

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

## DAC Network on Governance

SUMMARY RECORD OF THE GOVNET INFORMAL WORKSHOP ON "SHARING APPROACHES  
TO UNDERSTANDING DRIVERS OF CHANGE AND POLITICAL ANALYSIS"

Meeting held 1-2 June 2004

*The workshop brought together GOVNET participants to exchange views on the variety of approaches to political economy analysis and understanding drivers of change (DoC) as a tool for enhancing aid effectiveness. The objective of the workshop was: 1) To acquaint members with the variety of approaches to political analysis being developed and applied; 2) To consider how to take this agenda forward; 3) To consider the broader implications of this work for the nature and design of assistance programmes.*

*The Drivers of Change approach (political economy analysis) initially developed by DFID, involves thinking more systematically about how change occurs, the power relationships at stake and understanding institutional and structural factors affecting political will. Approaches to political economy analysis are also being developed by many donors such as Sweden, Germany, the Netherlands, the US, World Bank, and the UK.*

*Participants agreed on the need for better harmonization of skills, expertise and experiences along with aiming for a more coordinated approach to analysis. DAC members who attended the workshop were very supportive of taking the DoC agenda forward through GOVNET. A small task team was formed to explore the further development of such approaches. It was agreed that as a first step, a mapping of the ongoing activities/case studies would be developed with the aim of enhancing collaboration.*

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## **SUMMARY RECORD OF THE GOVNET INFORMAL WORKSHOP ON “SHARING APPROACHES TO UNDERSTANDING DRIVERS OF CHANGE AND POLITICAL ANALYSIS”**

### **Background**

1. The workshop brought together GOVNET participants to exchange views on the variety of approaches to political economy analysis and understanding drivers of change (DoC) as a tool for enhancing aid effectiveness. Bringing together lessons from recent country experiences helped participants identify the value added and lessons learned of these approaches, consider ways for GOVNET to take this agenda forward and for enhanced coordination and collaboration between agencies.
2. The workshop was attended by almost all of the DAC members (24) and observers, and included participants from ECDPM, International IDEA, the Overseas Development Institute and Oxford University (St Anthony’s College, Oxford). The Secretariat of the DAC GOVNET worked in close collaboration with DFID’s Governance and Social Development Policy Group to prepare this workshop.
3. The objective of the workshop was threefold: 1) to acquaint members with the variety of approaches to political analysis and understanding Drivers of Change being developed and applied; 2) to consider how to take this agenda forward in a more harmonised way and 3) to consider the broader implications of this work for the nature and design of assistance programmes

### **Understanding the Drivers of Change and approaches to political economy analysis**

4. *How can change occur?* The discussion started by identifying the issues that the Drivers of Change (DoC) analysis is seeking to address. In light of donors’ commitment to achieving the MDGs and the complexities of development strategies to reduce poverty, the lack of government/political commitment and the focus on “what” needs to be done instead of “how” it can be done were put forward as the main problems to be tackled. The DoC approach was briefly presented as a non-binding set of tools/guidance for donors seeking to identify how change occurs and reflect these elements into programme design.
5. *Why is there growing interest in this approach?* The DoC approach has developed on the basis of DFID’s and other donors’ attempt to address one of the traditional problems they face: the missing link between understanding a country’s political framework and context and the actual operations of development agencies. There is an acknowledgement that if national planning processes (such as PRSPs) are to be more effective and country ownership reinforced, more in depth political analysis to support country programming is therefore necessary, which involves re-orienting development agencies’ analysis, training and planning tools and methods.
6. *What are the DoC? What difference will this approach make?* The Drivers of Change approach has been developed by DFID. It stems out of its work on political economy, involves thinking more systematically about how change occurs, the power relationships at stake and understanding institutional and structural factors affecting lack of political will. This more systematic use of political economy leads to more realistic country assessments and planning, improved risk analysis, better prioritisation, more realistic timeframes and the development of better-informed strategies to influence and support pro-poor change. Key features of this approach – which does not intend to be an overarching framework - include

examining the triple interaction between individual agents, structural and institutional features. Country knowledge and context are also essential. Other donors have also developed similar approaches which were highlighted during the workshop. The emphasis is put on understanding first what type of change is actually occurring and why, before making the link to pro-poor change. Challenges in implementing this approach include going beyond situation analysis, drawing assumptions about change, testing them and operationalising them into programme design and implementation.

7. *Discussion around the Ghana case study.* The Ghana case study conducted jointly by ODI and the Center for Democratic Development in Accra (interacting with DFID) highlighted that the DoC analysis helped put forward that the democratisation process as supported by donors was not necessarily favourable to development. Instead, it noted donors should focus on change processes more likely to impact poverty in the medium term as opposed to supporting policies explicitly advertised as being pro-poor. These findings implied a change of perspective/approach, i.e. extending donors' support beyond national Poverty Reduction Strategies, which did not sufficiently emphasize support to endogenous democratisation processes.

8. The discussion which followed focused on the increasing importance of adopting a demand-based approach and of developing new constituencies (e.g. small groups within civil society) to support endogenous change.

9. *Other approaches to political and institutional analysis.* SIDA's overview of approach on Power analysis and recent country experience, the Netherlands' experience with institutional analysis and GTZ's presentation of its Governance Questionnaire (GQ) all highlighted the importance of understanding power relationships and structures (especially between state and society) when conducting country or institutional analysis. Power was agreed to be a multidimensional and contested concept, which can be 'controlling' (potential threat to citizens) or 'constructive' (which enhances the effectiveness of the state). The SIDA studies (Ethiopia, Kenya, Burkina Faso) found that for most developing countries, improving governance tends to require both a reduction in the controlling power of the state and an increase in the constructive power of various state institutions. It was put forward that donors and aid policies shape power relations as well, especially in weakly institutionalised countries. However, participants agreed that donors should not aim to be drivers *for* change.

10. In the light of these experiences, the importance of integrating lessons learned into existing planning tools and programmes was put forward. The need to identify new ways of interventions and support different types of actors was also highlighted, to help promote more equal and pro-poor power interventions.

11. This implies increasingly sharing findings/lessons learned among donors and a collective rethinking of the role of donors and the way they affect policy and change, i.e. what power channels they support and how their aid policies shape power relations.

12. Another approach to political and institutional analysis presented was the Governance Questionnaire (GQ) developed by GTZ using a political economy methodology. It aims at helping partners design strategies that take into account trends and barriers to political and institutional reform, while closely examining power interactions. It was noted that the approach does not aim at providing a comprehensive framework either but rather to initiate debate on the channels of power. The question was raised of how to use such political economy tools while preserving government ownership in the broader context of seeking to achieve the MDGs.

13. The experience of USAID in conducting governance and democracy assessments followed similar steps when identifying key actors and allies, so as to establish interests at stake and power

relationships. The difficulty in translating analysis into programming and sharing this analysis with governments was also highlighted. There was recognition that exchange of information and disclosure of political economy analysis will vary from country to country. The assumption was that shared and complete transparency should be the starting point and modified only according to the context.

14. The way these analysis are conducted varies, which has implications on ownership and implementation. Most studies were conducted by local experts or international consultants, while some were commissioned by country offices and integrated to programme country strategies. Where staff members were involved in the analytical process, the buy-in was enhanced. Nevertheless, it was recognised that operationalising the studies' findings into programme design and implementation remains a major challenge for donors, along with engaging local staff more. Government ownership and alignment with partner countries' PRS remains another challenge faced by donors conducting political economy analysis.

### **Increasing Aid effectiveness through the DoC agenda and upcoming challenges**

15. *How can this agenda make our aid more effective?* There was a general view that despite the multidimensional aspect of the DoC agenda, this approach has the potential to contribute to making development aid more effective through: (i) better harmonisation and alignment; (ii) common understanding among donors; (iii) learning from best practices and sharing analysis/experiences instead of prescriptive guidelines; (iv) better prioritisation i.e. supporting reforms that are likely to be true drivers of change and (v) reassessing development agencies' internal incentives and rules, beyond conditionality.

16. *Who should we involve?* Participants agreed that better partnerships and more transparency were essential in optimizing the political economy agenda. However, according to the context, it was stated that it would be harder to be fully transparent and involve partner governments fully in conflict or difficult partnerships situations. In addition, it was noted that the diversity of approaches could be beneficial as well.

17. *Challenges for development agencies.* There was a consensus around the need for better harmonisation of skills, expertise and experiences to avoid analysis duplication. It was stated that adopting a more upstream co-ordinated approach would lower risks and enable donors to have a better understanding of context, and thus more downstream coordinated approaches. Within development agencies, it was agreed that a remaining challenge is to overcome internal divergences over the DoC approach and gain more support from senior management.

18. *Taking stock: where do we stand now?* All participants agreed that there is a convergence of approaches and of shared language around political analysis supported by various studies and country cases. There is a consensus that political analysis can lead to increased aid effectiveness because of the potential for more upstream co-ordination. Developing a common framework does not seem realistic or desirable to a number of participants but it was agreed that a commonality could be found in the approaches developed. This common ground could be used to complement the already existing architecture of national development processes by examining more systematically the interactions between agents of change, including non-governmental actors, institutions, processes and dynamics such as power relations. It was agreed that success will depend on good sequencing, prioritizing and harmonization.

### **Mainstreaming political economy analysis into country planning**

19. The World Bank/Poverty Reduction and Economic Management Unit (PREM) presented its recent work on operationalising socio-political and economic analysis. The approach is innovative and differs from the World Bank's traditional analysis and focuses on qualitative tools such as surveys, historical reviews and stakeholders' analysis (identifying their influence and position). This method seeks

to investigate how power and authority are acquired and how policy decisions get made. Further steps include mainstreaming this approach and translating it into a framework, along with developing staff capacity to conduct these analysis and finally integrate it into core World Bank products (PRSPs...).

20. The World Bank's Social Development Department then presented macro social analysis as a way to mainstream socio-political issues into policy discussions. The analysis focuses on the impact that social diversity and economic structures have on country institutions. Like in other DoC approaches, power structures are examined, in the light of the relationship between social groups and power structures. The value added of this approach lies in the possibility to share research findings/collaborate with partners especially at the country level. Internally, this method is used at *ex ante* as a basis to define country assistance strategies and *ex post* to review change and identify/review indicators.

### **Conflict Assessment and Political Analysis**

21. The presentations made by Alex Duncan (Oxford) and Sarah Lyons (DFID) highlighted the strong resonance and sometime overlap between conflict assessments and political analysis. He noted change is key to development while conflict is a barrier to change. Understanding conflict, which is tied to poor development performance, is essential to identifying development strategies and can be done using a political economy approach. DoC studies and conflict assessment vary in their focus and scope, as DoC analysis take into account broader perspectives/relationships than conflicts. It was agreed that in a large number of countries, where development is ultimately linked to the resolution of conflicts, there are strong incentives to integrate conflict assessment and DoC studies and conduct them together. Specifically, the DoC could be used to understand how to push for peaceful socio-political change. In the longer run, Country Assessment Plans and conflict management strategies could be developed to encompass elements of both approaches. However, the lack of high-level (partner government) buy-in of this type of analysis might be the strongest obstacle to change.

22. The Nigeria example put into light the synergies between conflict assessment and socio-political analysis. The results of the DoC study enabled donors in the field to understand the dynamics affecting change which are often the same factors that lead to violent conflict. It was agreed that main disjunctures are operational: the DoC approach calls for a consensus around issues to promote change while conflict analysis shows how difficult it is to unite donors on a strategy. Finally, the study concluded that there are a number of countries where the resolution of conflict will not occur without an improvement in governance and in the overall development performance. In these countries, there is a strong argument for integrating conflict assessments and DoC studies (conducted or conceived jointly). Based on these findings, DFID reported its intention to conduct a conflict assessment as part of a DoC study in Yemen.

23. A brief update on the work of the CPDC was made, where conflict assessments are being mainstreamed into country programming (tip sheets developed). [No joint conflict assessment methodology is currently being developed but close collaboration with the GOVNET and LAP is envisioned on themes such as security sector reform.] The CPDC expressed interest in contributing to a future DoC methodology developed by GOVNET members and expressed a clear interest in integrating the conflict prevention perspective as well.

### **Principles for Action and way forward**

24. The GOVNET Chair thanked the participants and highlighted the high degree of priority given to this issue in the programme of work for the next biennium. He also gave a brief update on the agenda priorities established for 2005-2006 at the 5th GOVNET meeting on 24-25 March: the Drivers of Change/political economy approach (as an overall approach encompassing other themes), Anti-Corruption, the Human Rights-Based Approach and Capacity Development. The GOVNET will also work more

closely with the CPDC and the LAP. The issue of the merger of the GOVNET and CPDC was not supported by members of either group.

25. Participants were very supportive of taking the DoC agenda forward through GOVNET and contributed to identify the necessary next steps along with possible member countries' sharing of experiences. Participants all agreed that the workshop represented the beginning of a process and all expressed and strong interest in the topic as well as in seeing GOVNET take this agenda forward.

26. There was a consensus for more collaboration, exchange of information and linkages of experiences. Some expressed the need for a common framework of analysis or guidelines; others called for a synthesis of already existing studies/experiences. A small task team including Germany, the Netherlands, Norway, Sweden and the United Kingdom will be formed to explore how to further develop the DoC agenda. It was agreed that as a first step, case studies would be shared amongst donors and the results cross-checked for better consistency. It was also agreed that the task team, with the support of the Secretariat, would do a mapping of the ongoing activities/case studies of relevant members, to facilitate harmonisation/collaboration and reduce duplication efforts. The Chair highlighted the need for a concrete product for the 2005 Programme of Work such as a lessons learned report as noted in the 2005-2006 overall DAC Programme of Work and Budget [DCD/DAC(2004)23/REV]. The results of this work could also be an important input in the review of the 1995 Guidelines on Principles for Supporting Governance and Participatory Development.