



## Session 2.2

# Introduction to Political Economy Analysis (PEA)

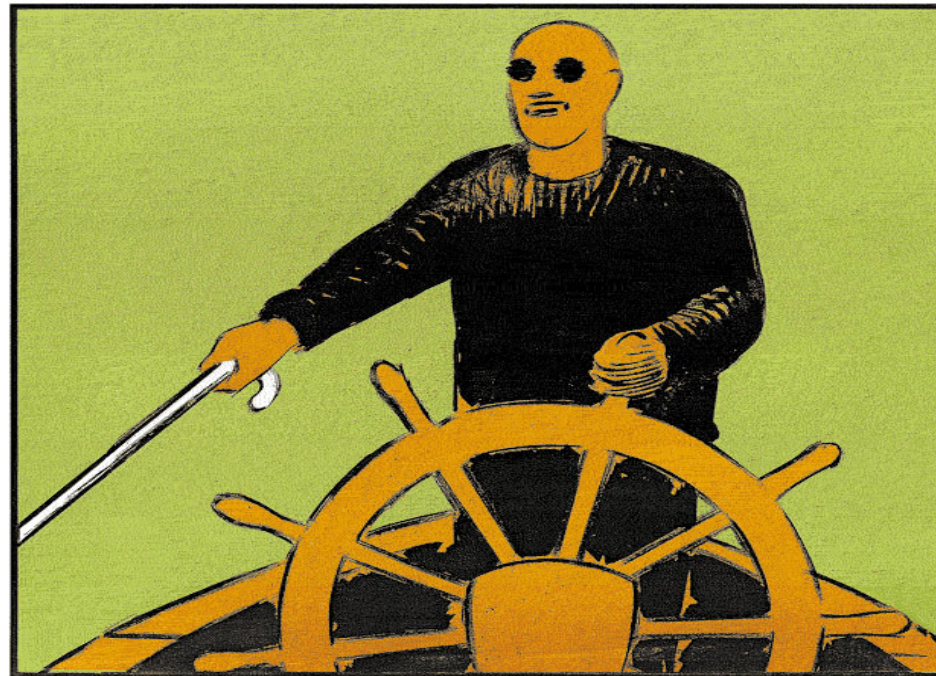
# Session's objective

- 1. Why is there so much interest in Political Economy Analysis?*
- 2. What is PEA all about?*
- 3. What are the preliminary conclusions of these analyses and are there implication for donors?*

# **1. Why is there so much interest in Political Economy Analysis?**

**Despite the efforts and resources directed to supporting governance and institutional reform, results have been mixed and sometimes even disappointing....**

# Do we know our context?

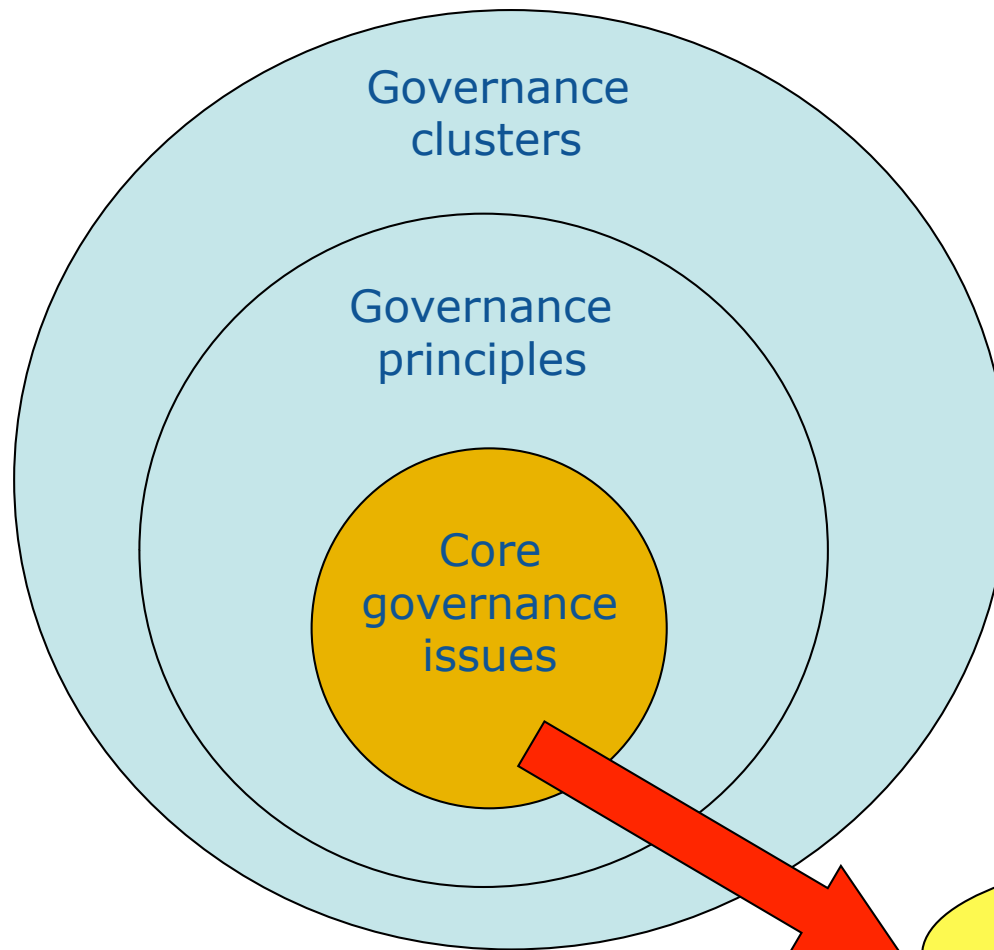


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# Are intervention and support strategies adapted?



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*Governance clusters:  
democracy, human rights,  
rule of law, decentralisation ...*

*Governance principles:  
transparency, accountability,  
participation, inclusion*

*Core governance issues:  
rules of the game, interests,  
power, incentives*

**OPEN THE BLACK BOX**

## 2. Opening the black box: PEA, what is it about?



# Some considerations

## *Political economy analysis:*

- *Is not an exact science*
- *Draws from various intellectual backgrounds*
- *There is no single universal methodology*
- *Different tools analyse same object by asking structured questions*
- *Can be applied at three levels: country/macro, sectoral/thematic and project/micro*



# What is PEA interested in?

## Interaction between political and economic processes

- **Why?**
- **How to support change?**

- ***Political process:*** power relations and struggles around resources
- ***Economic process:*** how the generation of resources influence political processes
- ***Evolution and dynamics*** of these processes in time
- ***Formal and informal institutions***
- ***The hidden relations, motivations and interests*** of all the actors

# Make the iceberg visible



How do you get more  
out of the same resources?

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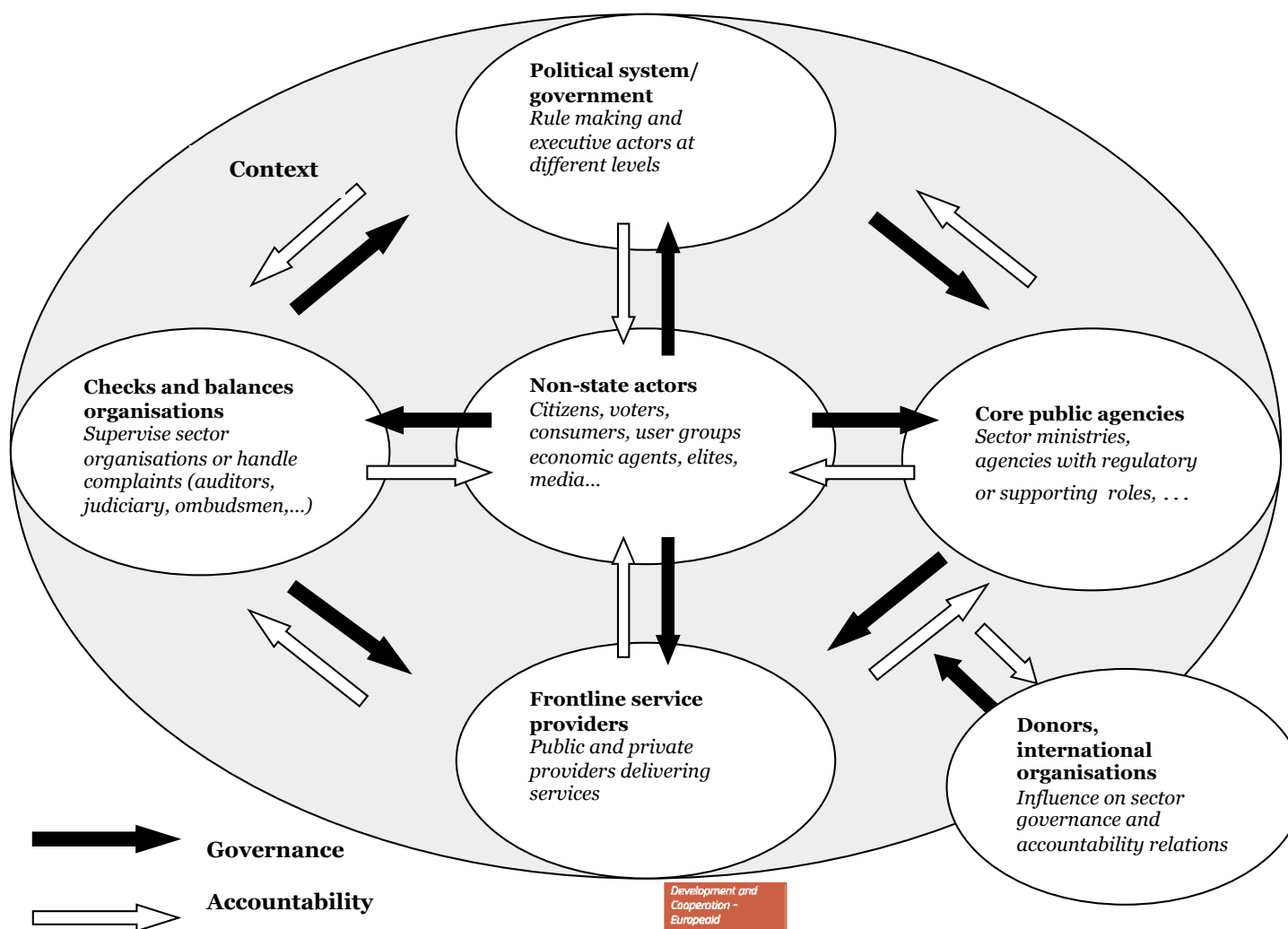




## **A few tools**

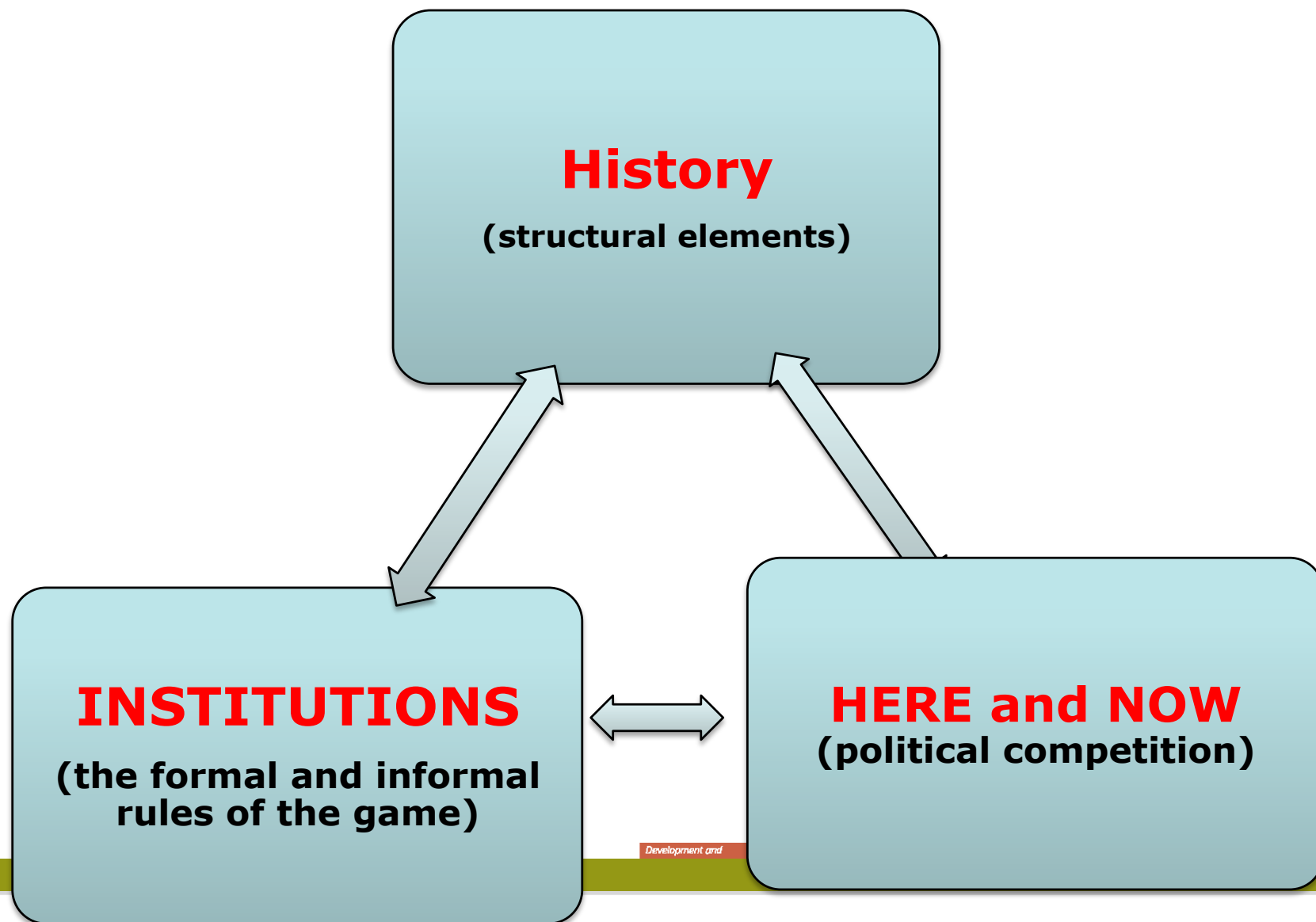
- ✓ ***Drivers of change (DFID)***
- ✓ ***Strategic Governance and Corruption Assessment (Netherlands)***
- ✓ ***Power Analysis (SIDA)***
- ✓ ***Democratic Governance Assessment (US)***
- ✓ ***Sector governance et DEVCO Concept Note (EC)***

## Tools for analysing governance in sectors





# DEVCO CONCEPT NOTE ON PEA



# EXPERIENCES

- ☐ *PEA Zambia*
- ☐ *PEA Mozambique*
- ☐ *PEA Cameroon/public expenditures*
- ☐ *PEA Senegal*
- ☐ *PEA planned in Guinea Conakry and Laos*



### **3. Preliminary conclusions and implications for donors**



## How can PEA be useful?

- ✓ *Identify actors, pathways of change, alliances and coalitions*
- ✓ *Translate analysis into politically savvy strategies and support programmes,*
- ✓ *Assess risks of achieving results (or not), particularly policy outcomes*
- ✓ *Efficient dialogue with different actors, especially the government → "compelling narrative"*
- ✓ *Aid effectiveness*
- ✓ *Development effectiveness*

**BUT ARE WE READY/ABLE TO USE PEA ???**