivate the many actors and stakeholders at different levels makes the implementation of a holistic vision of FSN and an integrated sectoral action technically complex and politically difficult. Meaningful reform efforts tend to challenge entrenched and vested interests, which lack incentives to support reform. In the words of an FAO policy practitioner, even government itself is a “multiform congregation of interests”. Being able to identify, understand and deal with different ideas, values, interests, tensions and conflicts between sectors and actors is thus critical for a policy practitioner.

Cross-sectoral and multi-stakeholder coordination arrangements at local and national levels can be catalysts for dialogue and confrontation, and can help to explore problems and identify joint solutions. However, they can (and often do), remain dysfunctional (FAO/IEH, 2012) if political trade-offs and conflicting goals are not sufficiently taken into account, or if disagreements between the stakeholders to be involved are so pronounced that participation in joint dialogue is impossible. For example, having a cross-sectoral coordination mechanism attached

to one line ministry (e.g. agriculture or nutrition) with the mandate to prescribe action to sectoral ministries and other agencies for the sake of an overriding FSN goal can exacerbate problems of fragmentation and duplication in governmental activities. The effectiveness of such mechanisms strongly depends on a number of factors, including: continued support and resources; political status; clarity of mandate; roles and responsibilities; the level of acceptance and ownership by participating members; and the quality and outcomes of participation of non-governmental stakeholders (FAO/IEH, 2012; Meija Acosta and Fanzo, 2012). The approach adopted by the NFPCSP in Bangladesh – combining efforts to strengthen the existing cross-sectoral coordination mechanisms with an open public dialogue supported by evidence and quality technical analysis of the circumstances – facilitated the creation of a more favourable environment for changing the institutional context in which issues are decided and implemented.

■ **Role and influence of interest groups**

A second and related theme is the predominant role and influence of certain interest groups and more powerful stakeholders. While there may be many actors who participate in the cross-sectoral coordination mechanism, and who may contribute to policy-making processes at different levels, final decisions do not necessarily reflect all contributions equally. A smaller number of stakeholders may dominate the process and succeed in shaping the issues and mobilizing resources to address them. Large-scale commercial farmers and other members of the rural elite are generally closer to policy-makers and better able to exercise pressure and bias public policies in their favour (Chapoto, 2012). Interest groups that are more powerful have the political and financial resources to acquire adequate support from agricultural organizations such as research, extension, credit and marketing. In some countries

(particularly those with important non-agricultural resources, especially minerals), governments have been protecting the “cheap food” interests of the urban population, resulting in negative effects on domestic agricultural production. The power asymmetry of actors in participatory decision-making processes most often leads to policy outcomes that do not take sufficiently into account the claims and contributions from less powerful actors, such as farmers’ organizations, women’s associations and civil society organizations. Such influence of certain interest groups nurtures fragmentation within a state and society, and makes an integrated approach to FSN and coherent sectoral action more difficult to achieve and implement (Birner and Resnik, 2010). Dealing with vested interests is difficult. Facilitating coordination among those stakeholders and groups which stand to benefit from public policies (e.g. small-scale producers, women’s groups) and their active participation to decision-making processes can help to offset the pressure from more powerful actors (see below). Also, strengthening the capacities and skills of relevant actors, including government administrations, can be a means to promote a process of awareness and attitudinal change.

■ **Lack of voice and influence of food insecure**

A third theme in all three cases (although to a varying degrees), and one that is strongly linked to the other two, is the lack of voice and influence of those most affected by food insecurity and malnutrition. Some countries, like Bangladesh, have historically used service delivery approaches to address FSN (e.g. nutrition programmes implemented by non-governmental organizations and through health sector programmes; agriculture linked nutrition programmes through extension services and projects). Yet providing the space for all stakeholders to contribute their voice to the formulation and the implementation of policies directly relevant to their FSN is extremely

important. Broad-based participation in decision-making can improve effectiveness, credibility and legitimacy of government decisions, and contribute to better balancing of interests. In Senegal, organizing meetings and focus group discussions with all actors involved in rural land-use planning facilitated communication among different groups and increased awareness of different perspectives and interests. Bringing non-governmental stakeholders into decision-making processes can bring information “from the ground” and ensure that policies are based on real needs and local concerns are put on the agenda. It can bring into discussion the issues of social and gender inequalities in access to food, natural resources, inputs, markets, social protection programmes and employment opportunities. In Bangladesh, the participatory process facilitated by FAO that led to the adoption of the CIP contributed to bringing the voice of non-governmental stakeholders, and integrating their concerns into the CIP. However, the most affected stakeholders are generally also those with less knowledge and information, with no power and political influence, and with weak or no capacities to organize and engage in collective action to defend their interests at policy level. In the case of eastern Senegal, they are more isolated, unorganized herders. In other cases, it may be small-scale producers, and within this group, certain social and ethnic groups, youth and the elderly. Rural women face even stronger challenges due to discrimination and inequalities, often rooted in socio-cultural attitudes and gender-specific constraints. As in the Senegal case, such stakeholders can gain voice when connected with more organized groups such as producer organizations, women’s associations or other rural and civil society organizations. In many countries, these groups are increasingly involved in decision- and policy-making processes. Such participation is not in itself without challenges.

As mentioned above, because of power asymmetries among actors, the representatives of small-scale farmers or women's associations are most often less influential, and the policy-making outcomes rarely reflect their contributions. Further, there is a combination of factors inherent in those stakeholders themselves (e.g. rice producers, pastoralists, root and tuber producers, fishers) related to a diverse array of interests and concerns that they represent: the charisma of their leaders; the degree of legitimacy in the eyes of their grassroots members; their negotiation and partnering capacities; and their relations with other actors, including government. Further, within rural organizations, women most often face difficulties in having their specific needs and interests well represented.

■ Information use

Another important issue that can often arise, and that was more specifically relevant in the case of Malawi, is the political economy of information. Most often, it is available data, information and pressure from the media that push decision-makers to act on a given policy issue. In Malawi, persistent media reports on escalating maize prices strongly influenced government policy-making, pushing the Government to introduce price control measures despite the actual maize surplus realized in 2007. In this specific case, the information given was the result of insufficient knowledge (price increase as a consequence of

the food price crisis and not as a result of the real food scarcity in the country). In other cases, information may be retained or its collection blocked, or available information may be provided in a way that is not useful – due to the internal motives of a given actor/organization. For this reason, knowing and understanding the information-sharing relationships among different agencies and actors (government and non-government) and their target groups may be more relevant than the particular information shared.

By drawing attention to the interests, incentives, ideas and power of key actors, and the way these influence policy-making and implementation, a systematic PEA can point to the opportunities and entry points for more effective policy support interventions. It can help elucidate how an issue comes to, or is blocked from, the political agenda; how different actors compete for available resources in a given context; where the real power lies, and how it is distributed and exercised; how different stakeholders feel about various policy options; and who may promote or obstruct change. It can help indicate the possible political risks and dynamics as well as where a drive for positive change is likely to occur (Fritz, Kaiser and Levy, 2009). It can thus better equip policy practitioners to design interventions that have greater chances of success.

The next two sections provide indications about how policy practitioners can identify and manage political economy issues.

Political economy analysis: how to

As mentioned earlier, there are a multitude of PEA frameworks and tools (see Annex). Most share similar concepts and principles to help guide the analysis:

- Clear articulation of the purpose/question for analysis. It may be broad in the case of a country or sector context analysis, or very specific and related to a well-framed technical intervention (programme or project) in the case of a problem-driven analysis;
- Specification of the relevant phase in the policy cycle : agenda setting; policy formulation; policy adoption and policy implementation;
- A multi-layered analysis looking most often at:
 - formal and informal institutional arrangements around a given question;
 - structures (e.g. country/region/area geography, history, natural resources endowment);
 - actors and stakeholders, their capacities, interests, ideas and power relations;
 - how actors' interests and ideas, and institutions interact to produce certain behaviour and determine policy choices;
- Indication of policy strategies. The analysis should be operational and aim to:
 - identify opportunities to foster change/options for reframing the problem;
 - identify local actors, institutions and coalitions to engage, support and sustain;

- indicate appropriate ways to engage more strongly with a broader range of stakeholders such as civil society, producers' organizations, the private sector and others that can contribute to and facilitate collective problem-solving;
- Understand the feasibility of influencing or changing actors' incentives over time and develop appropriate strategies.

In practice, areas of focus will change depending on the purpose of the analysis. Regardless of the approach or tool selected in order to conduct the analysis, the broader organizational steps required for the conduction of a PEA remain the same.

Organizing for PEA

Analysis of political economy should not be a one-off exercise but a continued process. When organizing the analysis, three aspects are critical: purpose, partners (involvement of national/local stakeholders) and timing/sequencing.

Purpose: as mentioned above, PEA may aim to better understand the broad and general policy context of: a given country (i.e. country-level PEA); a specific policy (i.e. sector- or theme-level PEA); or a specific problem or issue (i.e. problem-driven PEA).

A country-level PEA can indicate a specific policy window, a suitable policy champion or a favourable event that can foster engagement in country-level policy processes (Balié, 2009). Once the specific policy issue has been identified, a problem-driven PEA will help understand the underlying reasons why it persists, the political risks and dynamics related to it, as well as the possible "politically feasible" policy options.

PEA may come as a critical part of governance analysis undertaken by a development agency within the framework of a concrete policy support intervention at country level. When a governance weakness/issue has been identified in a given case, it will need to be drilled down to the level of specific

political economy factors – structures, stakeholders, their interests and power relations – in order to understand the causes behind the governance weakness and identify the most appropriate way to proceed.

PEA should not be a “*negative activity, a dismal science of constraint*” (Booth, 2014). The analysis should not limit to highlighting the difficulties and possible obstacles to policy support. The work should include a report that identifies the “room for manoeuvre” that is available within broader political constraints, and particular configurations of interests, actors and incentives that maximize the possibility of collective problem-solving and institutional change (Grindle, 1999. See Box 1).

Partners: many of the questions raised by PEA or the information generated may be politically sensitive. A person trained in PEA methodology needs to be on the team that will be doing the analysis. A team should also have a good local researcher, who knows the country and the key actors. Many PEAs are undertaken without formal involvement of national governments, although informal consultations with key informants in government usually do take place. Involving a partner country government and other stakeholders in the analysis may be useful for future work at the country level. At the same time, a partner country government involvement can change the dynamics of the analysis and influence its results. Because of the sensitive nature of findings, a decision can be made to keep the final report only for internal use of the policy support programme team. Sometimes two reports can be written – an in-depth report that is kept for internal purposes only, and the other for public dissemination, which is less detailed.

Timing/sequencing: PEA will be useful throughout a programme or project. A country’s political economy is not static, and the issues identified at the beginning of the intervention will evolve. The intervention is part of the political economy itself. At the beginning, PEA can inform about the existing obstacles and needs for reform, and help to design a programme/project. During the implementation phase, it can be useful to catalyse changes and

Box 1

Budget support as an instrument for policy dialogue in the fields of food security, nutrition and sustainable agriculture*

The policy dialogue is a key component of budget support, together with the transfers of funds to the partner government, the technical cooperation linked to the budget support objectives, and the joint assessment of the policy implementation and public finance management reform. Given the multi-sectorial nature of the food security, nutrition and agriculture development programmes, policy dialogue is much more complex than in the case of the support to a single sector. Not always the sector line ministries show a cooperative stance as regard the accommodation of policy measures aimed at a cross-sectoral goal, particularly if there is no evidence that additional funding will be provided. In this sense, policy dialogue in the context of food security and nutrition requires a multi-polar communication involving all relevant government institutions related to FNS sector (line ministries), the Ministry of Finance and Planning, donors providing budget support, and the international organizations dealing with macroeconomic and PFM policies (IMF, World Bank, regional development banks). Often, food and nutrition security policies are coordinated by overarching entities, sometimes separated, one for food security and another one for nutrition (e.g. Bangladesh), attached to the presidency or the prime-minister, thereby introducing another relevant stakeholder into the dialogue process.

Nevertheless, policy dialogue can make a difference in terms of policy development as demonstrated by the recent experience of budget support operations in the field of food and nutrition security in some Sahel countries. In concrete, policy dialogue can contribute to clarify policy options, to improve policy coordination, and to identify tools for better monitoring the multi-sector programmes and to increase budgetary transparency.

* Example based on the European Union experience.

facilitate negotiations and relationships among different stakeholders. In the final stage, it can show whether the programme has led to changes in the political economy situation that are conducive to a longer-term, self-sustaining propensity towards improved FSN and SFA.

Framework and tools

Today, there are a wide range of frameworks and tools for PEA in practice (see Annex). Some give general guidance and some are tailored for specific operational purposes (e.g. public administration, water sector, transport sector, energy sector). Early forms of PEA were primarily tailored for country-level analysis, focusing on the factors driving outcomes nationwide, while the second generation of frameworks is more operationally oriented and explores factors and influences that shape policy and practice at the level of sector or theme (Edelmann, 2009). The most recent ones are problem-driven, focusing on the forces behind a particular developmental challenge or a specific intended policy change and its likely impacts.

Even within the same kind, different frameworks and tools vary in terms of scope, from in-depth PEAs (detailed analyses done by experts) to rapid-assessment reports (more focused analysis that can be carried out in a relatively limited timeframe, e.g. during a workshop). The choice of a given framework or tool will ultimately depend on policy practitioners' specific needs, purposes and resources (especially time, money and expertise).

Overall, there is no one right approach. Different analytical tools that development practitioners are familiar with – e.g. stakeholder analysis, stakeholders' rights, responsibilities, returns and relationships (4Rs framework), situation analysis, institutional analysis, risk assessments, political, economic and social context analysis, power analysis — can all play a valuable role in PEA. Combining elements from several tools will most often be the most appropriate way to go. This is because the use of only one tool may miss important elements: for example, stakeholder analysis will not explain the historical legacies and structural conditions that constrain policy choices today,

or indicate the institutional and organizational context in which stakeholders act. On the other hand, an institutional analysis may miss the incentives of actors in and around the institutions. Whatever the tool selected, it will be important to systematically assess the impact of gender on power relations.

Possible strategies for dealing with political economy challenges

Given that political economy challenges identified by the analysis may sometimes appear delicate to handle or even intimidating, in some cases an intervention may not be possible. However, in most cases the challenges are not insurmountable. If planned and undertaken carefully, the analysis will provide the basis needed to rearrange and adjust the intervention, and increase its chances of success.

Facilitating and engaging in dialogue is an approach to problem-solving, and can be used, as a component of budget support, during a technical cooperation process between a government and an international partner (see Box 1).

In other cases, providing relevant information and analysis to all relevant stakeholders concerned can be helpful in stimulating and facilitating dialogue among them with a view to improve the mutual understanding of the driving ideas and forces behind their respective positions. Also, while political commitment from the top is important, engaging and working closely with lower-level, technical officials and other stakeholders, and building public support around a given policy issue, can help generate incentives to remove resistances, change actors' behaviour and strengthen high-level commitment.



Box 2

Support to sustainable territorial development for food security at local level in the context of fragile and marginalized indigenous communities*

Working in a politically sensitive manner is critical when intervening in areas with many scattered communities, and different ethnic groups. In such a context, where the state visibility and quality of services provided are low, communication between the government and local communities, as well as among different communities themselves may be difficult. Intervention by an external actor can facilitate collaboration and synergies between national and local stakeholders, but also can be seen as an opportunity by one of the national partners to pursue its own agenda, and secure its popularity and loyalty of the local leaders. This can lead to capture or resistance and blockage of the project activities by some stakeholders.

The experience from a project in support to local authorities in the formulation of sustainable development plans for food security at the local level in a Latin American country relates to the relevance of a strong communication and working strategy for building trust with the government counterparts and other stakeholders, and for dealing with political pressures. The project team invested substantial time and effort in understanding the historical processes in the area, and hidden dynamics within various communities, and between them and other stakeholders. After that initial phase based on the political economy analysis, the team was reorganized:

- Direction of the team was divided under a manager who ensured proper communication with all the stakeholders and dealt with those that tried to use bureaucratic filibusterism to block teams capacities,

and a technical director who, freed from administrative and bureaucratic coordination meetings, was able to focus on strategic and substantive issues and timely technical delivery;

- Facilitation capacity of the team was strengthened by engaging an additional international expert with appropriate skills, cultural and linguistic background;
- Strategic local people (recognized local experts, independent opinion makers) were integrated in the project team, thus facilitating trust and relationships with the concerned communities.

The team also integrated two respected experts with large experience working with all the main government agencies, and developed linkages with the relevant on-going government programmes and activities at the state level (beyond those of the lead government counterpart), as well as with the relevant Federal agencies. This work included presenting the territorial approach to sustainable development and the related theory of change as an instrument in support to improving the role of the state in providing better services at the local level. This strengthened the credibility of the support provided, and resulted in an improved dialogue and joint work between social development, agriculture, health, education, finance and planning agencies on the one hand, and an opened channel for dialogue between government and the communities on the other hand. Another important lesson concerns careful timing of various activities when close to elections, as well as the relevance of respecting the calendar agreed with the stakeholders.

* Example based on a real country case.

Building of relationships and careful management of different actors and stakeholder groups can be a useful way to start constructive dialogue, build the basis for negotiation and facilitate coalitions of support that can move the process forward. For this, it may be necessary to invest a substantial time and effort in understanding the historical processes in the relevant area, and hidden dynamics between various stakeholders (see Box 2). Regular information sharing and a good

communication strategy are key to the actors' comfort in sharing their concerns and interests, and opening up to possible options for collaboration. The effort to include powerful actors, including those who are suspicious or openly negative, generally increases chances for success. Often, the second or even the 'third best economic option' - the one which allows the aligning of vested interests at stake – will have higher chances of being accepted and some, even if limited, impact in practice (see Box 3).

Box 3**Dealing with political economy of cotton policy reform in West Africa***

In addition to aiming at technical excellency, a policy practitioner should keep in mind the non-linear, not entirely rational nature of decision-making at country level. PEA is needed to prepare the ground for an economic policy analysis of a sector, but should also be fine-tuned all along the project work. One has to be well-prepared. It is important to anticipate the possible chain of events in case of a policy reform, and be ready to deal with probable losers.

For example, in a country where cotton is among the most important cash crops, the country relies on policy interventions to hedge prices and support producers, with an important cost for the government. The economic policy analysis undertaken by the project team pledged for reform towards market liberalization, and a number of measures, which would increase the efficiency of budget support and reduce the market inefficiencies along the value chain. However, this 'first, best option' proved unrealistic in political terms, as it would imply significant change in the state of affairs between different parties in the value chain. This is because a limited number of key actors with strong interest in the subsidies system (i.e. gineries, government -at the highest level, international company-the main buyer, and well-organized producers) operate

the value chain behind the scene, and exert strong influence on policy decisions. This is why good knowledge and understanding of how things actually happen in the country, who are the key stakeholders in the value chain, and what are the real reasons behind policy decisions is necessary for being able to provide more realistic and more appropriate policy support to governments. The 'Advice and advocacy' phase is also critical: it involves discussing findings and recommendations with the most powerful actors including foreign companies, donors and possibly, their country(ies) of origin. Often, the second or even the 'third best economic option' - the one which allows the aligning of vested interests at stake –will have higher chances of being accepted and some, even if limited, impact in practice. Timing also matters. Being abreast of ongoing discussions and priorities of the concerned country, as well as of its main economic partners and donors, can help policy practitioner to recognize the window of opportunity-the right moment when the findings and suggested reform measures will have the biggest chances for success. Another important lesson concerns patience and attitude: sometimes, it is better to wait, to take time to build coalitions and partnerships, engage with other actors and above all, to think and look beyond the specific policy domain of analysis.

* Example based on a real country case.

Box 4

**Investment Finance in the Grips
of National Politics***

In this project, an international financial agency (IFA) offered support to the government in providing credit to farmers for buying land, and starting an entrepreneurial agricultural activity on that land. The project was initially limited to the restricted number of states and farmers (with viable entrepreneurial plans). Out of hundreds of plans received, the team retained some 50% that were considered economically viable. The rest was rejected. This happened in a pre-election year, with the project at risk of being used for the electoral campaign. And this is what eventually happened: as it was an 'attractive' project, the government decided to expand it to the whole country and provided additional resources from its own Treasury. Under political pressure, the implementing agency saw itself obliged to accept nearly all the business plans initially submitted (whatever their quality) – aware that this would carry the risk of a high amount of failures – as the agency did not have sufficient viable project proposal to fulfill the government's

wish to expand the activities. However, the implementing agency also did not possess sufficient human resource and technical capacity to serve the expanded project adequately and compensate for initially weak business plans. In spite of the intervention of the IFI, this decision could not be reverted and had to be accepted 'for political reasons'. In subsequent negotiations with the government (only), a compromise could be negotiated. It was agreed to reduce the project size again after the elections and to insert some important improvements, such as the incorporation of an additional, competent financial intermediary. Even though this helped to improve the performance of the project significantly, the damage done by allowing 'potentially' unviable sub-projects to be implemented, could not be reverted, and in fact ended in an extremely high amount of failures in the two years to follow the 'politically' motivated decision.

* Example based on a real country case.

Consulting with other development partners and sharing the PEA outputs may also be a valuable means to improve mutual understanding and cooperation. Working with multiple stakeholders around political economy challenges can not only improve the quality of analysis but also generate or strengthen commitment to collectively solving problems.

Sequencing of activities and timing are often critical to success. In some cases, working on identified short-term goals, and building on these successes iteratively to address larger problems, may be a better strategy than investing in a large-scale cross-sectoral effort that may not fit within the institutional framework of government for implementation. Negotiating the scale of the activities in support to government policies can better take place after the elections (see Box 4). Cross-sectoral coordination can more easily happen once the FSN problems are acknowledged as politically important, stimulating leadership for action on related priority issues in various sectors. In other cases, local- and national-level strategies may need to be considered.

Finally, working closely with local actors and stakeholders, and exchanging experiences and results of the analysis with practitioners from other development agencies (including those working in other development areas) can be very helpful, and useful in avoiding the duplication of effort; some of the identified political economy challenges may also be faced by those working in other areas of development.

Concluding remarks

Globalization, an increased number of stakeholders, and rapid economic, social and political changes are creating a more complex and more uncertain world. Support to countries in realizing FSN will have more chances to be effective if it is pursued in a politically informed manner. This can be achieved through a practically oriented PEA that can shed light on political processes of contestation and bargaining between public and private actors, their relative power, and the institutional context within which they operate. At the same time, PEA should not be seen as a way to impose the acceptance of technical policy options proposed by external actors.

When working at country level, PEA “lenses” will also be useful for (informal) everyday situation analysis, for interpreting what’s happening on the ground, learning from it and adapting the relevant strategies and programmes. Such an approach can also facilitate building trust and relationships with motivated and influential local actors and thus improve prospects for success. At the same time, development practitioners should be aware of the fact that on-the-ground implementation of PEA often entails choosing between policy positions and players, which makes it very difficult to maintain the fine line between neutral facilitator and advocate. Dialogue and regular exchanges with the concerned stakeholders on all sides of the policy issue are key.



Indicative list of the existing frameworks and tools for PEA

This annex provides an indicative list of the existing frameworks and tools for PEA as well as two approaches for working in a politically informed manner. This list is not exhaustive and should be taken as a starting point.

Overview of approaches, frameworks and tools

The Practice of Political Economy Approaches to Economic Reform

The Asia Foundation, 2010. V. Bruce and J. Tolentino. Occasional Paper No. 3 (22 pp).

<https://asiafoundation.org/resources/pdfs/OccasionalPaperNo3lowres.pdf>

- Sections 1 and 2 provide brief information on the political economy analysis of reforms and its use by international development agencies.
- Section 3 proposes six key features for undertaking an operational political economy analysis for sectoral economic policy reform process.

Political and Social Analysis for Development Policy and Practice An Overview of Five Approaches

Governance and Social Development Resource Centre (GSDRC), 2010. H. Haider and S. Rao (37 pp).

http://www.sandy-campbell.com/sc/KTC_Module_2_files/KTC%20Module%20%20E%20%93%20Haider%20and%20Rao%202010.pdf

- Gives an overview of five tools and frameworks for political and social analysis: Power Analysis, Drivers of Change, Strategic Corruption and Governance Analysis, Poverty and Social Impact Analysis, and Problem-Driven Political Economy Analysis.
- Under each tool or framework, it discusses: how to use the tool (research methods, processes, outputs, and elements of the approach); skills and resources required; the value added and operational impact of the approaches; key challenges; and linkages with other analytical tools.

Political Economy Analysis Topic Guide

GSDRC, University of Birmingham, 2014. C. McLoughlin (26 pp)

<http://www.gsdr.org/docs/open/pea.pdf>

- Provides pointers to some of the key literature on political economy analysis and evidence of its impact on aid effectiveness in different contexts;
- Includes examples of analyses at country, sector and programme level.

FAO Approaches to Capacity Development in Programming Processes and Tools

FAO, 2012. <http://www.fao.org/3/a-i2531e.pdf>

- Provides detailed guidance for: engaging with national/local actors; analyzing the context and assessing capacity needs; and designing capacity-focused objectives and indicators (including monitoring and evaluating capacity development).
- Chapter 5 includes a number of useful tools (in particular, tools 6 to 11). Practical tools for analysis

Practical tools for analysis

I. Tools for country-level analysis

Drivers of change. DFID. 2004 (3 pp).

<http://www.gsdr.org/docs/open/DOC59.pdf>

- Provides a brief explanation of what the DFID Drivers of Change approach is and its relevance for country-level development programming and work. It introduces its three key components: agents (individuals and organizations pursuing particular interests); structural features (history of state formation, economic and social structures); and institutions (rules governing the behaviour of agents).

Practice Guide: A Combined Approach to Political Economy and Power Analysis

Swiss Agency for Development and Cooperation/Institute of Development Studies, 2013. A. Mejía Acosta and J. Pettit (23 pp).

<https://www.ids.ac.uk/files/dmfile/>

[ACombinedApproachtoPEandPAAMejiaAcostaandJPettit2013.pdf](#)

- Provides brief information on approaches to PEA and power, and offers step-by-step guide for analysis, combining PEA and power analysis, with focus on: structures, institutions and rules of the game; invisible norms, discourses and narratives; actors, interests and strategies; and cooperation and contestation (Chapter 3).
- Discusses the theories of change involved and the existing or alternative narratives justifying development interventions (Chapter 4).

ROMA – Rapid Outcome Mapping Approach. Guide to Policy Engagement and Influence

ODI, J.Young, L. Shaxson, H. Jones, S. Hearn, A. Datta and C. Cassidy (80 pp)

<https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9011.pdf>

- Proposes three stages of activity: a) diagnose the problem; b) develop a strategy and c) develop a monitoring and learning plan; each of them is broken down into a series of steps.
- Each step is associated with a set of tools, to be used with partners and stakeholders to develop a shared understanding of what the objectives are and what needs to be done.
- ROMA has been designed to facilitate collaborative engagement. Drawing on the principles of outcome mapping, each of the stages includes tools to help groups and networks of policy actors to coordinate their work and learn together.

A Draft Framework for Country Political Economy Analysis

European Union, 2012 (31 pp).

<https://capacity4dev.ec.europa.eu/political-economy/document/draft-country-level-political-economy-analysis-annex-1>

- Presents an analytical framework for undertaking political economy analysis at the country level. The framework consists of a list of structured questions to guide the analysis of key aspects of the political and economic processes in a given country context, to understand relationships, and to assess how they influence incentives and capacity for collective action.

- The framework is intended to deepen European Commission (EC) staff's understanding of the country context and to promote discussion of how EC development assistance can best interact with national political economy dynamics.

II. Tools for multi-purpose analysis

Stakeholder Analysis

FAO and ODI, 2010

http://www.fao.org/elearning/course/fk/en/pdf/trainerresources/pg_stakeholder.pdf

- Provides hands-on guidance for identifying and analyzing key stakeholders.

Power Analysis: A practical guide

Swedish International Development Cooperation Agency (SIDA), J. Pettit, 2010 (50 pp).

http://www.sida.se/contentassets/83f0232c5404440082c9762ba3107d55/power-analysis-a-practical-guide_3704.pdf

- Offers practical advice and resources for understanding power and bringing it into development interventions, whether in the stages of analysing context, developing a strategy, designing a programme, selecting partners or delivering results.
- It is designed to help SIDA staff integrate methods of power analysis into their daily work and use them to enhance the cooperation process at key stages.

Multi-stakeholder management: Tools for Stakeholder Analysis: 10 building blocks for designing participatory systems of cooperation

German Development Cooperation (GTZ), 2007 (54 pp)

<http://www.fsnnetwork.org/sites/default/files/en-svmp-instrumente-akteuersanalyse.pdf>

- Illustrates ten tools for various dimensions of stakeholders' analysis (e.g. block 2: stakeholders' mapping or block 5: stakeholders' interests and scope for action) with procedures and suggestions for visualization for practical use; various tools can be used either in workshops with selected stakeholders or as an instrument for developing strategies for action.
- Presents the wider conceptual context of stakeholder analysis.
- Discusses lessons learned from a pilot application in Senegal.

III. Tools for sector-level analysis

An analytical framework for understanding the political economy of sectors and policy arenas

Overseas Development Institute (ODI), 2005. J. Moncrieffe and C. Luttrell (37 pp). <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3898.pdf>

- Provides a practical tool to guide DFID country office teams in designing and conducting analyses of the political economy of specific sectors and policy arenas.

- The framework proposes three main stages of analysis: a) broad/foundational country study; b) an incisive investigation of organizations, institutions and actors; and c) operational implications. Section Three discusses some methodological considerations.
- The approach directs attention to the underlying and longer-term factors that affect the political and institutional environment for reform in different countries, as well as factors that more directly affect the incentives and capacity for change that are likely to benefit the poor.

The political economy of decision-making in forestry

PROFOR, 2015. N. Kishor, S. Castillo and N. Phoung Nguyen
http://profor.info/sites/profor.info/files/docs/PROFOR_WrkingPaper_PoliticalEconomy.pdf

- Gives an overview of five tools and frameworks for PEA: DFID's country-level analysis; ODI's sector-level analysis; Political Economy of Policy Reform; World Bank's Problem-Driven Governance and Political Economy Analysis; the Strategic Governance and Corruption Analysis; Power Analysis (SIDA); Stakeholder-centred PEA Approaches; and the Agent-based Stakeholder Model and Net-Map Analysis.
- Provides guidance, based on the experiences from these approaches, for selecting the approach which would best suit the needs of a would-be user in the forestry sector.

How-to Notes. Political Economy Assessments at Sector and Project Levels

Dealing with Governance and Corruption in Project Lending (GAC in Projects), 2011. A. Poole, 16 pp. <http://www.gsdc.org/docs/open/pe1.pdf>

- Hands-on, step-by-step guidance for political economy assessment.

IV. Tools for problem-driven analysis

Problem-driven political economy analysis: the World Bank's experience

World Bank, 2014. V. Fritz, B. Levy and R. Ort

<https://openknowledge.worldbank.org/handle/10986/16389>

- Introduces the World Bank's methodology for problem-driven PEA.
- Presents eight cases with specific development challenges that prompted and drove the analysis;
- Summarizing the key findings and feasible policy recommendations proposed by the analysis, each chapter provides examples of how donors can adapt to existing political economy conditions or expand the space for reform in the countries and sectors where they work.

V. Approaches and frameworks for addressing political economy challenges

Building capability by delivering results: Putting problem-driven iterative adaptation (PDIA) In practice

Organisation for Economic Cooperation and Development (OECD) 2015.

M. Andrews, L. Pritchett, S. Samji and M. Woolcock

[https://www.oecd.org/dac/governance-peace/governance/docs/](https://www.oecd.org/dac/governance-peace/governance/docs/Governance%20Notebook%202.3%20Andrews%20et%20al.pdf)

[Governance%20Notebook%202.3%20Andrews%20et%20al.pdf](https://www.oecd.org/dac/governance-peace/governance/docs/Governance%20Notebook%202.3%20Andrews%20et%20al.pdf)

- Offers a framework and method for development agencies to work in a politically informed manner.
- The framework rests on four principles:
 - local solutions to local problems;
 - pushing problem-driven positive deviance;
 - try, learn, iterate, adapt;
 - scale through diffusion.
- Places emphasis on the process of solving problems, not the solutions themselves.

Getting real about politics. From thinking politically to working differently

ODI, 2014. A.Rocha Menocal.

[http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8887.pdf)

[opinion-files/8887.pdf](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8887.pdf)

- Gives recommendations for working with and through politics in (day-to-day) practice

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