

Political Economy Analysis Toolkit

The PEA toolkit provides a structured approach for analysing how change happens; from the national to the local level. It can help shape our country strategies, programmes and even ‘everyday’ decisions.



The toolkit consists of four different tools. These are complementary, but can be used separately as a stand-alone exercise, too. Each tool includes facilitation guidance, a set of core questions and discussion points, and participatory exercises to help visualise the political economy features being analysed. They are intended to help produce rapid good quality analysis, to increase our understanding of which strategies, tactics or decisions may be appropriate in the different contexts in which we work. However, they should not be viewed as an independent planning exercise. Many other factors (such as capacity, experience or funding opportunities) will ultimately shape the direction taken.

This toolkit builds on existing tools used by WaterAid and other sector actors. It was developed by Stuart Kempster, with support from Andrés Hueso. You can reach out to them if you have any questions or feedback, or want to access the editable versions of the tools in order to adapt them.

Country Strategy PEA

What is it? This tool is a synthesis of existing approaches to country-level Political Economy Analysis. It aims to build on existing knowledge of political and economic context at the country level, and to produce a structured analysis of how these factors interact with WaterAid’s objectives.

When would you use it? As part of the context analysis for your strategic reflection or when preparing or reviewing the country programme strategy. It helps to answer the question of how change happens at the national level.

The tool can be used to conduct an internal workshop, or to structure terms of reference if country-level PEA is being outsourced.

Sector Strategy PEA

What is it? This tool draws on the World Bank's Problem-driven political economy analysis and ODI's Framework for political economy of sectors, with additional insights from tools already being used by WaterAid and other NGOs for analysing sector-level issues. It is centred on the 'problem' of achieving universal access in individual sectors, with the aim of building on WaterAid's technical knowledge and increasing our understanding of the politics and relationships which shape how change happens in different sectors.

When would you use it? The tool is useful for 'programme situation analysis' when designing sectoral programmes or influencing plans. It supports strategic reflection on the question of how change happens at the sector level, and what can drive the changes needed to achieve universal access. Other tools (e.g. sector strengthening analysis you may have conducted) or publications (e.g. country status overviews, service delivery assessments, or WASH-BAT reports) may have already identified 'sector bottlenecks'; this tool should be used to increase understanding of the politics and relationships which underpin these bottlenecks. The tool can be used to conduct an internal workshop, or to structure terms of reference if sector-level PEA is being outsourced.

Tactical PEA

What is it? This tool also draws on the World Bank's Problem-driven political economy analysis, with additional insights from tools already being used by WaterAid and other NGOs for analysing micro-level issues. Its aim is to increase our understanding of the politics and relationships which govern how change happens within specific issues, and to help to sharpen the tactics we use to bring about change.

When would you use it? The tool could be used in response to the emergence of specific challenges or opportunities (e.g. the introduction of a new piece of legislation), or when designing/reviewing individual projects or interventions. It complements the Strategic PEA tools, and could draw from previous analysis at these higher levels. It could also be used after 'Everyday PEA' has demonstrated the need for more detailed analysis of a specific issue.

Everyday PEA

What is it? This tool has been replicated from the Developmental Leadership Program (University of Birmingham). It is a 'stripped-back political analysis framework', and aims to help frontline staff understand the changing political context and make politically informed decisions on a day-to-day basis. The tool provides a condensed checklist to help conduct a quick political analysis and make this an accessible part of ordinary business practice.

When would you use it? To respond to all the small, everyday issues that need evaluating during the course of our normal work (e.g. the announcement that the health minister is stepping down, or an invitation to join a multi-stakeholder initiative). The tool is designed to be used flexibly; it could be used on your own in your office, or it could be used as the basis for group discussions. You may be able to draw on insights from previous PEA at higher levels. Equally, Everyday PEA may signal the need for more detailed Strategic or Tactical analysis.

Country Strategy Tool

Description: The tool is a synthesis of existing approaches to Political Economy Analysis (PEA). Its aim is to build on existing knowledge of political and economic context at the country level, and to produce a structured analysis of how these factors interact with WaterAid's objectives.

Facilitation guidance:

When would you use it: For strategic reflection, when designing country strategies or influencing plans. It helps to answer the question of how change happens at the national level. The tool can be used to conduct an internal workshop, or to structure terms of reference if country-level PEA is being outsourced. It can be used as a stand-alone tool, but will also help to inform sector strategy and tactical political economy analysis.

What you will need: Handouts (page 4); flip chart paper; markers pens; PEA Cube print out (page 8 – multiple copies if performing this exercise in small groups).

Timing: Ideally, a half-day workshop. At a minimum, two hours will be required – if attempting to complete in two hours, consider answering the 'core questions' in advance and use the workshop time for detailed analysis (using the discussion points). Make sure you leave at least 15 minutes for Section 6 ("What next?").

General guidance: Encourage people to think analytically about how change happens. The core questions in each section outline the topics and concepts that need to be discussed; the 'discussion points' will prompt people to think about analytical concepts such as incentives, interests, and ideas. However, the discussion points are not intended to be definitive, rather suggestions to guide your analysis. Through Sections 1-4, encourage people to try and draw links between the sections (i.e. how do country characteristics link to power relations, etc). Before beginning the workshop, decide how the analysis will be documented (detailed report, briefing note, etc), and who will be responsible for this.

Knowledge gaps: It is likely that there will be some questions which the group will struggle to answer. Minimise this risk by planning in advance to ensure you have a good range of knowledge and experience in the workshop (including external guests, if appropriate). Throughout the workshop, encourage people to be honest about what they don't know. Challenge people on facts and assumptions, and keep a clear list of where more information is required. Encourage people to think about how they can find this information (e.g. is there someone we can speak to, or a publication we can read?).

1. What are the main characteristics of the country?

Analyse the deep-rooted factors which underpin the country's political economy.

- The purpose of this section is to analyse and understand how the long-term features of a country (i.e. history, geography, social and economic structures, etc) influence the incentives, interests, and ideas of the modern political economy.
- These features are likely to be fixed in the short to medium term, and will underpin many of the power relations and rules discussed in sections 2 and 3.

- Taking each question in turn, first describe the main features, and secondly (using the discussion points as a guide) analyse how these features influence current political, economic, and social life.
- Using the flip chart paper, set out the description and analysis in a table and stick to a wall so it can be used to prompt discussion in subsequent sections.

2. Where does power lie?

Analyse power relations in the political, social, and economic spheres.

- The purpose of this section is to understand the nature of power relationships.
- Following a similar structure to section 1, take each question in turn and describe the key relationships and key sources of power. Then, using the discussion points, analyse how these features influence the incentives and interests of important groups, and whether they act as barriers to change or drivers of change.
- Using the flip chart paper set out the description and analysis in a table, and stick to a wall so it can be used to prompt discussion in subsequent sections.

3. What rules govern people's behaviour?

Analyse the formal and informal rules which shape people's interests and actions.

- The purpose of this section is to understand the 'rules' which govern how people interact with each other; this includes formal, official rules (e.g. laws, legislation, elections, etc), and informal rules (ways of working, cultural/social norms, etc).
- Following the same structure as previous sections, you should follow the core questions to identify the key rules, then use the discussion points to analyse how these rules influence people's incentives, interests, and ideas.
- Using the flip chart paper, set out the description and analysis in a table and stick to a wall so it can be used to prompt discussion in subsequent sections
- Encourage people to reflect on the linkages between rules and power, and between rules and country characteristics.

4. Which ways of thinking shape public policy and debate?

Analyse the ideas and beliefs which influence the country's political economy.

- The purpose of this section is to understand the way that ideas and beliefs condition decisions and the ways in which people behave.
- As with previous sections, follow the core questions to identify the key ideas and beliefs, and use the discussion points to analyse how these interact with people's incentives and interests.
- Using the flip chart paper, set out the description and analysis in a table and stick to a wall so it can be used to prompt discussion in subsequent sections
- Encourage people to reflect on the linkages between ideas and rules; ideas and power; and between ideas and country characteristics.

5. What does this mean for WaterAid?

Plot the country's political economy within the PEA Cube and discuss implications for strategy.

- This section is a thought experiment, designed to help bring together the analysis of the previous sections in a more integrated way.
- The aim is to plot the country's political economy within a PEA Cube; the size and shape of the country's PEA Cube should then give some insights into how WaterAid can use this analysis to improve strategies at the country level.
- Start by discussing each dimension of the cube individually. Starting with 'Stability', discuss how the analysis of country characteristics, power, rules, and ideas relates to the concept of stability. Then make a judgement on the extent of stability, and

plot this on the cube. Repeat these steps for 'Developmental vision' and 'Governance culture'. You should then be able to draw the country's PEA Cube.

- In this section, encourage people to 'join the dots' from sections 1-4, with each dimension of the cube being a synthesis of the previous analysis. For example, 'Developmental vision' is most obviously concerned with ways of thinking; however, country characteristics, power relations, and rules also have an influence on how strong a country's developmental vision is in practice.
- The PEA Cube exercise could be conducted as one large group, or in smaller groups. If conducted in smaller groups, the aim would be to compare the different cubes, and discuss what influenced different judgements on each dimension.
- If PEA is outsourced, this exercise could be conducted with the consultant after the study, to encourage staff to think more analytically about country context.
- Examples of 'ideal type' political economy configurations have been provided. These are intended to stimulate discussion about what the implications of a country's political economy configuration may be for WaterAid's country strategy. These examples should be used to guide your discussion, rather than prescriptions of what should be done in every context.

6. What next?

In this final section, encourage people to reflect on the exercise and agree next steps. Ask the following questions:

- What have people found useful? Have any obvious lessons been learned?
- Have any of our original assumptions or ideas about how change happens been challenged? If so, will this have any implications for the way we work or the way we frame issues and advocate for change?
- What are the most important knowledge gaps? How can we find the information needed? Who will be responsible for this, and by when?
- Which other tools may be helpful to plot a more detailed path forward? For example, sector strengthening tools, human rights based approach tools, inequalities checklists? Who will be responsible for organising this?
- Based on lessons learned from the analysis, are there any small steps that can be made in the short term to improve our strategic approach? Who will be responsible for this, and by when?
- Are there any long-term implications for strategy? Who will be responsible for taking forward the lessons learned from the analysis?
- How will the analysis be documented, and who will be responsible for this?

Country Strategy PEA

1. What are the country's main characteristics?

Analyse the deep-rooted factors which underpin the country's political economy:

- Political history
- Geography
- Society and culture
- Economy
- Geopolitics

2. Where does power lie?

Analyse power relations in the political, social, and economic spheres:

- Elite groups
- Economic power
- Authority
- Legitimacy
- Organisational strength

3. What rules govern people's behaviour?

Analyse the formal and informal rules which shape people's interests and actions:

- Rule of law
- Policy process
- Bureaucratic norms
- Cultural norms
- Citizens' expectations

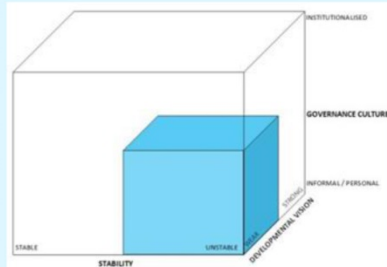
4. Which ways of thinking shape public policy and debate?

Analyse the ideas and beliefs which influence the country's political economy.

- Dominant ideologies
- Cultural ideas
- Religion
- Power to shape ideas
- Transnational ideas

5. What does this mean for WaterAid?

Plot the country's political economy within the PEA Cube and discuss implications for strategy.



Core questions and discussion points

1. What are the country's main characteristics?

Analyse the deep-rooted factors which underpin the country's political economy.

- What are the most important events in the country's **political history**, and how do they shape contemporary politics?
- How does the country's **geography** influence its politics and economics? Is it land-locked; does it have disputed borders; are certain areas inaccessible?
- How does the country's **society and culture** impact political and economic life?
- What is the structure of the **economy**? Which sectors are most significant; what is the role of the state; is there a thriving informal economy?
- Where does **government revenue** come from?
- How does **geopolitics** influence national politics and economics? What roles do external actors play (e.g. transnational government, donors, multinational companies, regional hegemony etc)?

Discussion points:

- **Political history:** how have the present day interests and incentives of political parties been shaped by key historic events or processes? Are ideas shaped by past events (e.g. do ideas from wars of national liberation still influence public debate)?
- **Geography:** are political and economic interests linked to the physical geography? Do climatic or demographic factors shape political or economic decisions?
- **Society and culture:** are prevailing ideologies shaped by socio-cultural beliefs? How are such beliefs revealed (e.g. different status for men and women; inequality between social groups; tension between official legal structures and cultural norms)?
- **Economy:** how do features of the economy influence the incentives of politicians (e.g. does natural resource wealth increase corruption)?
- **Government revenue:** does a low domestic tax base reduce accountability to citizens? What is the scale of donor support? What is the nature of accountability to donors?
- **Geopolitics:** do relationships with international actors influence the incentives of national actors (politicians, business, etc)?

2. Where does power lie?

Analyse power relations in the political, social, and economic spheres.

- How is power distributed between different **elite groups**? How stable is the balance of power?
- Which groups hold **economic power**, or have control over important resources?
- Who has the **authority** to speak on behalf of different social groups (e.g. elected officials; traditional leaders or chiefs; religious leaders)?
- How do powerful elites gain **legitimacy** for the power they wield?
- Which groups have the **organisational strength** to make political trouble or bring about change (e.g. political parties; social movements; military; trade unions)?

Discussion points:

- **Elite groups:** what are the main interests of different elite groups (i.e. leaders of ethnic groups, political parties, religious groups, business/land owners)? Is there a compromise which meets all these interests, or do certain groups threaten conflict?
- **Economic power:** do economically powerful groups influence politicians? (e.g. through party funding or the threat of relocating business overseas?)
- **Authority:** what is the source of this legitimacy? Are the interests of these leaders consistent with the interests of the groups they represent?
- **Legitimacy:** this may be in elected politicians or traditional leaders. Is power legitimised through democratic processes, through patronage/clientelism, or by traditional values of hierarchy?
- **Organisational strength:** are there conflicts between the interests of these organisations? How have organisations used their power to bring about change?

3. What rules govern people's behaviour?

Analyse the formal and informal rules which shape people's interests and actions.

- a) To what extent are political elites restrained by the **rule of law**?
- b) What is the official **policy process**, and how is legislation developed?
- c) What **bureaucratic norms** or practices influence how decisions are made?
- d) How do **cultural norms** affect political processes (e.g. are there 'traditional' methods for resolving disputes which run in parallel to the formal legal system)?
- e) What are **citizens' expectations** of elected officials (e.g. individual patronage; group-specific benefits; or pursuing national development for the benefit of all)?

Discussion points:

- **Rule of law:** are people's incentives shaped by the rule of law, or is there the assumption that the law can be bypassed if required?
- **Policy process:** how transparent is the process, and who is involved? What incentives does the process create for those involved in the process?
- **Bureaucratic norms:** consider whether government bureaucracy is based on clear, predictable, and transparent rules/practices, or if ways of working are more informal. What incentives does this create?
- **Cultural norms:** these are informal rules which dictate how people interact with each other on a daily basis. How do such norms influence ways of working and ways of thinking?
- **Citizens' expectations:** how do the expectations of citizens shape the incentives of politicians?

4. Which ways of thinking shape public policy and debate?

Analyse the ideas and beliefs which influence the country's political economy.

- a) What are the **dominant ideologies** and values which shape the political system?
- b) What **cultural ideas** have an influence on politics and economics (e.g. ideas about hierarchical rule or traditional gender roles)?
- c) To what degree does **religion** shape the constitution, laws, or other policies?
- d) Who has **power to shape ideas**? How is public debate informed?
- e) To what extent do **transnational ideas** influence the government or civil society?

Discussion points:

- **Dominant ideologies:** whose interests do dominant ideologies serve? How widely accepted are these ideas? To what extent are ideas contested?
- **Cultural ideas:** how influential are cultural ideas? Do they promote or inhibit social change? Do they promote or inhibit equality (e.g. regarding gender)?
- **Religion:** is there conflict between religious groups? Are religious ideas used to further the interests of specific groups?
- **Power to shape ideas:** how is the national debate conducted? Who controls mass media, and whose interests do the media serve? What is the role of social media and the internet in creating new ways of thinking?
- **Transnational ideas:** to what extent is thinking in the country influenced by global discourses (e.g. human rights, sustainable development, economic liberalisation etc)?

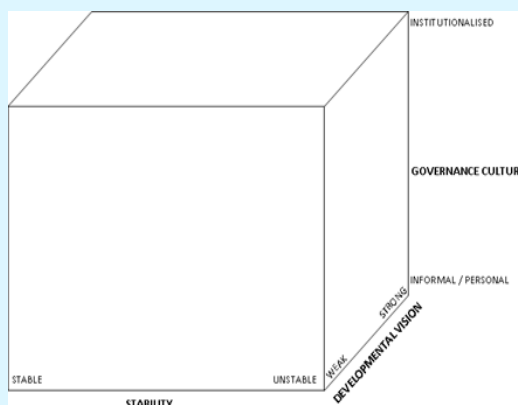
5. What does this mean for WaterAid?

Plot the country's political economy within the PEA Cube and discuss strategic implications.

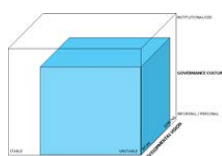
Synthesise Sections 1-4 to plot your PEA Cube along the following dimensions:

- (1) **Stability:** how stable is the country, politically and economically?
- (2) **Governance culture:** is governance based on formal institutionalised procedures or informal relationships?
- (3) **Developmental vision:** to what extent are powerful groups united by a common developmental vision? Or is cooperation based on self- or group-based interests?

The PEA Cube

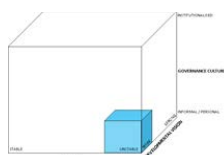


While the possible configurations are limitless, below are some easily recognisable political economy types, and the possible implications they could have for WaterAid's work:



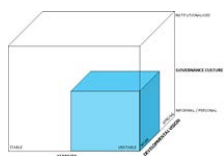
Stable, institutionalised, strong vision: most elite groups support the existing balance of power and are coordinated around a common developmental vision. The economy is relatively stable and public governance is meritocratic and institutionalised. The ruling coalition takes a long-term policy perspective and has strong potential for development.

WaterAid could work strategically by: supplying government with technical expertise in areas which they are lacking, or by identifying policy 'blind spots' and advocating for improvements. Engaging with formal political processes and procedures would be the most effective strategy.



Unstable, personal, weak vision: the political economy is characterised by instability and short-term interests. Elite groups are motivated by access to economic rents rather than a common vision, and the governance culture favours patronage and clientelism.

WaterAid could work strategically by: promoting citizens' empowerment and accountability and supporting 'islands of effectiveness' (seeking to change the mind-set of political elites through a demonstration of good practice). The strategy would focus on small, incremental change. Large-scale reform initiatives may be less likely to succeed.



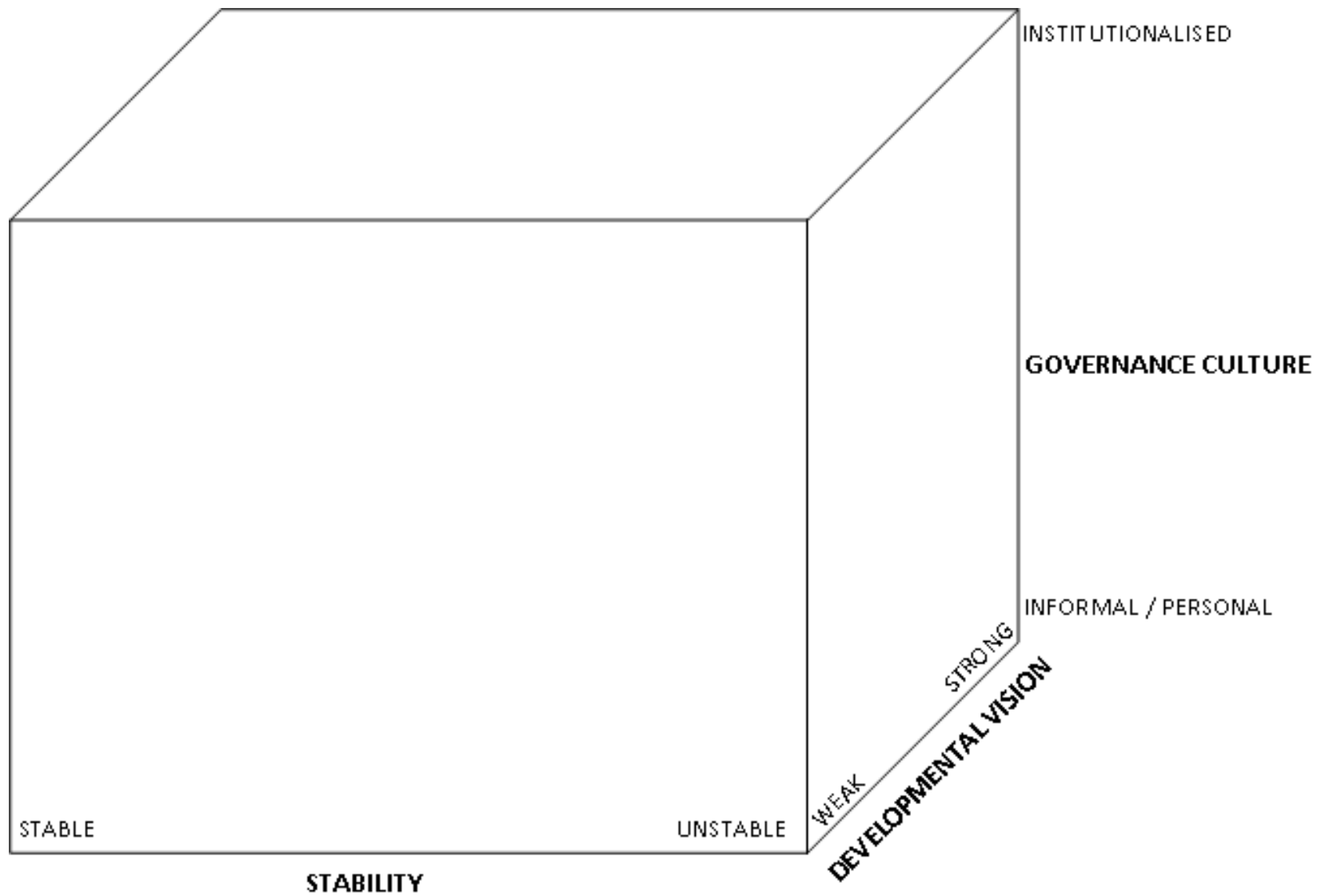
Hybrid: The most common configurations lie somewhere between these extremes, often not forming equal cubes (e.g. a country may be very stable with a personal governance culture). Long-term thinking may be possible in some policy areas, with short-term incentives prevailing in others.

WaterAid could work strategically by: developing a 'mixed approach', tailored specifically to the country's political economy. For instance, providing technical support in policy areas where governance is strong, and supporting citizen empowerment and accountability in policy areas which have weak governance or short-term incentives.

Compare these with your own country's PEA Cube:

- a) Are the suggested strategic approaches valid?
- b) If not, which other approaches would be more appropriate (e.g. sector strengthening or a human rights based approach)? And why?
- c) Based on the analysis, what are the benefits and risks of different strategic approaches?

PEA Cube print-out



Sector Strategy Tool

Description: The tool draws on the World Bank’s [Problem-driven Governance and Political Economy Analysis](#) and ODI’s [Framework for understanding the political economy of sectors](#), with additional insights from tools already being used in WaterAid and other NGOs for analysing sector-level issues.

Following WaterAid’s global strategy ambition of helping to reach everyone everywhere by 2030, the tool is centred on the challenge of achieving universal access in individual sectors. Its aim is to build on WaterAid’s technical knowledge of sectors to increase our understanding of the politics and relationships which shape how change happens.

Facilitation guidance:

When would you use it: For strategic reflection, when designing sectoral programmes or influencing plans. It helps to answer the question of how change happens at the sector level, and what can drive the changes needed to achieve universal access. Other tools or publications (e.g. Country Status Overviews, Service Delivery Assessments, or WASH-BAT reports) may have already identified sector bottlenecks; this tool should be used to increase understanding of the politics and relationships that underpin these bottlenecks. The tool complements the WaterAid Country Strategy Tool, and could be used alongside it, or as a stand-alone exercise.

What you will need: Handouts (page 3); flip chart paper; markers pens (x 3 colours); post-it notes or pieces of card (x 3 colours).

Timing: Ideally, a half-day workshop. At a minimum, two hours will be required – if attempting to complete in two hours, consider answering the Section 1 in advance and use the workshop time for detailed analysis (in Sections 2-4). Make sure you leave at least 15 minutes for Section 5 (“What next?”).

General guidance: Encourage people to think analytically about how change happens. The core questions in each section outline the topics and concepts that need to be discussed; the discussion points will prompt people to think about analytical concepts such as incentives, interests, and ideas. However, the discussion points are not intended to be definitive, rather suggestions to guide your analysis. Throughout, encourage people to try and draw links between the sections (i.e. how do country characteristics link to power relations, etc). Before beginning the workshop, decide how the analysis will be documented (detailed report, briefing note, etc), and who will be responsible for this.

Knowledge gaps: It is likely that there will be some questions that the group will struggle to answer. Minimise this risk by planning in advance to ensure you have a good range of knowledge and experience in the workshop (including external guests, if appropriate). Throughout the workshop, encourage people to be honest about what they don’t know. Challenge people on facts and assumptions, and keep a clear list of where more information is required. Encourage people to think about how they can find this information (e.g. is there someone we can speak to, or a publication we can read?).

1. Where are we now?

Describe the most important features of the sector’s political economy.

- The purpose of this section is to set the scene and describe the key features of the sector which will be analysed in more depth in sections 2-4.
- Create two tables as follows, dividing the features into ‘actors’ and ‘factors’, and complete the description columns with the most important (f)actors:

| Description of actors | Analysis |
|--------------------------|----------|
| e.g. Ministry of Finance | |
| e.g. Service providers | |

| Description of factors | Analysis |
|------------------------|----------|
| e.g. Policy | |
| e.g. Ways of working | |

- The core questions and discussion points for this section provide a guide as to what should be included.
- In case you aim to have a two hour workshop, this section should be prepared in advance to allow time for more in-depth analysis in subsequent sections. If prepared in advance, the first step of the workshop should be checking if anything important has been missed.
- The information required may be available in the WaterAid Country Programme Strategy or external publications, such as Country Status Overviews, Service Delivery Assessments, or WASH-BAT reports.
- Make sure you include WaterAid as an actor!

2. How did we get here?

Analyse the most important features of the sector’s political economy.

- The purpose of this section is to analyse the features identified in Section 1 (actors and factors). If you have identified a long list of features, select the most important 10-15 features to focus on (ensuring you have time for a detailed analysis of each).
- Following the core questions, and drawing on the discussion points, complete the Analysis column for both actors and factors:

| Description of actors | Analysis |
|--------------------------|--|
| e.g. Ministry of Finance | e.g. Priority given to fostering economic growth in urban areas. |
| e.g. Service providers | e.g. Dominant political ideology promotes private sector service provision |

3. What does this mean for universal access?

Map the sector’s political economy around the goal of universal access.

- The purpose of this section is to create PEA Map showing the sector’s main political economy features and identify the key relationships between them.
- Using flip chart paper, a large wall or desk space, and cards/post-it notes, follow the steps (a) to (d) to create a PEA Map of the sector. The map should be centred on the goal of universal access.
- Identifying the relationships between features is an important part of this process. Three types of relationship have been suggested; ‘working relationship’, ‘power over’, and ‘influence over’. This shouldn’t be seen as a definitive list, and more types of relationship could be added if required (e.g. you could also use solid lines for official/formal relationships and dotted lines for informal/personal relationships).

- Don't only map the relationships between actors. It's also important to examine the relationship between different factors (e.g. do country characteristics have influence over ways of working?) and between factors and actors (e.g. do ways of thinking have influence over actors' interests? And do other actors have power over ways of thinking?).

4. Where can we go now?

Analyse the political economy map and plot a route towards universal access.

- The purpose of this section is to analyse the relationships described in section 3, and to use this analysis to better understand how we can work strategically to make change happen, with the ultimate goal of achieving universal access (e.g. what should be prioritised; how should interventions be sequenced?).
- While the analysis in section 2 treats features individually, the analysis in this section should focus on relationships and linkages between features, considering issues such as relative power, influence, coalitions and networks.
- Using the PEA Map as a visual aid, work through questions (a) to (e) and draw on the discussion points to analyse the most important relationships in the sector.
- Following this, move onto question (f) to discuss how WaterAid could work more strategically and interact with these relationships; taking advantage of positive relationships or minimising the impact of negative relationships.
- Try to identify different entry points and pathways of change, and discuss the pros and cons of each strategic approach

5. What next?

In this final section, encourage people to reflect on the exercise and agree next steps. Ask the following questions:

- What have people found useful? Have any obvious lessons been learned?
- Have any of our original assumptions or ideas about how change happens been challenged? If so, will this have any implications for the way we work or the way we frame issues and advocate for change?
- What are the most important knowledge gaps? How can we find the information needed? Who will be responsible for this, and by when?
- Which other tools may be helpful to plot a more detailed path forward (e.g. sector strengthening tools, human rights based approach tools, inequalities checklist)? Who will be responsible for organising this?
- Based on lessons learned from the analysis, are there any small steps that can be made in the short term to improve our strategic approach? Who will be responsible for this, and by when?
- Are there any long-term implications for strategy? Who will be responsible for taking forward the lessons learned from the analysis?
- How will the analysis be documented, and who will be responsible for this?

Universal access

1. Where are we now?

Describe the most important features of the sector's political economy:

- Sector statistics
- Main actors
- Legislation and policy
- Country characteristics
- Ways of working
- Ways of thinking

2. How did we get here?

Analyse the most important features of the sector's political economy:

- Power
- Interests
- Constraints
- Historical legacies
- Ideas
- Inequalities
- Technical characteristics
- Blockages and drivers of change

Sector Strategy PEA

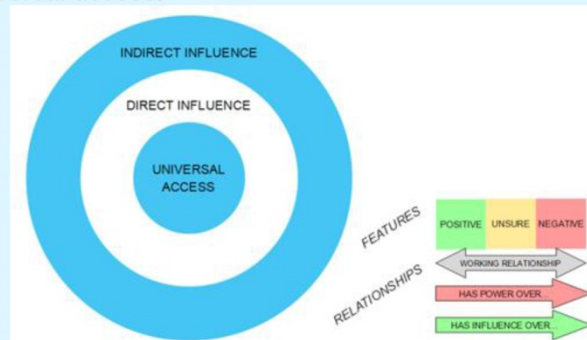
4. Where can we go now?

Analyse the political economy map and plot a route towards universal access:

- The nature of relationships
- Coalitions
- Decision makers
- Power relations
- Making change happen

3. What does this mean for universal access?

Map the sector's political economy around the goal of universal access:



Core questions and discussion points

1. Where are we now?

Describe the most important features of the sector's political economy.

- What are the key **sector statistics**, levels of access, and national targets?
- Who are the **main actors** in the sector? What are their respective roles and responsibilities? Are there any important actors from outside the sector (Ministry of Finance, cabinet, President)?
- What **legislation and policy** influence the sector?
- Do any **country characteristics** play an important role in the sector, and how?
- What **formal ways of working** influence the sector?
- What **informal ways of working** influence the sector?
- Which **ways of thinking** influence the sector, and how?

Discussion points:

- **Actors:** consider government, service providers, service users, private sector, civil society, social movement, NGOs, donors.
- **Legislation and policy:** consider sector-specific as well as other relevant national legislation or policy (e.g. budget policy).
- **Country characteristics:** long-term country-level factors, such as: geography, climate, social structures (e.g. gender inequality), political systems, economic features, etc.
- **Formal ways of working:** consider decision-making processes, sector financing, appointment of officials etc.
- **Informal ways of working:** how things work in practice (e.g. deference to authority, patronage, influence of civil society, etc).
- **Ways of thinking:** consider dominant ideologies (e.g. market vs state-led approaches), national/international discourse, cultural beliefs, religion, etc.

2. How did we get here?

Analyse the most important features of the sector's political economy.

- How much **power** does each actor have? How do power relationships influence service delivery and policy processes?
- What are the main short- and long-term **interests** of each actor?
- What are the **constraints** faced by each actor? How do they influence service delivery?
- How do **historical legacies** shape the sector (e.g. previous legislation or reform initiatives).
- Why do certain **ideas** have more influence than others? Whose interests are served by dominant ideas?
- Are there any **inequalities** in service delivery or access to services?
- How do **technical characteristics** of the sector influence actors' motivations?
- What are the main **blockages and drivers of change**? How has the sector been evolving?

Discussion points:

- **Power:** is power 'visible' (formal decision making processes, financial); 'hidden' (informal ways of working); or 'invisible' (norms and beliefs).
- **Interests:** party politics, securing funding, career development, meeting targets, making profit, formal accountability mechanisms etc.
- **Constraints:** Is actors' behaviour shaped by financial or organisational limitations, formal laws or policies, informal expectations (e.g. patronage networks), or embedded social norms (e.g. views around social hierarchy)?
- **Ideas:** who has the power to shape ideas? Which ways of thinking promote or constrain potential for change? Do different actors frame issues in different ways?
- **Inequalities:** are any social groups (e.g. ethnic groups, those with disability) or geographic areas excluded from services? Are there significant gender inequalities?
- **Technical characteristics:** for instance, does the visibility of certain tasks influence actors' incentives (e.g. new infrastructure vs. ongoing maintenance)? Or does the level of demand for a service shape incentives?

3. What does this mean for universal access?

Map the sector's political economy around the goal of universal access.

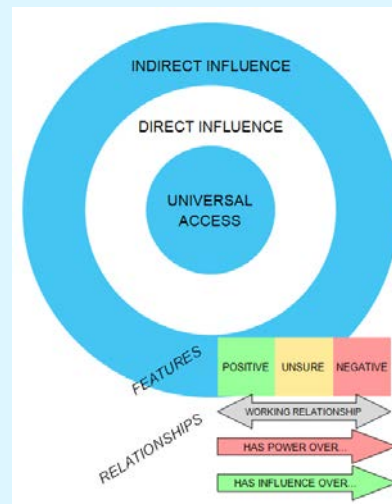
- From the discussion in Section 1 and 2, identify the **most important features** of the sector's political economy.
- Discuss whether each feature has a **positive or negative** impact on the goal of universal access. Write the positive features on a green card, negative features on red, and use yellow for those that could be positive *or* negative.
- Position** the features around the goal of universal access; those with direct influence in the inner ring and those with indirect influence in the outer ring.
- Identify the **key relationships** between features; draw arrows between the cards to show working relationships, power relationships, and lines of influence. These arrows should be colour-coded to highlight the nature of different relationships (see diagram opposite).

4. Where can we go now?

Analyse the PEA Map and plot a route towards universal access.

- What is the nature of relationships between the **key actors**?
- What is the relationship between actors and **key factors** (e.g. legislation and policy, country characteristics, ways of working, and ways of thinking)?
- Who are the key **decision makers**? What influences their decisions?
- Are there any existing, or potential, policy **coalitions**?
- How do **power relationships** influence actors' ability to bring about change?
- How can we shape our strategy to help **make change happen**?
 - What needs to change (e.g. is it more strategic to focus on sector strengthening or human rights)?
 - Who has the power to bring about change?
 - How can we most strategically influence the change process?
 - Who are the main winners and losers from change? Who is likely to oppose change? What are the risks of different strategies?

PEA Map



Discussion points:

- **Key actors:** is the basis for the relationship historical, financial, or pragmatic? What are the implications of this? Are key relationships conducted through official channels or personal connections?
- **Key factors:** how do these relationships influence actors' interests? Do they create constraints? Are there conflicts between competing ideas and interests? Would changing our messaging or framing of issues help ease this conflict?
- **Decision makers:** who are they influenced by? Who are they accountable to? What or who shapes their interests and ideas?
- **Coalitions:** how are organisations and institutions working together for change? Is there potential for greater engagement?
- **Power:** is power exercised through official channels or personal relationships? Does this encourage or inhibit positive change?
- **Making change happen:** to what extent do the ideas and interests of key actors align with WaterAid's? Do we have the ability to influence them directly? Are there avenues to work through other partners to achieve greater influence? Are there any obvious entry points or windows of opportunity? How do our own capacity and positioning influence strategic choices?

Tactical Tool

Description: The tool draws on the World Bank's [Problem-driven Governance and Political Economy Analysis](#), with additional insights from tools already being used in WaterAid and other NGOs for analysing micro-level issues.

The focus is on specific issues and changes, and the specific tactics that can be used to achieve these changes. Its aim is to build on WaterAid's knowledge of the broader political economy environment and increase our understanding of the politics and relationships which govern how change happens within individual issues.

Facilitation guidance:

When would you use it: In response to the emergence of specific challenges or opportunities, when designing/reviewing specific interventions or programmes because it helps to answer the question of what tactics WaterAid can use to achieve our strategic objectives. The tool complements the WaterAid Country Strategy and Sector Strategy Tools, and could draw from any previous analysis at these levels. It could also be used after 'Everyday PEA' has demonstrated the need for more in-depth analysis.

What you will need: Handouts (page 3); flip chart paper; markers pens (x 3 colours); post-it notes or pieces of card (x 3 colours).

Timing: Ideally, a half-day workshop. At a minimum, two hours will be required – if attempting to complete in 2 hours, consider answering the Section 1 and 2 in advance and use the workshop time for detailed analysis (in Sections 3-5). Make sure you leave at least 15 minutes for Section 6 ("What next?").

General guidance: Encourage people to think analytically about how change happens. The 'core questions' in each section outline the topics and concepts that need to be discussed; the 'discussion points' will prompt people to think about analytical concepts such as incentives, interests, and ideas. However, the discussion points are not intended to be definitive, rather suggestions to guide your analysis. Throughout, encourage people to try and draw links between the sections (i.e. how do country characteristics link to power relations, etc). Before beginning the workshop, decide how the analysis will be documented (detailed report, briefing note, etc), and who will be responsible for this.

Knowledge gaps: It is likely that there will be some questions that the group will struggle to answer. Minimise this risk by planning in advance to ensure you have a good range of knowledge and experience in the workshop (including external guests, if appropriate). Throughout the workshop, encourage people to be honest about what they don't know. Challenge people on facts and assumptions, and keep a clear list of where more information is required. Encourage people to think about how they can find this information (e.g. is there someone we can speak to, or a publication we can read?).

1. What is the issue we want to change?

Define the issue and the change we want to bring about.

- The purpose of this section is to define the issue and the change we'd like to bring about. In some cases, this will be obvious from the outset, in which case, not much time will be required for this section.
- In other cases, the issue may be more complicated; in which case, spending time discussing precisely what will be analysed in section 2-5 will be beneficial. In these cases, the 'Five Whys' technique could be used to provide more clarity.

2. What is the situation now?

Describe the political economy features.

- The purpose of this section is to set the scene and describe the key features of the sector which will be analysed in more depth in sections 3-5.
- Create two tables as follows, dividing the features into 'actors' and 'factors', and complete the description columns with the most important (f)actors:

| Description of actors | Analysis |
|--------------------------|----------|
| e.g. Ministry of Finance | |
| e.g. Service providers | |

- The core questions and discussion points for this section provide a guide as to what should be included here.
- This section could be prepared in advance of the workshop to allow time for more in-depth analysis in subsequent sections. If prepared in advance, this section should be used to check if anything important has been missed.
- Make sure you include WaterAid as an actor!

3. Why are things this way?

Analyse the most important political economy features.

- The purpose of this section is to analyse the features identified in Section 2 (actors and factors). If you have identified a long list of features, select the most important 10-15 features to focus on (ensuring that you have enough time for a detailed analysis of each).
- Following the core questions, and drawing on the discussion points, complete the Analysis column for both actors and factors:

| Description of Actors | Analysis |
|--------------------------|--|
| e.g. Ministry of Finance | e.g. Priority given to fostering economic growth in urban areas. |
| e.g. Service providers | e.g. Dominant political ideology promotes private sector service provision |

4. What does this mean for our desired change?

Map the political economy features around the change we want to bring about.

- The purpose of this section is to create a visual 'map' of the political economy features and identify the key relationships between them.
- Using flip chart paper, a large wall or desk space, and cards/post-it notes, follow the steps (a) to (d) to create a 'political economy map' of the issue. The map should be centred on the change we want to bring about (e.g. a national monitoring system involving senior officials from all ministries).
- Identifying the relationships between features is an important part of this process. Three types of relationship have been suggested; 'working relationship', 'power over', and 'influence over'. This shouldn't be seen as a definitive list, and more types of relationship could be added if required (e.g. you could also use solid lines for official/formal relationships and dotted lines for informal/personal relationships).

- Don't only map the relationships between actors. It's also important to examine the relationship between different factors (e.g. do country characteristics have influence over ways of working?) and between factors and actors (e.g. do ways of thinking influence over actors' interests? And do other actors have power over ways of thinking?).

5. Where can we go now?

Analyse the political economy map and plot a route towards change.

- The purpose of this section is to analyse the relationships described in section 4, and to use this analysis to better understand how we can work tactically to make change happen.
- While the analysis in section 3 treats features individually, the analysis in this section should focus on relationships and linkages between features, considering issues such as relative power, influence, coalitions and networks.
- Using the PEA Map as a visual aid, work through questions (a) to (e) and draw on the discussion points to analyse the most important relationships.
- Following this, move onto question (f) to discuss how WaterAid could work more tactically and interact with these relationships; taking advantage of positive relationships or minimising the impact of negative relationships.
- Try to identify different entry points and pathways of change, and discuss the pros and cons of each tactical approach.

6. What next?

In this final section, encourage people to reflect on the exercise and agree next steps. Ask the following questions:

- What have people found useful? Have any obvious lessons been learned?
- Have any of our original assumptions or ideas about how change happens been challenged? If so, will this have any implications for the way we work or the way we frame issues and advocate for change?
- What are the most important knowledge gaps? How can we find the information needed? Who will be responsible for this, and by when?
- Which other tools may be helpful to plot a more detailed path forward (e.g. sector strengthening tools, human rights based approach tools, inequalities checklist)? Who will be responsible for organising this?
- Based on lessons learned from the analysis, are there any small steps that can be made in the short term to improve our tactical approach? Who will be responsible for this, and by when?
- Are there any long-term implications for our tactical approach, or for our broader strategy? Who will be responsible for taking forward the lessons learned from the analysis?
- How will the analysis be documented, and who will be responsible for this?

1. What is the issue we want to change?

Define the issue and the change we want to bring about.

2. What is the situation now?

Describe the relevant political economy features:

- Main actors
- Legislation and policy
- Foundational features
- Ways of working
- Ways of thinking

Tactical PEA

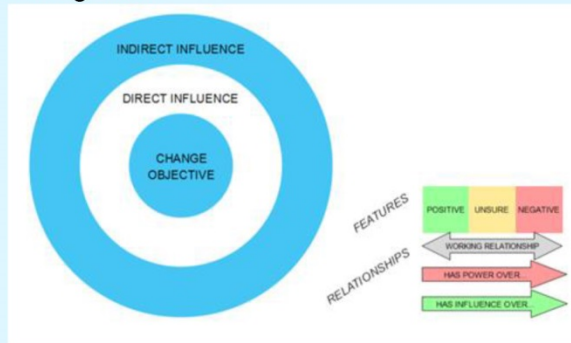
3. Why are things this way?

Analyse the most important political economy features:

- Interests
- Power
- Constraints
- Historical legacies
- Ideas
- Inequalities
- Drivers of change

4. What does this mean for our desired change?

Map the political economy features around the change we want to bring about:



5. Where can we go now?

Analyse the political economy map and plot a route towards change:

- The nature of relationships
- Decision makers
- Coalitions
- Power relations
- Making change happen

Core questions and discussion points

1. What is the issue we want to change?

Define the issue and the change we want to bring about.

- a) What is the **specific issue** to be addressed?
- b) If there are a number of **related issues** to be addressed, can they be clearly distinguished?
- c) What are the **outcomes** (either positive or negative) that the issue is connected with (e.g. persistently poor sector outcomes, repeated failure to adopt reforms, emergence of 'islands of success')?
- d) What **change** do we want to bring about? Is our change objective SMART (specific, measurable, achievable, relevant, and time-bound)?

The 'Five Whys'

This technique asks you to identify an initial problem and then answer "why is this a problem?" five times. This helps go beyond the issues that are immediately apparent to work out the root causes and identify effective entry points for WaterAid.

E.g. if the initial issue is: "There has been persistently poor performance in the rural water sector".

1. Why? Infrastructure is inadequate.
2. Why? Local government lacks funding.
3. Why? Local government has low levels of financial absorption.
4. Why? Lack of human resources in public financial management.
5. Why? Budgets skewed towards capital Spending and allocations for recurrent spending are too low.

2. What is the situation now?

Describe the relevant political economy features.

- a) Who are the **main actors** involved? What are their respective roles and responsibilities? Are there any 'unusual suspects' from outside the sector (Ministry of Finance, president, private sector)?
- b) What **legislation and policy** influence the issue?
- c) Do any **country characteristics** play an important role in the sector, and how?
- d) What **formal ways of working** influence the issue?
- e) What **informal ways of working** influence the issue?
- f) Which **ways of thinking** influence the issue, and how?

Discussion points:

- **Actors:** consider government, service providers, service users, private sector, civil society, social movements, NGOs, donors.
- **Legislation and policy:** consider sector-specific as well as other relevant national legislation or policy (e.g. budget policy).
- **Country characteristics:** long-term country-level factors (e.g. geography, climate, social structures, political systems, economic features, etc).
- **Formal ways of working:** consider decision making processes, sector financing, appointment of officials etc.
- **Informal ways of working:** how things work in practice (e.g. deference to authority, patronage, influence of civil society, etc).
- **Ways of thinking:** consider dominant ideologies (e.g. market vs. state-led approaches), national/international discourse, cultural beliefs, religion, etc. Do different actors frame issues in different ways?

3. Why are things this way?

Analyse the most important political economy features.

- What are the main short- and long-term **interests** of each actor?
- How much **power** does each actor have?
- What are the **constraints** faced by each actor? How do they influence the issue?
- How do **historical legacies** shape the issue (e.g. previous legislation or reform initiatives)?
- Why do certain **ideas** have more influence than others? Whose interests do dominant ideas serve?
- Are there any important **inequalities** related to the issue?
- What are the main **drivers of change**? How has the issue been evolving?

4. What does this mean for our desired change?

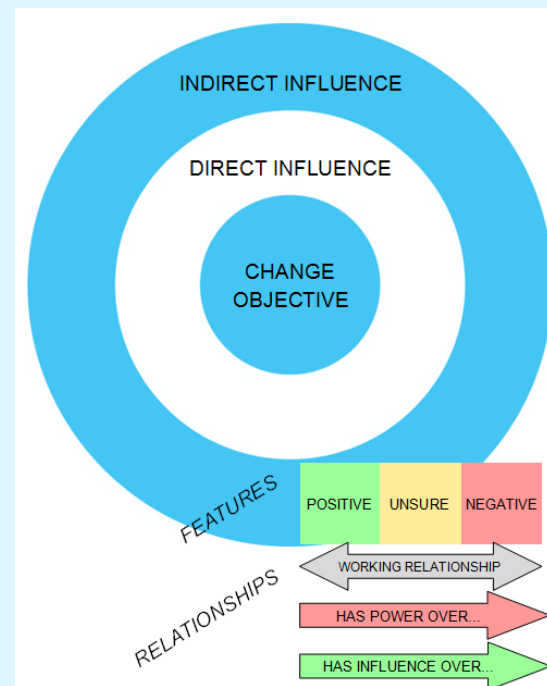
Map the political economy features around the change we want to bring about.

- From the discussion in Section 2 and 3, identify the **most important features** of the sectors political economy.
- Discuss whether each feature has a **positive or negative** impact on the change we want to bring about. Write the positive features on a green card, negative features on red, and use yellow for those who could be positive or negative.
- Position** the features around the change objective; those with direct influence in the inner ring and those with indirect influence in the outer ring.
- Identify the **key relationships** between features; draw arrows between the cards to show working relationships, power relationships, and lines of influence. These arrows should be colour-coded to highlight the nature of different relationships (see diagram opposite).

Discussion points:

- **Interests:** party politics, securing funding, career development, meeting targets, making profit, formal accountability mechanisms etc.
- **Power:** is power 'visible' (formal decision making processes, financial); 'hidden' (informal ways of working); or 'invisible' (norms and beliefs).
- **Constraints:** Is actors' behaviour shaped by financial or organisational limitations, formal laws or policies, informal expectations (e.g. patronage networks), or embedded social norms (e.g. views around social hierarchy)?
- **Ideas:** who has the power to shape ideas? Which ways of thinking promote or constrain potential for change?
- **Inequalities:** are any social groups (e.g. ethnicities, gender) or geographic areas excluded from services, or impacted by the issue in different ways?
- **Drivers of change:** is the issue dynamic? Which features have driven recent change? Or, why have things remained static?

PEA Map



5. Where can we go now?

Analyse the PEA Map and plot a route towards change.

- a) What is the nature of relationships between the **key actors**?
- b) What is the nature of relationships between actors and **key factors** (e.g. legislation and policy, country characteristics, ways of working, and ways of thinking)?
- c) Who are the key **decision makers**? What influences their decisions?
- d) Are there any existing, or potential, policy **coalitions**?
- e) How do **power relationships** influence actors' ability to bring about change?
- f) How can we sharpen our tactics to help **make change happen** and achieve universal access?
 - i. What needs to change?
 - ii. Who has the power to bring about change?
 - iii. What tactics can we use to most effectively influence the change process?
 - iv. Who are the main winners and losers from change? Who is likely to oppose change? What are the risks of different tactics?

Discussion points:

- **Key actors:** is the basis for the relationship historical, financial, or pragmatic? What are the implications of this? Are key relationships conducted through official channels or personal connections?
- **Key factors:** how do these relationships influence actors' interests? Do they create constraints? Are there conflicts between competing ideas and interests? Would changing our messaging or framing of issues help ease this conflict?
- **Decision makers:** who are they influenced by? Who are they accountable to? What or who shapes their interests and ideas?
- **Coalitions:** how are organisations and institutions working together for change? Is there potential for greater engagement?
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Everyday Tool

Description: The tool has been replicated from the [Development Leadership Programme](#) (University of Birmingham). It is a 'stripped-back political analysis framework', and aims to help frontline staff understand the changing political context and make politically informed decisions on a day-to-day basis. The tool provides a condensed checklist to help conduct quick political analysis and make this an accessible part of ordinary business practice.

Facilitation guidance:

When would you use it: to respond to all the small, everyday issues that need evaluating during the course of our normal work (e.g. the announcement that the health minister is stepping down, or an invitation to join a multi-stakeholder initiative). The tool is designed to be used flexibly; it could be used on your own in your office, or it could be used as the basis for group discussions. You may be able to draw from previous Country Strategy, Sector Strategy, or Tactical Tools; and similarly, the Everyday Tool may signal the need for more detailed analysis at higher levels.

How to use it: For each step there are six questions and a series of discussion points to help answer the questions (or to guide conversation, if being done as a group exercise). As you answer questions, be clear about the assumptions you are making and aim for the explanation with the fewest assumptions.

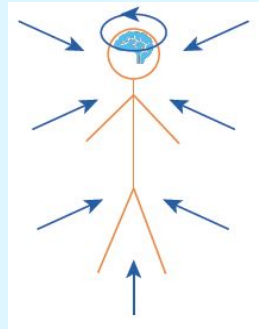
Sometimes, just Step 1 will be sufficient. For example, upon hearing of a politician's decision to block a new reform, you may wish to try and assess where they are coming from and whether there may be a way of countering the decision or at least navigating around it to find a 'win-win'.

On other occasions you will wish to run through both Step 1 and Step 2. For example, upon hearing of a community's intention to challenge a land grab, you may wish to assess the opportunities and constraints they face, and whether and how it is possible to support them.

Keep it (as) simple (as possible): The main aim of this tool is to allow staff to make quick, politically-informed decisions and work flexibly and adaptively. Political analysis can always be made more complicated than it needs to be. The decision-making we face is rarely simple because the work we are doing involves many complexities. However, **focusing on the simplest explanations** provides a useful starting point.

Everyday PEA

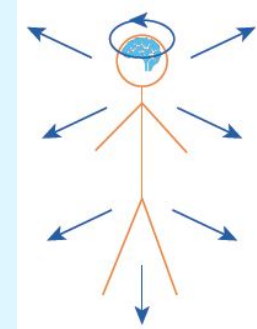
Step 1



Understanding interests

- (a) Is it clear **who** we want to influence or work with?
- (b) Is **what they want** clear?
- (c) Are they acting in line with their **core beliefs**?
- (d) Do you understand the **constraints** that they face?
- (e) Is it clear who and what the **key influences** on them are?
- (f) Is their behaviour being shaped by **social norms** about what is appropriate?

Step 2



Understanding change

- (a) Is it clear **what change** we want to bring about?
- (b) Are they the key **decision maker**?
- (c) Do they have potential **coalition** partners?
- (d) Are their **key decision** points clear?
- (e) Is their **framing** of the issue likely to be successful?
- (f) Are they trying to achieve **multiple objectives** at the same time?

Core questions and discussion points

1. Understanding interests: What makes people tick?

- | | |
|--|---|
| a) Is it clear who we want to influence or work with? | <ul style="list-style-type: none"> - Is it an organisation or a specific individual within an organisation? - If an organisation, are there differences of opinion within the organisation? - Do we have an existing relationship with them? |
| b) Is what they want clear? | <ul style="list-style-type: none"> - Is it to secure a source of income? To secure power? To repay a favour? To make the world a better place? - Is the person pursuing short- or longer-term goals? - Are they focused on achieving one thing or lots of things? Are their goals aligned or in tension? - Is the objective to block change or a reform? - And how confident are they in their position? |
| c) Are they acting in line with their core beliefs ? | <ul style="list-style-type: none"> - People's past behaviour are important clues to this. Does it seem likely that their apparent objectives are in line with their beliefs? Is what they say sincerely held or convenient rhetoric? |
| d) Do you understand the constraints that they face? | <ul style="list-style-type: none"> - Are their decisions inevitable? - Is it clear what they are capable of delivering (e.g. a line in a speech, a meeting with an official)? - Is there evidence that suggests that they view their position as constrained? Or could they be using constraints as an excuse for inaction? - Are these constraints formal, legal rules or policies? - What about less visible informal or unwritten rules? |
| e) Is it clear who and what the key influences on them are? | <ul style="list-style-type: none"> - Does their behaviour reflect the interests of others? - Bearing in mind who they have to work with and report to, who are the other key stakeholders that they currently work with or are trying to work with? - How are these other individuals or organisations influencing them: through sources of money, access to or security of employment, or other resources? - Do others wield authority (traditional, political, religious or expertise) over them? - Have you considered both local (e.g. social movements) and international actors (e.g. donors)? - Do you as a player within this network have any influence over outcomes? Are you skewing incentives? |
| f) Is their behaviour being shaped by social norms about what is appropriate? | <ul style="list-style-type: none"> - Which norms? Are they customs, cultural, ethnic, gendered, or religious? - Do the norms valorise or limit behaviour? - How powerful and legitimate is the norm? - Is it specific to their situation or a general societal norm? |

2. Understanding change: What space and capacity do people have to bring about change?

- a) Is it clear **what change** we want to bring about?
- What are our own ideas and interests?
 - Do we have a specific change we'd like to bring about?
 - How does this change link to our strategic or tactical approach?
 - Are there any risks associated with this change?
- b) Are they the key **decision maker**?
- Who gets to decide, vote, sign off, fund, chair the process? This is not just about the formal decision-making chain but those people/organisations that hold informal power over a decision.
 - Who could veto it? Can they influence these people?
 - Do these other people influence them?
 - What changes are they capable of delivering?
- c) Do they have potential **coalition** partners?
- Are they trying to go it alone?
 - Are there like-minded individuals or groups?
 - Can they work beyond the usual suspects (e.g. private sector, the military, faith leaders)?
 - What's the glue that could hold the coalition together?
 - Do you know if there's been a deal?
 - Are interests aligned around an objective or values?
 - Are they key brokers or 'kingmakers' that hold different parts together?
- d) Are their key **decision points** clear?
- What is the known timeline?
 - Are there windows of opportunity?
 - How many decision points need to be passed for them to achieve their objectives?
 - Which decision points present the most risk to them achieving their objectives, and why?
- e) Is their **framing** of the issue likely to be successful?
- Will they convince other powerful stakeholders that the change is in their interests?
 - Does it resonate with local social and political norms? If it doesn't, is it likely to provoke antagonism and backlash? Are they doing so on purpose?
 - Do we need to change our messaging or framing of the issue to bring about change?
- f) Are they trying to achieve **multiple objectives** at the same time?
- If so, how do these relate to your reform?
 - Successful mobilisation and influence means that individuals often have to play two or more games at once – pursuing one strategy with constituents and another with their colleagues in their political party or external players such as donors.