

## **Annex A**

### **Tools for Political Economy Analysis:**

#### **A brief guide and signposts to additional resources**

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## 1. Introduction and overview

There are a growing number of tools in use by development agencies for governance assessment and political economy analysis. A recent DAC review found that eleven agencies were using 30 tools for governance assessment.<sup>1</sup> However, these governance tools vary considerably in the extent to which they adopt a political economy approach. According to DAC's 2008 sourcebook on 'Donor approaches to governance assessments', a political economy approach is used in nine of the seventeen general tools for governance assessment, and four of the thirteen thematic tools.



**For more information see:** OECD/DAC (2008) Donor Approaches to Governance Assessment. Sourcebook, August 2008

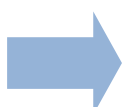
[http://www.nilsboesen.dk/uploads/docs/Sourcebook\\_Donor\\_Approaches\\_to\\_Governance\\_Assessments.pdf](http://www.nilsboesen.dk/uploads/docs/Sourcebook_Donor_Approaches_to_Governance_Assessments.pdf)

This annex is intended to provide signposts towards some of the main tools used by development agencies in political economy analysis. It identifies the tools according to the three major types of use to which they are put.

### Type of tool

### Operational purpose

macro-level country analysis



understanding the political and economic systems of a country, how these enable or hold back overall development, and to identify strategic entry points for country programming.

analysis focused on particular sectors



understanding the interests, incentives and institutions operating within a particular sector, with a view to informing the design of sector programmes.

problem-focused analysis



understanding and resolving a specific problem that may be encountered in a particular donor programme.

Sector-level and problem-focused exercises are not alternatives to macro-analysis, but rather ways of pursuing questions in greater depth and linking analysis to problems that present particular operational concerns or challenges. As a rule, sector-level and problem-focused analyses presuppose that a satisfactory macro-analysis has been completed.<sup>2</sup>

## 2. Summary of the political economy tools described in this note

	Name of tool	Main user	Brief description	Strengths	Weaknesses
1. Macro tools	DFID Drivers of Change (DoC)	DFID	A conceptual model seeking to explain how pro-poor change arises as a result of the interaction between structures, institutions and agents.	<p>Encourages users to adopt a broad view of how political and economic systems operate in a country.</p> <p>Encourages new thinking on which processes are likely to drive pro-poor change over the long-term and how donors can best support this.</p> <p>Provides a starting point for thinking about country strategy and programme design.</p> <p>Considerable experience accumulated within DFID on undertaking and using DoC analysis.</p>	<p>The approach can help to identify the long-term drivers of change in broad terms, but is less useful for understanding how political systems operate in practice.</p> <p>Varied and sometimes inconsistent methodologies and conceptual categories have been applied.</p> <p>Ways need to be found to strengthen the links between the analytical stage and the use of findings in DFID operations.</p>
	Strategic Governance and Corruption Assessment (SGACA)	The Netherlands, Ministry of Foreign Affairs	A conceptual framework similar to Drivers of Change, but more strongly embedded in the Embassy's planning process.	<p>Standard methodology applied in a consistent manner.</p> <p>The process is tightly structured and feeds directly into country planning.</p>	The process is conducted within a short timeframe leaving limited scope for in-depth and novel analysis. There is a heavy reliance on secondary sources.
	Power Analysis	Sweden SIDA	Similar to the above, but a central focus on analysing the nature of power relations. Key questions are where does real power lie, how it is distributed, who is excluded, and what are the incentives for pro-poor reforms?	The approach provides considerable scope to analyse a broad range of power relations, and focuses attention on forms of social exclusion and the processes that maintain these.	<p>Beyond providing a useful series of guidance questions, the approach lacks a strong conceptual and methodological core.</p> <p>There is no common definition of 'power', and different researchers are likely to focus on different issues.</p>

<b>2. Sectoral tools</b>	Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas	DFID/ODI	Includes: (a) sector mapping, (b) sector political analysis, (c) how players influence the policy process, and (d) operational implications	Should generate detailed knowledge of the incentive, interests and actors within a particular sector.  Likely to be highly relevant to the design of sector programmes and support strategies	A narrow focus on one particular sector might downplay the role of the broader political and economic context, social and cultural factors.  But, the ODI framework recommends first conducting a study of the country context.
	Addressing Governance in Sector Operations (EC)	EC	Includes: (a) analysis of sector context, (b) mapping of interests, power and incentives for various actors, (c) analysis of governance and accountability relations, and (d) analysis of governance reform readiness.	Should generate detailed understanding of stakeholder interests and relationships.  Likely to be highly relevant to the design of sector programmes and support strategies	Approach is mostly focussed on sector governance, but has some relevance to political economy issues.
<b>3. Problem focussed tools</b>	Various tools including World Bank Problem-driven Governance and Political Economy Analysis, World Bank, Political Economy of Policy Reform, and several DFID applications including studies of the political economy of growth and the budget process.		A varied set of tools focussed on analysing interests, incentives and institutions bearing on a particular policy or operational problem.	Problem-driven analysis should be highly relevant to operational questions.	Many of the tools are not fully developed and require further testing.  A narrow focus on one particular problem or issue might downplay the role of the broader political and economic context, social and cultural factors.
<b>4. Multi-purpose tools</b>	Politics of Development	DFID	An approach using political systems ideas to explain decision making processes.	Conceptually elegant approach the arguably introduces greater analytical rigour than the more eclectic Drivers of Change studies.	Politics of Development has proven to be complex and difficult to use in practice, and to apply to operational problems.  The focus on systems is somewhat static, and cannot easily explain how systemic change occurs over time.

### 3. Macro-level country analysis

Macro-level country analysis is intended to enhance general sensitivity to the country context by examining such issues as historical trends, the interaction at the national level of political, economic and social processes, and international influences.

Among the political economy tools that are being used for this purpose, the most widely used are: the DFID's Drivers of Change (DoC) framework, the Strategic Governance and Corruption Assessment developed by the Netherlands, and SIDA's Power Analysis. The main features of these are as follows:

**Drivers of change.** The key question addressed by DoC studies is how policy and institutional reforms that benefit poor people come about and endure, or why in many cases they are blocked. DoC studies have made clear the difficult, incremental and long-term nature of bringing about improvements in the policy process. The aim of the studies is to identify what factors (the drivers of change) will create incentives for change over the short, medium and long-term. The approach considers the relationships between three sets of factors, which vary over different timescales:

- **Agents**, defined as the individuals and organisations pursuing particular interests.
- **Institutions**, defined as the formal and informal rules and relationships, including cultural norms, creating a set of incentives that affect the behaviour of agents.
- **Structures**, defined as the contextual factors influencing the environment for institutions. Generally, these are not readily influenced, either because of the time scale needed, or because they are determined outside the country. Examples include natural resource endowment, demographic shifts, climate change and technological progress.

Agents can affect structural features and vice versa. However, the impact of one on the other is mediated through institutions, which play a key role in determining change processes and how they impact on the poor. For this reason DFID's Drivers of Change analysis focuses on formal and informal rules, power structures, vested interests and incentives within these institutions.

DFID has issued guidance to country offices undertaking Drivers of Change studies encouraging a focus on six levels of analysis.

1. **basic country analysis** including social, political, economic and institutional factors affecting the dynamics and possibilities for change;
2. **medium-term dynamics of change** including incentives and capacities of agents operating within particular institutional domains (i.e. policy processes);
3. **role of external forces** including donor actions, aid modalities and influence strategies on these processes;
4. **link between change and poverty reduction** including how expected changes will affect poverty, on what time-scale, and with what implications;

5. **operational implications** including how to translate understanding into strategies and actions in the Country Assistance Plan; and
6. **how we work** including organisational incentives for staff to retain, refresh and use the understanding developed through Drivers of Change work.

There is now considerable experience within DFID of undertaking Drivers of Change studies, which have now been completed in 25 countries. Reviews of the DoC approach have generally concluded that it has enhanced understanding of how pro-poor change occurs at a general level, and that the studies have provided a useful starting point for thinking about country strategy and programme design. As discussed in Annex B there are several examples of the approach having influenced Country Plans.

However, experience has also revealed certain limitations to the Drivers of Change approach. The approach is described in broad terms, which has left considerable scope for interpretation by different research teams, and inconsistency between the methodologies and conceptual categories used. Most of the studies have described political economy problems in a general sense, but do not examine political processes in detail, which limits their ability to explain how particular agents operate within the political system and the actual mechanisms that they may use to bring about change.<sup>3</sup> The Politics of Development Approach (see below) attempts to fill this gap by analysing the actors, connections and processes making up a political system in more detail.

There are also concerns that the first round of Drivers of Change Studies did not meet their full potential as a source of operational guidance. The experience has demonstrated the importance of clearly linking the research process to a particular operational task, and making operational requirements clear in the terms of reference. The variable uptake of Drivers of Change suggests that the organisational incentives within DFID to undertake the analysis and implement findings are not always supportive. It also demonstrates that macro-studies focussing on long-term change processes can help to inform country programming to a certain extent, but that this needs to be complemented by more in-depth studies with a narrower focus on particular sectors and operational problems.

**For more information** see Drivers of Change, Public Information Note', DFID, 2004. <http://www.gsdr.org/docs/open/DOC59.pdf>



GSDRC Topic Guide on Drivers of Change  
<http://www.gsdr.org/go/topic-guides/drivers-of-change>

Policy Practice Brief 1, Tackling the Political Barriers to Development: The New Political Economy Perspective, The Policy Practice, 2006  
<http://www.thepolicypractice.com/papers/8.pdf>

**Strategic Governance and Corruption Analysis.** The SGACA developed by the Clingendael Institute and the Netherlands Ministry of Foreign Affairs uses a conceptual framework that is similar to Drivers of Change, but seeks to embed this in a more structured process designed to feed into country planning. The approach is being applied systematically over the period 2007-2009 in the 35 countries receiving Dutch Aid. The initial

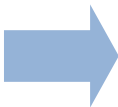
stage in the process is the drafting of the Power and Change Analysis (PCA). This is followed by at least two workshops with external stakeholders and with Embassy staff. The workshops employ a number of tools and group work activities, including stakeholder and SWOT analysis, to test the findings of the PCA, discuss operational implications and to consider whether there is a need to realign the country strategy.

The Power and Change analysis is structured around three dimensions.

- 1) **Foundational factors.** These are similar to structural factors in Drivers of Change, and include the social and economic factors that significantly shape the political system. These can be of very long term origin, and tend to change slowly. Issues addressed typically include territorial integrity, the history of state formation, sources of revenue, social and economic structures, geostrategic position and geography.
- 2) **Rules of the game**, including formal and informal institutions of the state, civil society and the private sector. These shape how business is conducted and relationships managed. There is particular focus on the extent and nature of political competition, the degree to which key institutions of state and society operate according to known rules, and what their interrelationships are. This section also looks at key socio-economic trends that could change the rules of the game. Issues addressed include: the formal framework, political competition, institutionalisation, the distribution of power, the public bureaucracy, state-society relations, and identifying key trends.
- 3) **Here and now**, including key actors' capacities and interests, and the events and pressures (context) to which they are responding. This section focuses on near term political dynamics, and overlaps with the track record and reporting activities of the Embassy.

The Power and Change approach shares features with other political economy approaches, but is distinct in some respects:

- It provides a more structured methodology that has been subject to pilot testing, is described in standard terms of reference and enforced through an established quality control system.
- It includes detailed guidance questions that lead the researcher through the various sections of the study.
- A workshop process is used to test the findings, internalise the results within the Embassy and explore operational questions in depth.
- It is a relatively rapid process that requires intense Embassy engagement, but limits consultants' input by drawing mainly on secondary sources.



**For more information** see 'Framework for Strategic Governance and Corruption Analysis (SGACA): Designing strategic responses towards good governance', Unsworth, S. and Conflict Research Institute (CRU) (2008). Prepared by the Clingendael Institute for the Netherlands Ministry of Foreign Affairs.

**Power Analysis.** SIDA has developed a distinctive form of political economy analysis referred to as Power Analysis. The focus is on understanding the nature of power relations and how these factors affect or are affected by the nature of development cooperation. According to a 2006 SIDA concept note on Power Analysis:

“The analysis of actors, interest groups and structures will ideally show where *real power* in a society lies, how power is *distributed* and possible conflicts of interests. It may also point to *what kind* of power is being exercised and *how*, as well as how this is *understood* or perceived, *by whom* and for *what purposes* and *what consequences* this have. It is hoped that allies/agents/incentives for change may be identified as well as operational recommendations on what to do.” (SIDA concept note page 14)

There is a strong focus on human rights, social exclusion and empowerment through democratic processes. Power analysis can help to explain how certain groups become dominant in political and economic terms, and why other groups are consistently marginalised. The processes maintaining these inequalities are analysed in terms of discrimination (prejudice/lack of availability, access, acceptability or quality) or elite capture/corruption or both. The analysis is intended to identify allies, agents and incentives that have the potential to bring about change, and to develop operational recommendations on the basis of this.

SIDA has completed power analyses in Tanzania, Kenya, Burkina Faso, Ethiopia, Mozambique and Bangladesh. There have reportedly been important operational impacts in terms of the contribution of the analysis to planning, programming, risk and opportunities, dialogue and harmonisation.

Power analysis is a broad and flexible framework. One of its advantages is that it encourages wide ranging thinking about the nature of power relations, and various forms of social exclusion, and how these are maintained by and influence the political process. The attention given to processes of discrimination and social prejudice complements other forms of political economy analysis that have a more materialistic focus on interests and incentives. However, the breadth and flexibility of power analysis requires careful handling. The approach does not present a single definition of power and a tightly structured conceptual framework, and leaves much to the interpretation of the researcher.



**For more information see** ‘Power analysis – experience and challenges,’ concept Note, SIDA, June 2006.

[http://www.sida.se/sida/jsp/sida.jsp?d=118&a=24300&language=en\\_US&searchWords=power%20analysis%202005](http://www.sida.se/sida/jsp/sida.jsp?d=118&a=24300&language=en_US&searchWords=power%20analysis%202005)



## DFID/HMG tools for the analysis of conflict and fragility

DFID has developed a number of tools for the analysis of situations of fragility and conflict. To a greater or lesser extent these all draw on political economy analysis.

**Strategic Conflict Assessment.** SCA is a specialised political economy tool developed by DFID and used in upwards of 25 countries since 2001. There are three essential stages to an SCA:

- 1) **Conflict analysis** to explain the causes and dynamics of conflict. This considers the relationship between *structures* (in SCA terms these are the institutions - political, economic, social and military - which may predispose a country to violent conflict) and *actors* (including the analysis of interests, relations, capacities, peace agendas and incentives). The analysis seeks to examine different *levels* of conflict (several conflicts operating at different scales and driven by different processes may be superimposed) and its *dynamics* (in terms of long-term trends, conflict triggers, factors that may help manage conflict, and likely future scenarios).
- 2) **Analysis of international responses** including: (a) mapping responses of international actors, (b) analysing role of development actors, and (c) assessing the interactions between development interventions, and the dynamics of conflict and peace.
- 3) **Developing strategies and options**




The Cabinet Office's '**Countries at Risk of Instability**' (CRI) Assessment is an HMG-wide tool designed to assess conflict risks. It shares several features with political economy analysis. CRI assesses risk on the basis of an analysis of: (a) country capacity and resilience (how well can a country resolve disputes, how resilient are structures to shocks?), (b) internal and internal destabilising factors, (c) the vulnerability of the country to political, economic and environmental shocks, and (d) external stabilising factors (regional and global actors, international institutions). The analysis can be extended to develop scenarios, assess the impact of instability on UK objectives and develop strategic options, a monitoring strategy and contingency planning. CRI has recently been used as part of an analysis of instability and scenario planning in Sudan.<sup>4</sup>

DFID has also developed guidance on **Scenario and Contingency Planning for Fragile States**.<sup>5</sup> The exercise is mandatory for eight fragile states where contingency plans are prepared alongside the published Country Plan. Elsewhere, the tool has also been used to test the robustness of the Country Plan in the light of possible future developments. As explained in the guidance note, political economy analysis is a key input into scenario planning because it helps to assess the factors affecting fragility and to test the realism of the selected scenarios.

Another analytical tool relevant to post-conflict and fragile states is the **Critical Path Analysis** that can be used to identify intermediate stages in rebuilding stability and state capacity as a means to define a sequenced set of priorities.

All of these tools are described in greater detail with supporting examples and practical guidance in DFID's paper on '**Fragile States Analysis**' (see below).

### For more information see:

-  Conducting Conflict Assessments: Guidance Notes,' DFID 2002.  
<http://www.dfid.gov.uk/Pubs/files/conflictassessmentguidance.pdf>
-  'Countries at Risk of Instability: Risk Analysis and Strategic Analysis Process Manual,' Cabinet Office, 2005. <http://www.cabinetoffice.gov.uk/media/cabinetoffice/strategy/assets/5process.pdf>
-  Overseas Development Institute (ODI), "Fragility Analysis Summary Overview", Report for DFID, May 2008.

#### 4. Analysis focussed on particular sectors

The majority of political economy analyses initially emphasised the country level. However, the need for greater direct operational relevance and for identifying more specific barriers and opportunities, has led to an increasing focus on particular sectors. The tools used for this initially took the form of applying standard DoC frameworks to sector-level issues. More recently, tailored approaches have been set out for use at this more targeted level, notably by DFID/ODI and the EC.

There is an accumulating number of instances of sector-level political economy analyses, including of agriculture in Zambia and Kenya and the water sector in Bangladesh. Evidence is growing of better-designed or more effective interventions. For instance in the case of Zambia agriculture, the process is reported to have given DFID better insights into influential stakeholders in a way that helped build its network in country, and the findings of the studies have helped to: a) temper development ideals with practical realities, and b) identify different plausible development scenarios.

#### **Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas (ODI/DFID)**

The starting point of the ODI/DFID sector analysis is that there should be in place a country analysis, with an understanding of the relationship between institutions and actors. The sectoral focus is then addressed through:

- defining the sector (mapping the players, and the relationships between them),
- undertaking a political analysis of the sector (covering roles and responsibilities, organisational structures, management and leadership, financing, incentives and motivation, and capacities),
- analysing how players influence the policy process (through policy formulation, negotiation and implementation, and responsiveness and accountability),
- Finally, operational implications are addressed through defining objectives and expectations, determining entry points, and identifying modes of support.

**For more information** see Moncrieffe, J. and Luttrell, C. (May 2005). 'An Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas', Overseas Development Institute

[http://www.odi.org.uk/fecc/resources/reports/sector\\_analysis\\_framework\\_odi.pdf](http://www.odi.org.uk/fecc/resources/reports/sector_analysis_framework_odi.pdf)

For an application used by DFID in the water sector see: Plummer, J. and Slaymaker, T. (2007). Rethinking governance in water services. London, UK, ODI. (Working paper; no. 284)

<http://www.odi.org.uk/resources/odi-publications/working-papers/284-rethinking-governance-water-services.pdf>

## EC Sector Governance Analysis

The EC's approach focuses on assessing the governance of a sector, but also draws on political economy ideas. The approach is based on four steps:

- (1) analysing the context of sector governance;
- (2) mapping the interests, power and incentives of six clusters of actors (non-state actors, checks and balance organisations, the political system/government, core public agencies, frontline service providers, and donors, regional and international organisations);
- (3) analysing governance and accountability relations; and
- (4) a summing up, analysing governance reform readiness.



**For more information** see EC/EuropeAid (2008) Addressing Governance in Sector Operations, Draft Reference Document, July 2008

[http://www.nilsboesen.dk/uploads/docs/Addressing\\_Governance\\_in\\_Sector\\_Operations.pdf](http://www.nilsboesen.dk/uploads/docs/Addressing_Governance_in_Sector_Operations.pdf)

## 5. Problem-focussed analysis

The drive to maximise the operational relevance of political economy has led to a sharper focus on specific policy or operational problems. There is no single method, and approaches will need to be adapted according to the problem under study. A number of examples can be cited.

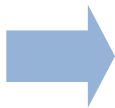
- The World Bank is taking forward its applied governance and political economy analysis (much of which has been undertaken at country and sectoral levels) and is developing a 'problem-driven' approach.<sup>6</sup> While the methodologies are still being developed, the work is drawing on a range of prior sectoral and thematic work, including, inter alia, infrastructure sectors in Zambia, Mali and Lebanon, decentralisation in Zambia and Southern Sudan, and migration/remittances in Moldova.<sup>7</sup>
- The World Bank has also recently published a framework for assessing the political economy of reform that looks at: (a) the reform context (referring to the deeper social and ethnic cleavages, national political and historical institutions affecting the reform under consideration), (b) the reform arena shaped by stakeholders, institutions, and their economic and political interests, (c) the reform process consisting of dialogue and decision-making, champions or coalitions of change, and influence of external actors and (d) a framework for possible actions. The publication noted below includes numerous case studies of sectoral, sub-sectoral and single issue reforms.



**For more information** see World Bank (2008) The Political Economy of Policy Reform: Issues and Implications for Policy Dialogue and Development Operations, Report No. – 44288-GLB, Social Development Department

[http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1217517341604/PE\\_Reform.pdf](http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1217517341604/PE_Reform.pdf)

- Work has also been undertaken to link political economy analysis to **growth diagnostics**. Political economy analysis can be used to assess the political obstacles to overcoming the binding constraints to growth identified in the diagnostic.<sup>8</sup> DFID has undertaken a pilot case study in Uganda, and similar studies have also been carried out by the World Bank in Zambia and Cambodia. DFID has also developed a broader analytical framework for assessing the links between politics and growth.<sup>9</sup>
- DFID has applied political economy analysis to problems of public financial management, in order to examine how particular interests and incentives influence the budget process and public spending. **Politics of the Budget** studies have been completed in Ghana, Malawi and Mozambique.



**For more information** see DFID (2007) Understanding the politics of the budget: What drives change in the budget process? FACT August 2007

<http://www.dfid.gov.uk/pubs/files/politics-of-the-budget.pdf>

## 6. Multi-purpose tools

There are a number of analytical tools, which cut across the above categories. The most important for DFID is the Politics of Development Framework developed by Adrian Leftwich.

### Politics of Development.

Politics of Development (PoD) was designed to build on the experience of Drivers of Change, and to introduce a conceptual framework with greater analytical rigour. The framework is based on the political systems ideas of David Easton, and is intended to explain decision making in terms various inputs, processes and feedback loops making up the political system.

The approach is based on the analysis of the following elements:

- the wider *historical, socio-economic, cultural and ideological context* in which political decisions are made,
- the nature of formal and informal institutions (*rules of the game*),
- *legitimacy* referring to the general level of acceptance of the rules of the political game,

- inputs referring to the various pressures and demands on the political system. These are categorised as *demands, oppositions and influences, supports and withdrawal*,
- the ways in which these demands are expressed, referred to as *modes* of political activity,
- *gatekeepers* who control decision maker's access to information,
- the *policy-formation power map* where all the different interests, influences, demands, oppositions and ideas come together and are resolved according to prevailing power relations,
- the *outputs* in terms of laws, regulations, "deals", decisions, and
- *feedback loops* whereby outputs influence the social, economic and political environment.

In practice the Politics of Development approach has proven difficult to apply to research on particular policy and operational questions. There are as yet relatively few cases in which the PoD has been used. However, some examples include a road testing study in India, a study of the justice sector in Yemen and recent work on education policy in Ghana.<sup>10</sup>

## 7. Additional tools

**PolicyMaker** is a form of computer-assisted political analysis, based on software that can be applied to problems that involve multiple players with diverging interests.<sup>11</sup> As a descriptive tool, the programme can be used to collect and organise information on: policy content; the position and power of key players; policy consequences; the interests of players; networks and coalitions of players; and opportunities and obstacles to change. As an explanatory tool, it can explain how a particular policy was decided in the past, and which strategies were effective in a particular political environment. As a prescriptive tool, it is intended to help: choose an effective political strategy for formulating and implementing a policy; and improve the political feasibility of a policy by identifying current supporters and opponents, identifying potential supporters, and analysing the effects of potential strategies. PolicyMaker has been used by DFID in the development of the Medicines Transparency Alliance (MeTA), and is regarded as having been useful in providing a simple framework within which to think about how different constituencies align on particular issues. UNFPA have also adopted PolicyMaker to inform their country operations.

### **The Decision Support System for Political Economy [currently under development].**

This initiative is intended to a guide to conducting the Political Economy and Drivers of Change assessments that DFID Advisers are required to produce for Country Assistance Plans and in programme development and design. The elements of the system are: (a) an introduction to Drivers of Change and Political Economy; and (b) a series of questions intended (i) to help identify where the best opportunities for change lie, including drawing conclusions about sectoral and thematic choices, aid instruments, and risks, and (ii) to lead the user into programme design; and (c) a guide to how to design a specific type of programme – termed an 'Issues-Based Programme' that is informed by the political economy analysis.

## Endnotes

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<sup>1</sup> See 'Survey of donor approaches to governance assessment,' OECD DAC Network on Governance, 2008. <http://www.oecd.org/dataoecd/26/5/40049776.pdf>. See also the earlier 'Lessons Learned on the Use of Power and Drivers of Change Analyses in Development Cooperation - Final Report', Review Commissioned by the OECD DAC Network on Governance (GOVNET), T.Dahl-Ostergaard, S. Unsworth, M. Robinson, and R I Jensen. September, 2005.

<sup>2</sup> The World Bank in its Tools for Institutional, Political, and Social Analysis (TIPS) has developed a framework for categorising analytical tools that shares some features with that used here. TIPS is based on **macro-level** (country and reform context), **meso-level** (policy implementation), and **micro-level** (impact of policy reform). See 'Tools for Institutional, Political, and Social Analysis of Policy Reform: a sourcebook for development practitioners,' World Bank, 2007, in particular chapter 3: 'Framework for Institutional, Political and Social Analysis in PSIA: macro-, meso- and micro-level analysis.'

<sup>3</sup> For a commentary on the strengths and weaknesses of the conceptual basis of Drivers of Change see Leftwich, A (2006) The Politics of Development: Refining the Analytical Framework to understand the politics of the places where we work, Part 3: Final Report.

<sup>4</sup> DFID Sudan Framing Paper, July 2008

<sup>5</sup> 'Guidance Note: Scenario and contingency planning for Fragile States,' DFID, June 2007 [draft]

<sup>6</sup> See 'Operationalising Problem-driven Governance and Political Economy Analysis for Development Effectiveness: overview note for the development of a good practice framework,' World Bank, July 2008 (draft).

<sup>7</sup> Ibid., table 1.

<sup>8</sup> 'Integrating political analysis into growth policy thinking: a general approach for DFID country offices,' David Booth and Dirk Willem te Velde, ODI, 2008 and 'Assessing political probabilities of growth for Uganda,' D. Booth and F. Golooba-Mutebi, ODI for DFID, 2008.

<sup>9</sup> G. Williams, G. Duncan, A. Landell-Mills P and Unsworth, S (2008) *Politics and Growth*, The Policy Practice, <http://www.thepolicypractice.com/papers/13.pdf>

<sup>10</sup> 'Politics and policy in education in Ghana,' David Pedley and Don Taylor, DFID Ghana, August 2008.

<sup>11</sup> 'PolicyMaker: computer-aided political analysis: improving the art of the feasible,' Michael Reich and David M. Cooper, PoliMap, 1996.