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DEMOCRATIC GOVERNANCE

INSTITUTIONAL AND CONTEXT ANALYSIS
GUIDANCE NOTE

United Nations Development Programme
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Contents

Acronyms

BCPR	Bureau for Crisis Prevention and Recovery
CCA	Common Country Assessments
DfID	Department for International Development
DIE	Deutsches Institut für Entwicklungspolitik (the German Development Institute)
DRR	Disaster Risk Reduction
EC	European Commission
ICA	Institutional and Context Analysis
ICC	International Criminal Court
Norad	Norwegian Agency for Development Cooperation
ODI	Overseas Development Institute
PAPEP	Political Analysis and Prospective Scenarios Project
Sida	Swedish International Development Cooperation Agency
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

Acknowledgements

PREFACE

Recent decades have seen a renewed focus on the roles of states, markets and civil societies as agents of change. Many emerging democracies around the world sought to establish governance systems to deliver economic and social development to their citizens. Some countries made a remarkable transformation. Others made little progress, despite the ratification of international agreements and conventions in development-related areas, from human rights to climate change. The question is 'why'?
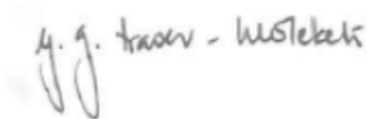
Among the most important lessons we have learned since the 1990s is that progress towards human development requires a change in power relations. A new social contract that underpins state-society relations and widens the democratic space can catalyse transformation.

Changing power relations requires a clear understanding of who is powerful, why, who is not, and why. It requires careful reading of the institutional and political factors that promote or block development and include or exclude societies' poor and marginalized people. Too often, development has tended to focus on technical assistance alone rather than on the enabling or disabling environment in a country or sector or across sectors. As a result, many technically sound development programmes failed to achieve their intended results.

This Guidance Note was developed to strengthen support for practitioners on the political economy of change. It emerged as a direct response to requests from UNDP Country Offices for tools to better navigate the environment in which development operates and better identify how to bring about change for good and UNDP's role in doing so. As demonstrated by recent transitions in the Arab world, this understanding is critical for us to engage effectively with the positive agents of change in the countries where we work.

This volume is the first of a series of knowledge products targeting institutional and context analysis to be published by the UNDP Oslo Governance Centre. It is the result of a two-year research and consultation process involving colleagues from UNDP's Democratic Governance Group and Capacity Development Group in the Bureau for Development Policy, the Human Development Report Office, the Bureau for Crisis Prevention and Recovery, the Regional Bureau for Latin America and the Caribbean and the Regional Service Centres. It has also benefitted from two regional workshops held in partnership with the Asia Pacific Regional Centre and the Regional Centre in Cairo in 2011.

We hope this Guidance Note will prove useful to colleagues across the organization in supporting our development partners.

Geraldine Fraser-Moleketi
Director, Democratic Governance Group
Bureau for Development Policy

Olav Kjørven
Director, Bureau for Development Policy

EXECUTIVE SUMMARY

Purpose of Institutional and Context Analysis

A development programme succeeds when key players have an incentive to make it succeed. When a society's key actors are threatened by a development programme, they have an incentive to make it fail. Understanding how different actors in society – bureaucrats, farmers, industrialists, incumbents, opposition parties, religious authorities, groups of men or women, and more – have differing incentives to enable or block development interventions is key to successful programming. All actors have distinct histories and – crucially – face constraints, such as institutional limits on their power, a weak resource base, or an inability to act collectively. This means that only some have the ability to act on an incentive. Illuminating this mixture of incentives and constraints is the aim of Institutional and Context Analysis (ICA) at the country level.

This Guidance Note has emerged as a direct response to demand from Country Offices for a resource that helps UNDP staff understand the political and institutional context in which they operate in a way that is suited to the needs and mandate of the organization. It offers practical guidance to UNDP Country Offices on how to use ICA to assess the enabling environment. The term 'institutional and context analysis' refers to analyses that focus on political and institutional factors, as well as processes concerning the use of national and external resources in a given setting and how these have an impact on the implementation of UNDP programmes and policy advice. An ICA is envisioned as an input to programming that focuses on how different actors in society, who are subject to an assortment of incentives and constraints, shape the likelihood of programme success. This Guidance Note offers ideas on undertaking country level ICA to develop a Country Programme (Chapter 1) and conducting an ICA at the sector or project level (Chapter 2).

ICA Principles

ICA is conceptually grounded in a set of assumptions of how development works, from which we derive distinctive ICA questions. These are described in more detail in the following chapter, but can be summarized thus:

1. **Development requires a change in power relations and/or incentive systems.** Groups establish systems that protect their privileges. Expect actors to support changes in the socio-economic and political order only when it does not threaten their own privileges. Many development interventions seek exactly such change.
Ask: Over history, under what conditions have these societal actors made strides forward in human development?

2. **The powerful reward their supporters before anyone else.** ICA focuses on the logic of political survival. Those in power must reward those who put them there before they can reward anyone else.
Ask: On whom do the powerful rely to keep them in power?

3. **All actors in society have interests and incentives.** Rather than assume that everyone in society 'wants development', ICA assumes that some actors face incentives that potentially create conflict between their private and public interests. Broad groups (such as civil society or industrialists) often have opposing interests, as do groups within those categories. Some interests will be more

easily discernible and will make more sense to outsiders than others. These include interests such as perpetuating the gender status quo, which may appear irrational or even harmful, but reflects deeply held views and emotions. Rather than enquiring about 'political will', we should instead *Ask:* What incentives exist for major actors to put public interests over their private interests?

4. **Resources shape incentives.** Sources of revenue shape the incentives of power holders to be more responsive to some groups than others.
Ask: On what resources do the powerful depend, and how does the United Nations country team's presence affect this?

5. **But all stakeholders in society have constraints.** The mere presence of an incentive does not mean an ability to act on that incentive. Traditions and institutions, both formal and informal, shape actors' ability to act on their incentives.
Ask: What are the constraints on the power of key actors, and are there important informal rules that shape the nature of development?

This type of political analysis is not new for UNDP

UNDP in Latin America has undertaken similar analyses as part of the *Political Analysis and Prospective Scenarios Project* (PAPEP). Like ICA, PAPEP involves an analysis of the political and institutional context for a country's development. But ICA differs from PAPEP in some important ways. PAPEP is a large undertaking, often involving public opinion polling, while ICA is not designed to be as intensive. PAPEP is very much an outward-oriented exercise, in which the output is intended to present public policy options, while ICA can be an internal exercise in which the output is designed to guide UNDP's programme design and adjust the course where needed. But for the purposes of this Note, it is important to recognize that ICA does not represent a radical break from previous UNDP practice.

How ICA can be useful

ICA can help UNDP COs become more strategic in their engagement with different actors and sectors. It does this by providing a framework for understanding the incentives and constraints that frequently pit social actors against one another, and against UNDP development interventions. Rather than undertaking situation analyses that rely on vague notions of political will, ICA instead focuses on how some actors stand to lose if a development programme is successful. National legislators, for example, may lose sources of patronage if civil service recruitment becomes more meritocratic, while national civil servants may lose if administrative functions are decentralized.

ICA can add value to many areas, far beyond governance issues. Development projects in diverse sectors – be it environment, women's economic empowerment, or post-conflict reconstruction – all work with social actors who have varying incentives to engage in pro-development behaviour. ICA offers a way of understanding those incentives, and is a form of risk mitigation for UNDP. ICA can help development partners to assess the likelihood that certain partners will collaborate or will resist change, for example in the level of support to mainstreaming gender concerns.

How to use this Guidance Note

The ICA concept is elaborated in the next chapter, Introduction to Institutional and Context Analysis.

Chapter 1 describes how ICA can help Country Programme formulation. The purpose of country analyses that usually precede the UNDAF development process is to identify the development challenges that a country faces and to help the UNCT design appropriate responses. While many country analyses describe development challenges according to an ideal model, they rarely address the root causes of the existing problems that may be linked to historical, political, or institutional factors. UNDP Country Programmes that are not blind to the distinct programming contexts and the institutional landscape of a country are more likely to generate results when they take account of the root causes of existing challenges and not only their manifestations considering them inefficiencies that can be fixed by technical assistance alone. ICA can help UNDP achieve a better understanding of the national lay of the land.

Chapter 2 describes how ICA can help project formulation. Situation analyses are usually undertaken during project formulation. After the negotiations with partners that precede the formulation of a project document, it is typically assumed that the project will achieve the intended results if sufficient resources and capacities are in place. Yet development projects are not implemented in a vacuum. In practice, many fail because of a lack of understanding by development partners of the myriad factors related to informal institutions, stakeholders' incentives and interests, time horizons, and an inability to fully understand the local context. ICA can help Country Offices add rigour to regular programming procedures, such as situation and risk analyses, and help them understand how interests and forces can influence projects' delivery of outputs. It can show which entry points may prove most fruitful, and suggest alternative courses of action if things do not go as planned and a change of strategy is needed.

Chapter 3 gives further guidance on methodology, including how to decide on the scope of an ICA and how to assemble a research team, handle sensitive information and put together Terms of Reference.

INTRODUCTION TO INSTITUTIONAL AND CONTEXT ANALYSIS

Purpose of this Guidance Note

There is increasing recognition among development practitioners that technical solutions, however ably formulated, are not enough to achieve the intended result. Political processes, informal institutions, and power relations all play vital roles in the success or failure of development interventions. Evidence from many UNDP outcome evaluations and assessments of development results, as well as academic research, point to the limitations of what technical assistance can achieve, despite the use of sophisticated tools and methodologies. In recent years, UNDP has developed rigorous analysis and assessment frameworks to ensure that programming is based on solid and realistic evidence. However, we do not systematically apply tools to help us navigate the enabling environment, which plays a fundamental role in the success or failure of our efforts to support our national partners. In particular, we lack a tool that can provide the kind of insider knowledge of the interests of national and other actors, and that can be the difference between a programme's success or failure. Many Country Office staff use their knowledge of the context somewhat intuitively for programming – but often, they have only a partial view of the context in question. Consequently, many projects fail.

This Guidance Note seeks to fill that gap by presenting practical guidance to UNDP Country Offices on how to assess the enabling environment by carrying out an **Institutional and Context Analysis** (ICA). It evolved as a direct response to demand from Country Offices for a resource that is suited to UNDP's mandate and organizational structure. An ICA is envisioned as an input to programming which helps UNDP be more strategic when planning.

The Note aims to offer a **flexible menu of options** that can be adopted and adapted by Country Offices according to their needs. It is structured into three chapters, which do not need to be read in order. Chapter 1 discusses how an ICA can be undertaken at the national level to make a Country Programme more strategic by identifying the incentives and constraints that local actors face. Chapter 2 does the same, but focuses on the project level. Rather than a general national ICA, it provides guidance on conducting an ICA targeted to a particular sector or for a specific project. Chapter 3 offers further guidance on conducting research, and provides templates for building research teams, including Terms of Reference for consultants.

What is Institutional and Context Analysis?

Institutional and Context Analysis refers to *analyses that focus on political and institutional factors, as well as processes concerning the use of national and external resources in a given setting and how these have an impact on the implementation of UNDP programmes and policy advice.*

In its most basic form, ICA is based on a set of assumptions of how development works. From those assumptions, we derive questions that can be asked when undertaking a development programme. The core of ICA is a focus on how a society's actors, who face varying incentives and constraints, shape the likelihood of programme success.

1. **Development requires a change in power relations and/or incentive systems.** Throughout human history, the levels of human and economic development seen today are unprecedented. The widespread provision of public goods and the presence of democratic governance are historically rare. Nonetheless, socioeconomic and political systems have protected the privileges of the few according to the power they have. From this perspective, businesses, political parties, governments or ethnic groups can be expected to do what is best for the country only if it does not threaten their own privilege.

2. **The powerful reward their supporters before anyone else.** ICA focuses on the logic of political survival. Those in power must reward those who put them there before they can reward anyone else. Where governments are elected, the core constituents of the incumbent, such as those from a particular economic class or ethnic group, will likely be the beneficiaries of more responsive governance. Where governments are not elected, the core constituents may be military or religious authorities. They, too, will be the beneficiaries of the most responsive governance.

3. **All actors in society have interests and incentives.** Rather than assume that everyone in society wants development for everyone, ICA assumes that some actors face incentives that put their private and public interests against one another. For example, businesses may benefit from a state that is wealthy enough to provide good roads, reliable electric grids, and effective contract enforcement. But businesses may also benefit if they can use political influence to keep competitors out of their markets. If successful, they may lower the competitiveness of their industry, thereby lowering aggregate economic growth, which in turn hurts the state's financial ability. This means that broad groups, such as civil society, farmers and business owners, must be disaggregated. Power relations are omnipresent at every level of society, in communities, in businesses, in households and in families, and their impact on development efforts – both positive and negative – should be examined in detail.

4. **Resources shape incentives.** The source of public revenue shapes the incentives of power holders to be more responsive to some groups than others. Reliance on revenue from state-owned oil or official development assistance, for example, contrasts with a reliance on revenue from private exporters, or the taxes of individuals. Making some state institutions function effectively, while leaving others under-resourced or using them as sources of patronage, also shapes political incentives. When development practitioners introduce new sources of revenue, they may unintentionally negatively affect this complex mix of resources. This analysis can be taken right down to the community and household level, if desirable, because the family and the community are institutions whose choices and incentives are similarly influenced by the availability and distribution of resources.

5. **But all stakeholders in a society have constraints.** The mere presence of an incentive does not mean an ability to act on that incentive. Institutions – formal and informal – shape actors' ability to act on their incentives. Institutions are systems of rules that regulate behaviour by establishing norms, rewarding compliance, and punishing violations. Systems of rules like constitutions or trade treaties establish limits on behaviour. Not all rule systems are formally encoded as law. Informal institutions serve the same purpose and should not be seen as weak or irrelevant. Indeed, in many developing contexts, informal rules that relate to things like kinship or patronage politics can matter more than formal rules written into law. Whether informal or formalized through laws and policies, gender relations are also systems that shape and/or constrain behaviour of individuals as well as of institutions.

By their very nature, assumptions are not always correct, but they can be useful in providing guidance. ICA emerges from research in the social sciences which finds, for example, that asking which constituency a political party must please in order to stay in power can go a long way in explaining why public goods like water, schools and roads are provided unevenly in a country.

From these assumptions, we derive a set of distinctive questions that should be central to any ICA.

1. Development requires a change in power relations and/or incentive systems.
   a. What past conditions have led to historic pro-development or pro-poor policies in the country, such as laws relating to universal primary schooling, the enfranchisement of women, or the loosening of restrictions on the media?
   b. Did these advances occur following major social movements or a post-conflict settlement, as a result of major electoral changes, or for some other reason?

2. The powerful reward their supporters before anyone else.
   a. On whom do the powerful depend to keep them in power? How are supporters rewarded?
   b. What is the ability of those out of power, and those they represent, to protect their rights and have their voices heard? What other fault lines exist among those out of power?

3. All actors in society have interests and incentives.
   a. Do not think in terms of political will. The term is vague and unhelpful. Ask instead, 'what are the political incentives?'
   b. What incentives could make actors put public interest before private interest? Can these private interests be leveraged for public gain?

4. Resources shape incentives.
   a. On what sources of revenue do power holders depend and how does that dependence shape their incentives in responding to claim makers?
   b. How does UNDP's presence affect the relationship between power holders and claim makers?

5. But all stakeholders in society have constraints.
   a. Are major actors constrained by formal rules, or do informal rules seem to matter more? For example, do traditional or religious authorities enjoy significant influence in state institutions? How do gender relations influence the choices that individuals and institutions make?
   b. If a group or organization has an interest in an issue, is there evidence of their ability to act collectively? Do they have a history of effective activism?

These ICA assumptions and questions are similar to those that underpin political economy analyses, which usually examine the interaction of politics and resources. Although ICA is motivated by research in political economy analyses, it is not restricted to an analysis of economic issues, nor are the relevant actors always political. ICA intends to provide a general approach to development matters, which may not be purely economic in nature. Although ICA looks closely at the political and economic factors that play a role in development interventions, it goes beyond those dimensions to facilitate a more holistic understanding of the very diverse contexts in which UNDP operates (which can include the role of religion, gender relations and informal institutions and the influence of external factors), with a view to achieving better results for the ultimate benefit of the national partners in question.

Why is ICA useful?

ICA can be useful for **programming** by helping senior UNDP managers and staff better understand the forces that can impact development outcomes, and by identifying the actors that are likely to help or hinder a development programme. Thomas Carothers has dubbed this "turning on the light"[1] so that development practitioners can better recognize who has an interest in what, how these interests are pursued and through which channels, and how informal institutions can affect the pursuit of such interests on formal levels. Outsiders may simply refer to this bundle of issues as a "lack of political will". By revealing the interests and incentives that promote or block pro-poor change, ICA can help Country Offices understand how positive change can happen, where the obstacles are and how to address them.

ICA is not only relevant to democratic governance practitioners, or indeed to UNDP. Poverty reduction strategies are approved by governments. Energy and environment policies are implemented by government bodies and other actors and relate to private sector interests. Crisis prevention and recovery interventions depend on state and non-state actors to succeed. Donor interventions in fragile and conflict-affected contexts can themselves be a cause of violent conflict, as well as part of a response to it. So development actors are enjoined to both 'Do No Harm' and work together to maximize their positive impact on conflict, and conflict often blocks positive change. ICA is useful for both. It helps practitioners understand specific factors of a country's cultural, social, gender and domestic political characteristics that can affect development outcomes.

From a human rights-based perspective, ICA adds value to the formulation of development interventions. It helps UNDP staff unpack the concept of political will and identify courses of action to address bottlenecks for claims holders – or change strategy, if the vested interests of duty bearers prove too powerful to challenge. In that sense, ICA contributes to **development effectiveness for human development.**

ICA is not a magic bullet with which to achieve better results, but it can help prevent failures and contribute **to risk management,** which is a central element of UNDP's accountability architecture. In a climate of decreasing resources and increasing pressure to meet MDG targets, it is now more important than ever to ensure that investments in development programmes are well focused, with targeted interventions that are feasible and based on realistic expectations.

How ICA helps Country Programme formulation

When designing Country Programmes,[2] an ICA aims to identify the political factors underpinning a country's development challenges so that UNDP can adjust programming accordingly. Country Programmes that are not blind to a country's distinct programming contexts and the institutional landscape are more likely to generate results, because they take account of the root causes of existing challenges rather than viewing their manifestations as inefficiencies that can be fixed by technical assistance alone. While many country analyses accurately describe challenges and development gaps according to an ideal model, they rarely address the root causes of existing problems that may be linked to historical, political and institutional factors. The historical trajectory of a country, distinctive features of the existing political settlement at the national and local levels, informal institutions, gender inequalities, relations between the state and society and among different ethnic and religious groups, and the incentive systems that drive change or block it, are rarely taken into account. Yet the United Nations' ability to respond effectively to existing challenges can be critically affected by those issues. The ability to

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[1] UNDP – Norad seminar on "Governance and Political Economy Analysis", Oslo, 22nd September 2010.
[2] Ideally, an ICA should be carried out during the Common Country Assessment/UNDAF formulation process and UNDP can advocate for it with the UN Country Team. But because UNDP does not have a mandate to issue guidance on the preparation of an UNDAF, this Note will be limited to providing guidance on how to carry out an ICA to achieve Country Programme and project related results.

implement corporate policies, such as those on gender mainstreaming, often depends on an improved understanding of power relations within the country and within institutions. Chapter 1 provides a guide to undertaking an ICA in the context of designing programmes to support a particular UNDAF outcome. The focus of the chapter is on the types of questions that can help illuminate less evident key features of a country's profile and distinguish them from the more technical types of analysis that UNDP typically undertakes.

How ICA helps project formulation

Virtually all UNDP Country Offices support national partners through time-bound projects. When a project is formulated, a situation analysis is usually undertaken, focusing on a particular area of relevance to the challenges the project seeks to address. Situation analyses often focus on development challenges and events or needs that have led to the particular response being proposed, such as a peace agreement, new legislation or longstanding problems related to high levels of poverty, gender inequality or environmental degradation. Following the negotiations with partners which precede the formulation of a project document, it is typically assumed that the project will achieve the intended results if there are sufficient resources and capacities in place. But development projects are not implemented in a vacuum, with many failing because of an insufficient understanding by development partners of the myriad factors related to the informal institutions, stakeholders' incentives and interests, time horizons, and an inability to fully understand the local context.

Although Country Offices routinely undertake a risk analysis when formulating projects, these are often done without a rigorous assessment of the various scenarios that may arise as a result of a change in political conditions. ICA can help Offices add rigour to regular programming procedures, such as situation and risk analyses. It can also help in the understanding of how various interests and forces can influence the delivery of outputs at the project level; which entry points may prove most fruitful; the feasibility of formulating win-win scenarios; and alternative courses of action should things not go as planned and a change in strategy is needed. Chapter 2 provides step-by-step guidance on how to do an ICA for project formulation or a mid-term review, including detailed instructions on how to identify stakeholders' interests and power and how these can impact project implementation positively or adversely.

Political and institutional analyses are not new for UNDP

There are circumstances in which the UN Resident Coordinator or the UNDP Country Office need a deeper understanding of the political environment in which they operate to better position United Nations/UNDP to provide timely assistance, or to be more effective in advocating a certain course of action vis-à-vis multiple actors. Such political analysis is not new for UNDP. UNDP's experience with the Political Analysis and Prospective Scenarios Project (PAPEP) in Latin America has demonstrated that the Resident Coordinator and UNDP can use political analyses to promote democratic dialogue, manage and prevent crises and conduct public policy feasibility assessments.[3]

A PAPEP study differs from an ICA in important ways. First, PAPEP is intended as a public undertaking between the United Nations and national counterparts, while ICA is intended primarily as an internal

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[3] See PAPEP website: www.papep-undp.org/drupal/en

document. Second, a PAPEP can be a large undertaking in time and resources, typically featuring large-scale public opinion polling, and is always implemented by a network of high-level specialists. ICA is a more modest exercise with a small research team, who may be part of the CO or hired from United Nations rosters and do not need to be part of an established ICA network. Third, PAPEP aims to provide a set of public policy options, while ICA's output is intended for internal use. For the purpose of this discussion, though, it will suffice to recognize that UNDP does carry out political analyses.

Practical considerations

Planning the design and execution of ICA raises a number of practical questions. Who will conduct the analysis? How long will it take? What will it cost? Should the analysis be treated as an internal document or should it be shared with partners? The answers to these questions will vary according to resources, context, and the type of analysis in question.

The analysis team should include at least one external consultant who has the credibility to interview stakeholders without being associated with a specific political agenda, and the soft skills required to conduct interviews so as not to jeopardize the image of UNDP or create discomfort on the part of the informant. As a general rule, the analysis should be closely monitored by a senior manager in the Country Office, given the potential for findings to contain sensitive information. There is no set duration for an analysis. Depending on how detailed it is, it can be done during any time span, ranging from three weeks to three months. Chapter 3 offers further guidance on these practical issues.

An ICA is primarily an internal exercise insofar as its purpose is to inform UNDP's planning and decision-making with a view to maximising effectiveness and minimizing risks. It is important to stress that 'internal' does not mean 'confidential'. It may be useful to discuss the Terms of Reference for analyses with partners, when possible, and to share findings with relevant stakeholders, verbally or in the context of validation workshops. Determining how much information to share with national partners, and how this information is shared, will often require a judgment call by senior UNDP managers and should be decided on a case-by-case basis.

CHAPTER 1
ICA AT THE COUNTRY PROGRAMME LEVEL

It is commonly held that development requires political will – but political will is not monolithic; its sources are multiple actors, and actors respond to incentives and constraints. They are subject to power relations and have specific interests that can change over time. Therefore it is important to unpack the concept of political will by understanding which actors have which incentives, and what kinds of changes to these incentives may lead to development outcomes. This chapter will help you do this by providing a set of questions that can guide an ICA in the context of formulating a Country Programme.[4]

According to the UNDAF Guidelines, a country analysis will contribute to the articulation of high-quality development objectives and priorities within the UNDAF.[5] Country analyses come in the form of government-led analytical work, analytical work supported by the United Nations or full Common Country Assessments (CCA).

ICA can build on, and strengthen, a country analysis done during the UNDAF formulation process by providing a set of assumptions and questions about the country which aim at helping UNDP navigate programme pitfalls. It focuses attention on incentives, relationships and the distribution and contest of power between groups and individual women and men, because all have a significant impact on development outcomes. The process should include the use of data and information that are disaggregated by sex, age and other important variables.

An understanding of a patriarchal political system, for example, may help UNDP make sense of gender inequalities in the economy, while understanding corruption may require an appreciation of how it is fed by outside forces at work (in extractive industries, for example). Taxation policies may also reveal much about a country's political context. Taxation not only raises revenue for public spending to fight poverty. It can also redistribute wealth and opportunities, diminishing inequalities and strengthening state-society relations by boosting citizens' ability to demand greater accountability.

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[4] The questions presented in this chapter draw on the work by Unsworth (2010).
[5] For the UNDAF Guidelines, as well as many other related resources, see http://www.undg.org/index.cfm?P=4

Box 1   The resource curse: An ICA of extractive industries

The broadly debated 'resource curse' is a well-researched phenomenon referring to the paradox observed in countries rich in non-renewable natural resources where this wealth does not generate economic growth and human development. Countries rich in oil and minerals tend to be worse off, in development terms, than countries with less abundance of natural resources.

Natural resource dependence is strongly correlated with a type of corruption that goes beyond bribery by individuals. Some have argued that the cash flow from the exploitation of natural resources in states with poor governance institutions reinvigorates patronage politics, deepens social fragmentation and further weakens already weak state institutions. Moreover, the state-society contract established through taxation, by which citizens have a strong incentive to hold their leaders to account, is severely eroded or non-existent in mineral- and oil-rich economies.

In these contexts, an ICA can shed light on the negative socio-political effects of the exploitation of non-renewable natural resources, by analysing the revenue-generation cycle in the absence of strong taxation.

Sources: Robinson et al. (2006), Shaxson (2007)

Before you start

Before any analysis is carried out, decide on who will do the analysis, when it will be done and which methods will be used for data collection. Interview questions should be drawn up for different stakeholders (see lists below) and an ICA team should be set up under the Country Office's close supervision. It is important also at this stage to decide on whether or not to involve partners, and how to communicate findings. Detailed practical guidance on all these steps can be found in Chapter 3.

Understanding power and incentives: Suggested questions to guide the analysis

Here is a list of assumptions and key questions to guide an ICA. The questions aim to discover the incentives for actors to engage (or not) in behaviour leading to pro-poor, gender-sensitive development.

1. **Development requires a change in power relations and/or incentive systems.**
   a. What past conditions have led to historic pro-development or pro-poor policies in the country, such as laws relating to universal primary schooling, the enfranchisement of women or the loosening of restrictions on the media?
   b. Did these advances occur following large-scale social movements or a post-conflict settlement, as a result of major electoral changes or for some other reason?

2. **The powerful reward their supporters before anyone else.**
   a. On whom do the powerful depend to keep them in power? How are supporters rewarded?
   b. What is the ability of those out of power, and those they represent, to protect their rights and to have their voices heard? What additional fault lines exist among those out of power?

3. **All actors in society have interests and incentives.**
   a. Don't think in terms of political will. The term is vague and unhelpful. Ask instead, 'what are the political incentives?'
   b. What incentives could make key actors put public interest before private interest? Can these private interests be leveraged for public gain?

4. **Resources shape incentives.**
   a. On what sources of revenue do power holders depend, and how does that dependence shape their incentives in responding to claim makers?
   b. How does UNDP's presence affect the relationship between power holders and claim makers?

5. **But all stakeholders in society have constraints.**
   a. Are major actors constrained by formal rules, or do informal rules seem to matter more? For example, do traditional or religious authorities enjoy significant influence in state institutions?
   b. How do gender relations influence the choices that individuals and institutions make?

Box 2   Example: Election-related violence and ICA

Technical assistance in electoral processes might not be enough to ensure the success of elections in some contexts, particularly those where personalized politics and power networks are deeply embedded in state institutions. When there is potential election-related violence, it is important to analyse the electoral system and to take a close look at the incentives for violence, the political culture, and the elite's commitment to democratic change.

In her study of the causes and legacies of Kenya's 2007 post-election violence, Mueller (2011: 112) found: "In Kenya, the political class continues to revert to stasis. Their responses to the International Criminal Court's (ICC) evidence against high level perpetrators makes it clear they still are prepared to dismantle laws and institutions in pursuit of political power even if it entails embracing impunity and undermining their own much heralded new constitution".

To answer those questions, it is essential to understand who the most influential political actors at the national level are, and their incentives and constraints. You should undertake, first, a mapping of key actors and, second, an analysis of their incentives and constraints. Key actors in a country-level ICA include, for example, main political parties, key religious figures, dominant ethnic groups, major business interests, and large donors or strategic allies. When the important actors are known, identify their interests, what their incentives are based on, and how they are constrained (by, for example, formal or informal rules, weak organization and oppression). This should be a desk review or through interviews with key stakeholders (Chapter 3). Do not assume that actors within the same sector have aligned interests. A political party may support the passage of coherent political party finance laws, but only if such laws do not put them at a disadvantage vis-à-vis their competition; business owners may all benefit from anti-corruption legislation, but only if their industry does not rely on corruption to get business done.

Examining gender relations is an integral part of ICA, but it is important to assess how gender interplays with factors such as age, caste, location and marital status in order to draw conclusions about which groups of women and/or men enjoy particular benefits and face particular constraints. When the distinct incentives of diverse actors are mapped, examine the formal (i.e., constitutional) or informal (i.e., social norms, gender) rules that limit their behaviour.

The answers to these broader questions can give UNDP information that is critically important for the Country Office to be able to contribute effectively to change and to support national partners as they work towards meeting the development needs articulated in the UNDAF country analysis.

Answers to these questions can give a good understanding of the political economy issues that drive or stall change in the country. To facilitate data collection, you may choose to draw up a set of sub-questions to drive the analysis. The nature and scope of these questions can be determined by the ICA team depending on its needs.

This is a menu of suggested questions that may be included:

State control and distribution of resources

1. Does the state exercise control over its territory?
2. Is the country landlocked? Does it depend economically on neighbouring countries?
3. Are there cross-border groups that have an impact on state stability?
4. Are there any geographical features that might impede central state control over the territory, present physical barriers to communication, or lead to the isolation or marginalization of particular groups or regions?
5. Is competition for scarce resources or particular patterns of exploitation of natural resources a potential source of conflict?
6. What financial and other resources are available to non-state actors, including opposition groups?
7. Are there particular power differentials that cause certain groups to be excluded from economic opportunities (e.g., women, ethnic minorities, migrants)?
8. How has the country responded in the past to external financial crises with regard to social protection mechanisms?
9. How significant is the public sector in providing employment opportunities? Is entry into the civil service open and transparent? Are promotions within it based on merit?
10. Is there a large informal economy that makes taxation problematic?
11. Have processes of land and agrarian reform taken place, and if so, what are their effect on social and economic structures?

Outside forces at work

1. Are there natural resources that may interest external actors?
2. What is the role and function of the extractive industry in the country?
3. What is the percentage of aid in the overall budget? How much influence do external actors, including donors, have on development policy?
4. What are the key export/import products and who are the key export/import partners?
5. Are export generated resources reinvested transparently? If so, how?
6. How much foreign direct investment does the country attract? Are resources generated reinvested in the country transparently? If so, how?
7. Is there an obvious dependence on neighbouring countries and the region, and what impact does that have?
8. What is the size of remittances coming into the economy?
9. What role do multinationals and other states play in the country?
10. Do transnational criminal networks have a significant presence or influence in the country?

Legal system

1. What is the constitutional structure of the state (type of government, electoral system, and the organization of the executive, the legislature and the judiciary)?
2. Are the constitution and the legal framework an outcome of a state-society negotiation and is it broadly seen to be legitimate?
3. How often has the constitution been changed, and how easily?
4. To which United Nations and regional treaties is the country party, and how is international law absorbed in national law? Are treaties ratified and implemented?
5. Which judicial, administrative or other authorities have jurisdiction over the promotion and protection of human rights, and what remedies are available to an individual who claims his/her rights have been violated?
6. Which specialized and independent oversight entities exist in the country and how do they function (for example, electoral commission, public service commission, anti-corruption commission, human rights commission and ombudsman office)?
7. To what extent is the political executive constrained by law?
8. Are there major defects in the formal systems (for example, in the electoral system or in the definition of the security sector's role and its relationship to civilian authorities)? Are gender inequalities perpetuated through law and, if so, in which pieces of legislation?

Social structure

1. Are there ethnic, tribal, cultural, religious, linguistic or other divisions in the country?
2. What are the structures of traditional authority, and how important are they?
3. In which areas are there significant gender inequalities, and which groups of women or men are particularly disadvantaged?
4. Are certain ethnic, religious or other groups particularly disadvantaged?
5. Is there a history of violent conflict in the country? Is there a history of coups and other violent or unconstitutional changes of power?
6. How equitable is economic and social development in the country? Are there specific groups or regions that seem to be left out?
7. Who is civil society in the country? To what extent and how do they interact with formal and/or political structures?
8. Are there business associations with capacity to organize demands for public goods, or are interests more fragmented, with individuals seeking private deals through personal networks?

Political structure

1. How has the state's history shaped the access to political and economic power of different groups, relationships between them and perceptions of state legitimacy?
2. Are particular groups legally, or in practice, excluded from the political process?
3. What electoral system(s) is/are used at the national and sub-national levels (plurality – majority, proportional, mixed, direct or indirect) and who administers elections?
4. What do voters expect their government/elected representatives to deliver – individual patronage benefits, community-specific benefits or broader public goods?
5. How far do political parties organize around programmes rather than individuals?
6. How representative are the branches of government and do they enjoy legitimacy? What is the level of confidence of people in state institutions and where does support for the government come from?

7. Are there informal political understandings (for example, informal agreements to alternate power between different regional, ethnic or other networks)?
8. Is state-society interaction limited to personalized networks between elite groups, or is there more public engagement with broader, organized groups of citizens?
9. To what extent does the composition of the army, police, and security services reflect the social composition of society?

The ICA team is not expected to formulate responses to all those questions, because that would create a tremendous burden. But given that (most) information will already be available, either through national and/or external reliable sources, the team should be expected to compile all existing information in one easily accessible place for UNDP senior managers. The Country Office can then assign a focal point to complement the picture through additional information on an ongoing basis.

It is important that the ICA team and UNDP examine their own assumptions and biases in relation to the information they deem important and worthy of inclusion. This is a potential weakness, given that people approach development issues in different ways, depending on their own cultural background and experience.

Box 3   Infusing ICA into human development reports: Dominican Republic, 2008

ICA can add value to National Human Development Reports as a complementary analytical lens with which to gain a deeper understanding of the country dynamics. This was the case with the Dominican Republic's 2008 report, *Desarrollo Humano*, *una cuestión de poder* ('Human development, a question of power'), which applied a power analysis and used a composite empowerment index.

The report surveys the creation and distribution of individual and collective capabilities and opportunities. It takes as its starting point the 2005 Human Development Report, which established that the country's relatively low human development was not due to a lack of resources, but to an absence of long-term commitment to development goals among the elites and the limited social empowerment to negotiate a pro-development social contract.

The report used a conceptual framework on the relationship between power, empowerment, capabilities, and human development. Building on the empowerment index from Nepal's 2004 report, the research team developed a composite index of 52 indicators and two sub-indices measuring individual and collective empowerment.

The power analysis showed that despite the electoral democracy and political freedoms enjoyed in the country, patronage practices are widespread and hamper human development. According to the report, inequality levels are the result of institutional structures and political culture, and access to services depends on the power individuals enjoy and the area where they live. In that sense, human development becomes a matter of power – and, therefore, of politics – understood as the public space where power relations are negotiated.

Source: UNDP (2008)

CHAPTER 2
ICA AT THE
PROJECT LEVEL

This chapter provides guidance on how to conduct an ICA so that a better understanding is gained of the context for programming in specific areas, such as public administration reform, civil society strengthening or women's empowerment projects.[6] An ICA can serve as a risk mitigation tool as well as an analytical tool to identify the types of interventions that have the greatest potential. It can be undertaken prior to project formulation or during a mid-term review.

At the project level, an ICA should be tailored to the specific area the project seeks to address, such as decentralization, private sector development, disaster risk reduction or a combination of these. Whenever possible, the analysis should draw on the findings of a country context analysis (Chapter 1), which identifies the historical trajectory of the country and what has led it to where it is in broader terms. It considers, for example, whether the country has a strong democratic tradition or is in transition, in crisis or just recovering from conflict.

A well designed country analysis can give a good understanding of why certain reforms are difficult in the local context, which is useful in designing a project-level ICA. It will also improve the chances that the inclusion of a pro-poor or gender-mainstreaming orientation is successful by pre-empting possible negative responses and addressing the best ways to work towards buy-in and cooperation from those who perceive their situation to be impacted adversely, or their interests badly served, by such a project.

A key challenge in writing a project level ICA is operationalizing the findings. For this reason, it is important to take a practical rather than academic approach to the analysis so that recommendations can focus on specific issues. These may include identifying the most promising entry points for programming, national partners (from government, civil society, the private sector) with whom UNDP can engage, as well as areas where change may not be realistic in the short- to medium-term.

The guidance offered here aims to ensure that the findings of the analysis are practical and can justify the required investment in time and funds.

Resources permitting, analysis updates can be carried out regularly, or following the project mid-term review, as part of regular monitoring and evaluation activities.

Before you start

Before any analysis is carried out, decide on who will do the analysis, when it will be done, and which methods will be used for data collection. Interview questions should be drawn up for different stakeholders (see lists below) and an ICA team should be set up, under the Country Office's close supervision. It is important also at this stage to decide whether to involve partners, and how to communicate findings. Detailed practical guidance on all these steps can be found in Chapter 3.

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[6] This chapter draws on course material by The Policy Practice (www.policypractice.com) and IADB (2005), Unsworth (2010) and ODI.

Below are four steps for carrying out an ICA:

- • Step 1: Defining the scope of the analysis
- • Step 2: Stakeholder and engagement analysis:
  - Mapping the key actors, their incentives and the rules that constrain them, including gender relations.
  - Identifying how to engage with different sets of stakeholders.
- • Step 3: Identifying entry points and risks:
  - Given the findings from Step 2, what are the most promising entry points?
  - What are the risks, and how can they be mitigated?
- • Step 4: Potential for change and areas to be prioritized

Step 1   Defining the scope of the analysis

The scope of the ICA should be determined by Country Office senior management based on its goals and available resources. Define the scope of the ICA in terms of the specific development problem to be addressed. An ICA is intended to shed light on the causes of problems, so it is important that the motivating question asks 'why' rather than 'who' or 'what,' because the latter call for descriptions rather than explanations. For example, the main question for an ICA in Nepal was, "why have donor interventions to strengthen governance and anti-corruption institutions in Nepal had limited impact?" and "why is political will to fight corruption lacking in the country?" (Box 4). When the scope of the ICA has been agreed, Terms of Reference for a research team can be drawn up using the template provided in Chapter 3.

Box 4   Corruption and anti-corruption in Nepal

Context

Corruption is seen by many as contributing to political instability in Nepal, fuelling disorder and lawlessness across the country. The study sought to understand the context in which corruption takes place, the reasons for the limited impact of donors' interventions in this area and why there was little political effort to fight corruption. The analysis was conducted by a team of six researchers – two national governance experts plus staff from UNDP Nepal (national), UNDP Asia-Pacific Regional Centre, and the United Nations Office on Drugs and Crime (UNODC), led by a political economist contracted by the Norwegian Agency for Development Cooperation (Norad).

The analysis

The research team carried out a desk review and two weeks of fieldwork. The desk research examined reasons behind the current political and economic situation of Nepal; the root causes of conflict; the political settlement and the informal systems; corruption in the country as well as in other post-conflict contexts; previous anti-corruption initiatives; and the legislative framework and peace agreements. This preliminary research served to guide the fieldwork, including through the development of an interview guide.

Semi-structured interviews were conducted in Kathmandu and in the districts of Janakpur and Pokhara. The analysis teams, composed of one national and one international expert, interviewed approximately 100 key experts; government officials; political party leaders; representatives of civil society organizations, the media and the private sector; analysts and academics; and donors and development partners.

The report made recommendations for prioritized donor interventions, acknowledging the potential effects of donor involvement.

Source: Dix (2011)

Step 2   Stakeholder and engagement analysis

To understand the enabling (or disabling) environment in a certain area, it is important to map and analyse the formal and informal rules and institutions that influence the issue. This can be done through desk reviews, focus group interviews, stakeholder analyses, and validation workshops. More information on these methods is presented in Chapter 3. An ICA asks, 'what are the rules, and who are the actors?'

Rules refer to institutions,[7] which can be formal or informal. Any set of rules that regulate relationships between groups or individuals by providing incentives and sanctions can generally be described as an institution. Formal institutions include, for example, constitutions, which describe the division of governing power between the executive, legislative and judicial branches; the electoral system; local government units; or citizenship laws.

Like formal institutions, informal institutions are also rule systems. They differ in that they are usually unwritten, although widely known. Examples include household and family structures, and kinship and patronage systems. All are heavily influenced by gender, which is expressed through social norms and attitudes. Markets can be either formal or informal institutions, because they are regulated by written, formal rules as well as informal social expectations.

Box 5   The political economy of disaster risk reduction

Context

A study on Disaster Risk Reduction (DRR), Decentralisation and Political Economy, commissioned by UNDP's Bureau for Crisis Prevention and Recovery (BCPR) to serve as input to the Global Assessment Report on Disaster Risk Reduction 2011, argued that the uptake of policies and strategies depends on factors related to formal and informal institutions.

Analysis

This report recommended a country focused analysis of the political economy of DRR to inform the design of programmes on this area. The following key issues to include in the analysis were suggested:

- The nature of political competition
- The extent of patronage politics
- Variations in political geography, disaster risk and voice
- Citizen pressure for improved disaster risk reduction
- Horizontal pressure for improved disaster risk reduction
- Existence of disaster risk reduction 'champions'

Such analysis would identify the most important drivers of change that are active or potentially active in a country as well as potential entry points. The study highlighted the need for international actors to be aware not only of the domestic political economy context. It also considered how their support can alter this context by influencing the system of political incentives (through their funding mechanisms or, for example, by making information available on good practice in disaster risk reduction).

Source: Williams (2011)

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[7] In the context of this Guidance Note, institutions "consist of a set of constraints on behaviour in the form of rules and regulations; a set of procedures to detect deviations from the rules and regulations; and, finally, a set of moral, ethical, behavioural norms which define the contours that constrain the way in which the rules and regulations are specified and enforcement is carried out." (North, 1984: 8)

Actors are the individuals and groups that exist within these rule systems or institutions (both formal and informal).[8] Actors can be any person or group, such as street hawkers, ministers, civil servants, mine owners, parents or religious authorities. One important way of distinguishing between actors is by asking if they are a formal or informal actor in a given process. The power of some informal actors, such as traditional authorities, is often not based on constitutional power, but on community-level, unwritten power relations. Again, gender relations play an important role both in identifying actors (for instance, by specifying groups of men or women within a larger group) and determining the relative position of these actors within a given context.

In practice, this should not be too complex a task. For example, in a project to improve the technical capacity of a statistical office, the key formal institutions might be the civil service code, which relates to hiring, pay, and performance incentives; or legal control of the statistical office, which may be part of the executive, but whose budget may be controlled by the legislature.

Key informal institutions might be norms of hiring for reasons other than merit; patriarchy, which makes women invisible as a statistical target group; or a tradition of political control of the office.

Key formal actors could include civil service unions representing office employees; or government ministers, who may be responsible for commissioning or consuming the output of the office and for deciding its fate.

Key informal actors may include political party patrons who have no legal right to control the office, but exercise considerable influence over it by using appointments as patronage.

To operationalize this, begin by mapping out the formal and informal institutions (i.e., rules) for your area, and then identify the key stakeholders (i.e. actors). The following sections describe both and suggest specific questions for each stage.

2.1 Formal and informal institutions

As a first step, a desk review of the legal and/or regulatory framework governing issues that influence the project should be carried out to identify the potential for success of reforms in light of previous experience. The desk review should seek to identify the existing legal framework for the issue at hand, and should be complemented with interviews with focus groups or key informants. Open-ended interview questions must be designed carefully to provide information on the implementation gaps of existing legislation, and the record of reforms in the area concerned. Chapter 3 provides more guidance on gathering information.

Initial questions to guide the analysis of formal institutions may include:

1. What is the current existing legal framework on the issue at hand?
2. How did the legal framework come about? How was it introduced, by whom, and why? How did it evolve over the years?
3. Are relevant laws being implemented? What are the strengths and weaknesses of existing regulations? What are the gaps?

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[8] Thus, an informal institution (an informal rule) is different from an informal actor. Patriarchy may be an informal institution, for example, and patriarchal religious authorities may be the informal actor, because they are powerful. However, their power is in some instances not grounded in any written law (though in many countries it is part of formal religious law). Similarly, a political party is a formal (legally coded) actor, while the rules that govern political parties are the institution.

4. Which groups challenge the legal framework (e.g., women's organizations)? Have reforms in this particular area been attempted before? If so, by whom, why and with what results? If not, why were they resisted and why are they being attempted now?
5. What has been/is the source of financing for these reforms? Are they donor-funded, or financed by public resources?
6. How are responsibilities distributed between the national and sub-national levels?

This set of questions does not need to be answered in detail at this stage, as subsequent sections of the analysis will delve further into the specific interests of key stakeholders. The objective at this stage is to describe broader factors that may favour, or impede, the implementation of formal rules in the area of focus of the project, rather than the interests of particular groups or individuals.

Second, it will be important to understand the informal rules that have a bearing on this area. Although considerations regarding informal institutions are typically absent from project situation analysis, **they play a major role in determining whether projects fail or succeed.** Informal rules may be closely related to formal rules (e.g., where gender inequalities are being perpetuated both in formal law and in societal norms), but may also be in opposition (e.g., where a constitution protects gender equality, but societal norms on gender lag behind). Through a desk review complemented with interviews with key informants, the ICA team should try to identify structural issues related to intangibles, such as party affiliation, personal ties, patrimonial politics and/or issues related to ethnicity or kinship, that prevent the formal rules from being enforced partly (for example, part of judiciary works but not all) or fully (for example, rights of specific ethnic minorities are systematically disrespected). But note that informal institutions also include 'good' elements, such as norms of reciprocity. A good analysis should try to identify both. A more detailed stakeholder analysis can then be done building on a description of the informal rules. Please see Chapter 3 for detailed information on how to design desk reviews and interviews.

Initial questions to guide the analysis of informal institutions can include:

1. What are the informal rules preventing implementation of relevant legislation and regulatory frameworks? These can include cultural, traditional or other norms that may not be codified in legislation, but which determine how groups interact in the public and private spheres, from the national to the local and domestic levels.
2. Are there important informal institutions (for example, cultural traditions) that are relevant to the project and can be used to improve the likelihood of success?
3. Is the project likely to challenge certain informal institutions directly or indirectly? If so, expect actors to defend the benefits they accrue from the status quo.

All societies have informal institutions, which persist over time. It is not realistic to believe that UNDP can change complex rule systems that govern the behaviour of people in ways many do not even recognize. Rather, the goal of a project ICA is to be as aware as possible of the written and unwritten rules and how they are influenced. If that is achieved, project success is more likely. Knowing the rule system is only one part of the analysis, however. How stakeholders behave within the rule systems is the next step.

2.2 Stakeholder and engagement analysis

A stakeholder analysis is used to identify stakeholders that can influence a particular process and understand their interests, constraints and ability to influence the outcome of a project. Stakeholders can be individuals, organizations, or other groups and can include international actors (e.g., donors), government officials, civil society or faith based organizations, interests groups and citizens in general. In Bangladesh, a Sida study looking at power structures and informal relationships between stakeholders served as a major input for programme formulation for local governance in rural areas (Box 6).

Box 6   Understanding the local power structure in rural Bangladesh

Context

A Swedish International Development Cooperation Agency (Sida) study analysed local power structures and dynamics in rural Bangladesh. The goal was to assess how enabling the environment is for poor people to claim their rights.

The Analysis

Rural power was analysed through three analytical 'lenses':

1. Governance: Power Structure (formal and informal institutions)
2. Informality: Web of informal relationships between power-holders
3. Empowerment: Opportunities and 'spaces' within unfolding processes

The study combined a literature review with qualitative field work. The field team collected data in one district, working with a sample that included both those occupying significant positions within local power structures and poor people.

After a preliminary mapping and semi-structured interviews with key informants, four discussion groups were identified and convened in each of the three sites, disaggregated by gender and wealth – i.e., 'better-off' men, 'better-off' women, men from poor households and women from poor households. With the focus group data and information gathered through semi-structured interviews with community leaders and officials, short illustrative case studies of individuals' encounters with, or perspectives on, power were constructed.

The findings enhanced the Embassy and Sida's capacity to engage in policy dialogue and contributed to shaping programmatic activities in Bangladesh.

Source: Lewis and Hossain (2008)

A stakeholder and engagement analysis provides information about different types of actors, how UNDP and project partners should engage with them and what types of interactions UNDP can help promote. It has three parts: i) stakeholder mapping; ii) understanding stakeholders' incentives and constraints; and iii) identifying the best way to engage with different types of stakeholders and *foster coalitions for change.*

Box 7 Types of stakeholders [9]		
Private sector stakeholders	**Public sector stakeholders**	**Civil society stakeholders**
Corporations and businesses	Ministers and advisors (executive)	Media
Business associations	Civil servants and departments (bureaucracy)	Religious groups and leaders
Professional bodies	Elected representatives (legislature)	Schools and universities
Individual business leaders	Courts (judiciary)	Political parties
Financial institutions	Local government / councils	Social movements and advocacy groups
	Military	Women's organizations
	Commissions	Trade and labour unions
	International bodies (World Bank, United Nations)	National NGOs
		International NGOs
		Traditional authorities

Stakeholder mapping

The first part can cover a description of actors who can influence the project focus area. This can be followed by a more detailed analysis of their power, interest in achieving the objectives stated in the project proposed, incentives and constraints.

The stakeholder analysis can start with the following questions: [10]

1. Who are the relevant stakeholders that have a bearing on the issue at hand? Use Box 7 for guidance.
2. Who are the main actors in the policymaking process in the area?
3. Which actors play an informal role in this area?
4. What are their time horizons? [11] Are they in office short-term or long-term?
5. How and in which arenas do they communicate and interact and what are the characteristics of those arenas?
6. What is the nature of the exchanges and transactions they undertake?

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[9] Adapted from ODI website, Research and Policy in Development, Stakeholder Analysis, http://www.odi.org.uk/rapid/tools/toolkits/Policy_Impact/Stakeholder_analysis.html

[10] Answers to these questions will emerge from discussions within the ICA team based on the data collected. For guidance on data collection and triangulation, please see Chapter 3.

[11] A time horizon is an actor's belief about how long they will be in power. Those with short time horizons, such as presidents with term limits, might be expected to care more about the short-term than the long-term, while those expecting to remain in their position for a longer period might be expected to care more about the future.

Understanding stakeholders' incentives and constraints

When key actors are mapped according to their roles, a more detailed assessment can be made of their interests and the degree of influence they have on the project. Questions to guide the second part of the analysis might include:

1. What are the main interests of the actors? [12] Are they homogeneous groups or are there divisions within the groups (e.g., between women and men, based on ethnicity, caste, age and/or the rural-urban divide)?
2. Who gains from the status quo? Who stands to gain what from the project? Who loses with a change in the state of affairs? What do they stand to lose? For example, what incentives does an incumbent government have to introduce merit-based hiring in the civil service if they rely on non-merit based hiring to reward supporters?
3. For those with the most to gain or lose from the project, what is their capacity to act on their incentives? [13]
4. How do informal and formal relationships among actors, or their ethnicity, party, or religious affiliation affect policy implementation of the project?
5. If reforms in this area have failed in the past, what makes actors support it now? How and why have their interests changed?

How to engage with different types of stakeholders and foster coalitions for change

When the first two steps have been completed, you should have a good understanding of the individuals or groups who are potential allies for the project objectives and those who can block the project. Additionally, you will also have enough information to identify which stakeholders may find an alliance mutually beneficial, and use the convening power of UNDP to foster dialogue and coalition-building towards change.

It can be useful to draw a diagram to help visualize the types of stakeholders that may affect the project and the best way for UNDP to engage with them. This technique is particularly useful if you would like to validate the findings of the analysis with others, whether they were part of the ICA exercise or not.

To do this, list all key stakeholders (as discussed above) and answer these questions:

1. How much formal or informal power does each stakeholder have (i.e., to what extent can they influence the outcome of the project concerned) on a scale from 1 to 4?
2. How much interest does each stakeholder have in the success of the proposed project on a scale from 1 to 4?
3. Based on the answers to the first two questions, how should UNDP engage with different sets of stakeholders?

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[12] Interests can be of a material or reputational nature or those related to a specific agenda (for example, interests of party leaders may be different to those of human rights organizations, the interests of those who gain from corruption may be different to those of religious leaders).

[13] Capacities are often constrained by institutional limits on power or by the inability of groups to act collectively.
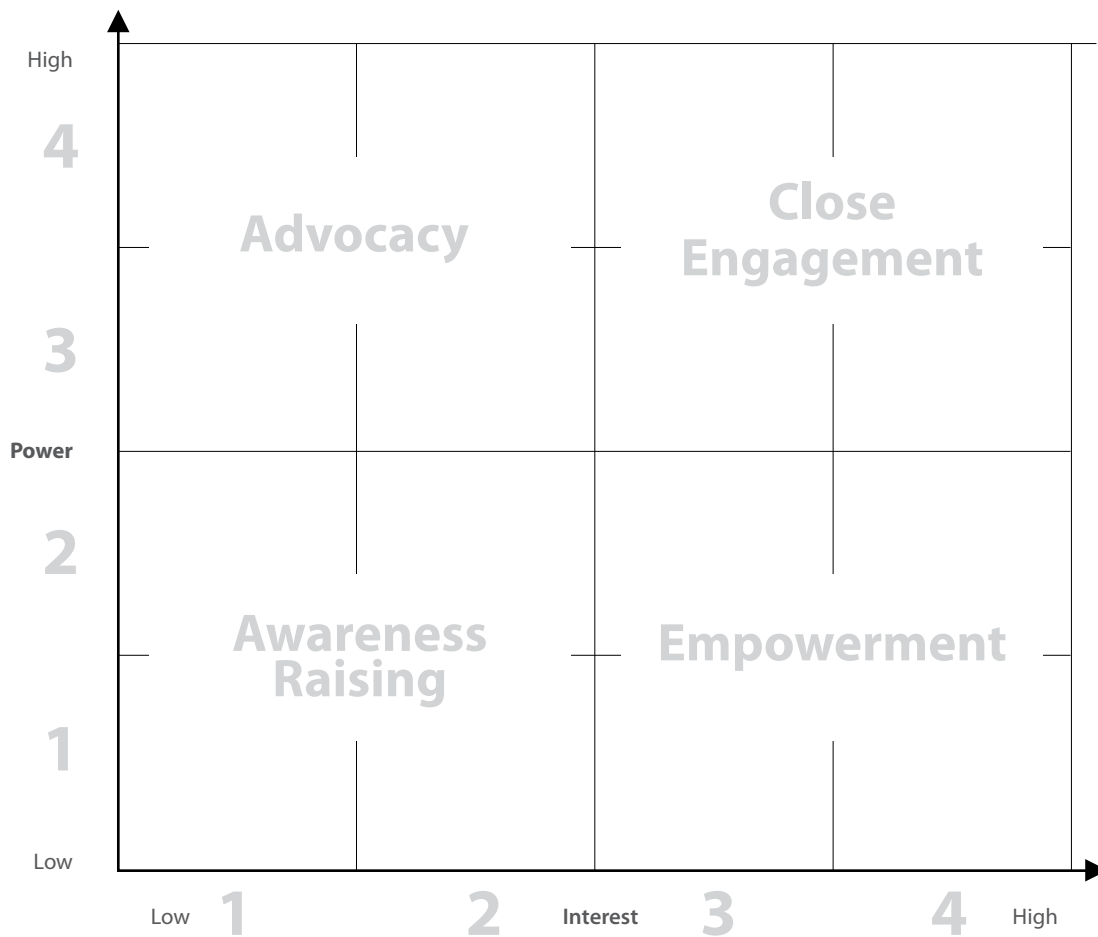
Those who have a high degree of power will require more engagement on the part of the Country Office, albeit of a different kind. Stakeholders with high power and high interest in the success of the project are potential 'champions' and UNDP should engage with closely with them. Those who have low power but high interest are potential allies of the 'champions' identified. UNDP can work to empower them through project activities and at the same time facilitate dialogue and 'coalition building' among like-minded stakeholders in order to foster coalitions for change.

Stakeholders with a low degree of interest in the success of the project will require a different type of engagement. Those with high power and low interest have the potential to block or slow down the project, and UNDP should therefore engage with them through advocacy whenever possible. There will be situations when, despite efforts by the Country Office, there will still be no change in the behaviour or attitude of these stakeholders, as the project may not be of interest to them, or may go against their interests. In such cases, analysis is still useful, because it will reveal realistic paths that can be pursued with different sets of stakeholders. In this way, it can help UNDP managers make informed decisions when prioritizing actions and allocating resources. Finally, stakeholders with low power and low interest may simply be unaware of the potential benefits of the project, and engagement with this set of stakeholders can primarily entail raising awareness.

During the project's life, the ideal scenario is that all stakeholders move toward the upper right corner of the diagram, i.e., develop a high degree of interest in its success and become more empowered in

their different capacities to contribute to positive change. In that sense, the stakeholder and engagement analysis can also be used during a project mid-term review, as a monitoring tool.

Step 3   Identifying entry points and risks

Identifying entry points and risks are key goals of an ICA at the project level, so that the knowledge gained from the exercise can add value to development effectiveness. The identification of entry points and risks should be explicitly mentioned as part of the outputs for the consultant(s) who undertake the analysis.

When considering entry points, it is useful to remember the human rights-based approach to programming and balance activities to support both claims holders and duty bearers – in other words, the demand and the supply sides of development. At this stage, the Country Office can consider the available options and the most promising entry points based on a better understanding of what is feasible in a given context. In Uganda, for example, ODI conducted a study that identified constraints for reforms in the infrastructure sector, as well as the most promising options for donor support (Box 8).

Box 8   The political economy of roads reform in Uganda

Context

At a time when the Government of Uganda had expressed commitment to addressing infrastructure constraints on development, the Department for International Development (DfID) commissioned a study to inform the possible effectiveness of donor support to roads reform and to see how DfID could best support the process.

The analysis

A 'layered political economy analysis' was used, focusing on
- the systemic constraints linked to the institutional context;
- the pattern of stakeholder interests, including their decision logics; and
- the room for manoeuvre created by the change process.

The analysis built on a literature review, previous information-gathering activities in Uganda, and 2.5 weeks of fieldwork conducting interviews with stakeholders. The researchers added to their and other previous analyses of Uganda, including those more specifically focused on the country's transport and power infrastructure.

The analysis lays out a number of options for donor support, including recommendations on what roles external actors could play. A communication deficit between local actors was one key finding. The report recommended that donors facilitate a multi-stakeholder dialogue processes. It also identified other entry points, and sketched out key operational implications.

Source: Booth and Golooba-Mutebi (2009)

Circumstances affecting entry points and stakeholders may change during project implementation, so it is important to consider risk mitigation strategies. Stakeholder groups may be affected by informal rules that privilege some group members over others and result in layers of different interests (for instance, women farmers will often have more gender equality concerns than their male counterparts, whose agenda may be confined to agricultural or land issues). When stakeholders' interests and incentives are identified through a stakeholder analysis, it becomes easier to monitor issues that may have an impact on these interests, and change them over time.

Guiding questions may include:

1. Based on the information collected so far, what are the most feasible entry points for interventions
2. If resources are limited, what are the pros and cons of each possible entry point? What entry points have the potential to lead to change in the short-, medium-, and long-terms?
3. How sensitive are these entry points to changes caused by the external environment (for example, the economy, disasters or changes in government due to elections)?
4. Where appropriate, how will the Country Office ensure that women and men among the stakeholders will benefit equally from the proposed interventions?
5. What are the risks involved in the choice of entry points? How can these be mitigated?
6. Based on the above, what are recommended ways forward?

Step 4   Potential for change and actions to be prioritized

Based on the information collected in the previous steps, ICA can help identify the potential for change as well as actions to prioritize adequate responses and ways forward. This is the ultimate objective of the ICA, and should be explicitly mentioned in the Terms of Reference of the consultant(s) undertaking the exercise.

Identifying potential for change can help reveal unintended but potentially harmful effects which should be considered when formulating a project. This is particularly relevant in crisis and post-conflict countries. It is also relevant in the context of promoting gender equality, as projects may unintentionally impact negatively on women (or men) if no proper analysis of gender relations was done at the start or if the conclusions from such an analysis were ignored. When project interventions touch on power differentials, such as gender inequalities or deeply ingrained traditions, project success is more likely if an ICA includes such questions from the outset and aims to identify and implement practical win-win solutions. To make the ICA actionable, this should be a specific output for the consultant(s) tasked with the analysis.

When identifying the potential for change to which a project contributes, it is important to be clear on what UNDP can do to help promote change. It is just as important to understand what it cannot do. While an ICA can be useful in illuminating factors that may bring positive change and help identify possible courses of action and entry points, it can also lead to uncomfortable conclusions. This may happen in situations where the forces blocking change are too powerful to challenge through a traditional project-level intervention, or where there is little genuine internal support for reforms (for example, when reforms are imposed from the outside by donors) and where providing UNDP resources, human and/or financial, is unlikely to make a difference to development outcomes. Should this be the case, it is more helpful to acknowledge this, involving national partners if possible, and providing a frank assessment of why external support in the form of a project is unlikely to make an impact.

Providing an honest assessment of the potential for change through a project is where ICA can make an important contribution to risk management, but it does require sophisticated soft skills from UNDP managers so that this is handled in a way that does not damage the relationship with national partners or donors, who may be particularly interested in a certain type of intervention.

Questions include:

1. Is change possible? How likely is it?
2. How can incentives be transformed by broader political and socioeconomic factors? What can UNDP do to respond in a way that will help facilitate the change process?
3. Is the nature of formal or informal institutions and of relationships likely to be affected by collective action or broader political and socio-economic factors?
4. What stakeholders would bring most traction to a positive change process? How can they be supported?
5. What kind of collective action by stakeholders or a coalition of stakeholders could enhance their influence and lead to or block change?
6. Given the information available, what are the likely scenarios that emerge from the stakeholder analysis and the possible sources of change? What can external actors like UNDP contribute to facilitate development outcomes?
7. Is there a potential for actions to be harmful? If so, how? What can be done to avoid this?

And, most importantly:

8. **Based on the above, and in view of limited resources, what actions should be prioritized?**

CHAPTER 3
METHODS, PROCESSES AND TEMPLATES

This chapter delves further into the methods and practical requirements for conducting an ICA. It aims to help UNDP Country Offices and practitioners by providing concrete 'how-to' guidelines and templates. Some research methods, such as surveys or focus groups, require technical expertise and it may be necessary to outsource the implementation to specialized local or international organizations. In these cases, this chapter will outline the knowledge required to identify the best service provider, to oversee the design and implementation phases of an ICA, to strengthen the quality assurance process and to make use of an ICA.

Deciding on the scope of an ICA

The ultimate measure of the success of an ICA is how useful it is for enhancing planning and programming. The record of development organizations in this regard has been mixed, and often the implications of studies for the commissioning donors have been "unclear or indeterminate."[14] OECD said that, "despite a strong drive to understand context there has been less systematic attention given to how assessments feed into planning cycles."[15] In many cases, even dissemination remains very limited, which means that not many people actually read the analytical studies.[16]

The challenge of translating analytical findings into development planning and programming is particularly acute in crisis-affected and fragile situations. There is a fine balance between "a detailed and comprehensive assessment and one that produces usable analysis for decision-making."[17] In addition, some corporate priorities – fast disbursement and an emphasis on delivery, for example – may hamper the effective use of findings. In contrast, an ICA analysis may conclude that large investments in a situation are not necessarily the best way forward, or that some areas of programming should not be prioritized.[18]

To maximize an ICA's utility for planning and programming, the following lessons from experience may be helpful.

Clarity of purpose: *Be clear about the primary purpose of the analysis, and recognize possible trade-offs between this primary purpose and additional desirable outcomes.* Development organizations frequently do analyses to inform a macro-level planning process, such as the formulation of a UNDP Country Programme, or to help in the design and implementation of a particular project. But there can be other reasons for an analysis, such as promoting dialogue, consensus-building, or participatory decision-making before a certain intervention. Therefore, analysis for the purpose of promoting dialogue with national partners will almost inevitably be less incisive on controversial issues than one that is done primarily to inform planning. But beware that analyses that appear too watered down can be disappointing to end-users.

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[14] Booth et al (2006: 53).
[15] OECD (2011: 78).
[16] World Bank (2006).
[17] Slotin, Wyeth and Romita (2010).
[18] UNDP/DFID/EC/World Bank (2009).

Timing and timeframe: *Ensure that the timing of the analysis is synchronized with the relevant planning/ programming processes.* Lack of follow-up on the findings of an analysis may be because the analysis was not aligned with the relevant strategic or programming processes. The analysis report can therefore be left aside and quickly become outdated, particularly in crisis-affected countries or countries undergoing transitions.

Sometimes the analysis process is initially synchronized with relevant planning/programming processes, but that alignment disappears because the analysis takes longer than originally expected, eventually losing its window of influence. In some cases, particularly in volatile contexts, these delays are inevitable, because they are influenced by changes in the situation. In other cases, though, they are primarily caused by organizational flaws, and can be avoided with better planning.

An ICA can also be conducted during the life of a project or programme to identify factors that are causing the project to stall. This can be done in the context of a CPAP or following a mid-term review. In this case, the analysis can focus on particular components of the project in order to make it light and focused.

Budget: *Ensure that sufficient financial resources are secured in advance and that there is enough flexibility to ensure the translation of the analytical findings into development interventions.* One of the main reasons why there may be no follow-up to an analysis is a lack of immediately available funds to support the priorities that the analysis has identified. If the analysis is intended as a fundraising tool and its report is delayed, it risks being irrelevant by the time it is ready to be used. A related problem, particularly in crisis-affected and volatile contexts, is that funds are often earmarked for specific activities, such as support to refugees or rehabilitation of infrastructure, with little flexibility in using them for other purposes.

Buy-in and ownership: *Identify in advance the actors whose buy-in is essential in following up the analysis and ensure that they are involved in the process.* In some cases, follow-up depends on key actors. If they have not been involved in the analysis, or even in the design or the planning process, they may not feel the ownership needed to ensure that its recommendations are carried forward. Sometimes, the required buy-in may be lacking even within the Country Office, particularly when the process has relied primarily on consultants. A change of leadership in the Country Office could also mean that the exercise is lost. It is therefore necessary to ensure that the exercise is grounded within UNDP, to ensure that it becomes part of the institutional memory.

Handling sensitive information: *Have a clear strategy to deal with findings that may be politically sensitive for the government or other actors.* Because ICA includes questions related to the distribution of power and resources, the findings of the analysis can be very sensitive. For example, ICA studies can reveal challenges of corruption and patronage in the government, or it may reveal patterns of development ineffectiveness by donors.[19]

Given that potential, the analysis should be closely monitored by a senior manager in the Country Office. The analysis team should be led by a focal point in the office who can oversee all stages of the process from planning to completion. Ideally, they should be familiar with the country context and be able to use their judgment to ensure that the analysis is done sensitively.

Country Office managers/focal points should be able to explain the purpose of the analysis to partners when requested, in a way that highlights the value of the exercise from the perspective of allowing greater effectiveness and ensuring that UNDP's efforts are well targeted given the reality of the country in question. If the purpose of the analysis is to engage with partners for dialogue on critical issues, findings could be shared in the form of a report or presentation for external consumption.

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[19] UNDP/DFID/World Bank/EC (2009).

If the purpose is rather to identify with which partners to engage, determine viable entry points and establish where UNDP support can make the greatest difference in the context of the Country Programme and project formulation processes, the analysis can be treated as an internal exercise involving partners as needed.

In Country Programme or project formulation, analysis findings can either be published partially, excluding sensitive passages that could cause discomfort to partners, or be presented verbally by the consultant(s) to the relevant parties. The knowledge gained from the process can still be useful to guide programming choices and as a risk management tool. Alternatively, findings can be shared with partners in a safe space as a part of a strategy to start a dialogue on sensitive issues.

Decisions about analysis design, and if and how to communicate findings should be made by the senior management of the office, bearing in mind the mandate of UNDP and its relationship with the host country.

Operationalizing ICA: *Ensure that the analysis is actionable.* Use Terms of Reference that include clear outputs in terms of identifying entry points, an honest assessment of where short- or medium-term change may be beyond the scope of external assistance, and what the UNDP can realistically achieve. More guidance on drafting Terms of Reference for an ICA is offered at the end of this chapter.

Building your team and communicating with partners

A good ICA requires a team that follows the analysis from beginning to end. Depending on the scope, purpose, and methods to be employed, a core team of international and national experts can be enlarged at various points in the process to bring in specific expertise when needed, such as facilitation expertise, or expertise on specific socio-economic issues. The core team should also include UNDP staff to avoid over-reliance on external consultants or jeopardizing the Country Office relationship with national partners.

Aim for an appropriate balance between areas of expertise tailored to the specific situation. There are no definitive rules on how to do this. At a minimum, the following areas of expertise should be present in your team, including when operating in crisis-affected and fragile contexts:

- Expertise in political economy analysis or similar;
- Experience in analysing development challenges related to the theme or (sub-) sector and how they are linked to the institutional context;
- Extensive experience applying qualitative and quantitative methods of social research;
- Experience in planning and programming, notably experience in the particular planning process to which the analysis is linked (e.g., UNDAF, PCNA, and PRSP) or experience of programming in particular sectors, as applicable;
- Gender expertise. This should go beyond having a gender person in the team. All team members should have at least a basic level of understanding of gender-related issues and dynamics;
- Expertise in facilitating and managing participatory processes or focus group discussions, if these are planned as part of the ICA. Where relevant, this should include experience in working with traumatized populations;
- Experience of drafting knowledge products, such as books, articles, research papers, toolkits, guides, methodologies, analytical documents, policy papers and notes, project and programme documents, baseline studies, desk reviews and comparative studies.

When putting the team together, consider:

- **Balance between international and local members.** Local experts offer knowledge of local customs, norms, and values that is difficult, if not impossible, for international staff to match. But they also have their own lenses on the situation and, particularly in polarized societies, can be perceived as biased by the people they interact with. Therefore a combination of international and national team members is preferable.
- **Gender balance.** This does not necessarily mean a 50/50 split between men and women in the team, but it is important to avoid having a team that is very unbalanced when it comes to gender. The presence of women in the team can also be important in situations where social norms may inhibit local women from talking to male interviewers.

The team should include at least one external consultant with the credibility to interview stakeholders without being associated with a specific political agenda, and has the soft skills required to conduct interviews so as not to jeopardize the image of UNDP or create discomfort on the part of the informant. Where it is not possible to hire a suitable consultant locally, an international consultant with experience in political economy analysis may be hired, ideally working with a national counterpart who can provide guidance on the country context and help formulate questions for the analysis and suggest key informants to be interviewed based on his/her knowledge of the situation and of relevant stakeholders.

Beyond finding the appropriate composition of the team, it is also important that the team has sufficient time to come together and develop its own synergy and working modality. Peer-to-peer training may be a good way of approaching this. Team members can organize training sessions on their own areas of expertise to ensure that everybody in the team has a minimum level of understanding of all key areas.

The team will conduct the ICA study and design, plan and conduct its field research complying with the ethical standards expected from this type of social research. These include:

- Conducting research in a way that maintains the integrity of the research enterprise and does not diminish the potential for conducting research in the future;
- Protecting the statutory rights of members of the social community or groups being investigated, avoiding undue intrusion, obtaining informed consent, and protecting the rights to privacy of individuals and social groups;
- Being aware of, and complying with, the requirements of data protection laws and other relevant legislation;
- Ensuring that the conduct, management and administration of research is framed in a way that is consistent with ethical principles and recognizes the limits of competence of each member of the research team;
- Providing adequate information to colleagues to permit their methods and findings to be assessed, as well as to alert potential users to limits of reliability and applicability of data resulting from their studies;
- Ensuring the clarity of the research objectives, and remaining aware of, and respecting, the concerns of the individuals or communities being studied; and
- When researching individuals or groups where power differentials could operate to their disadvantage as subjects (for example, students, prisoners, employees, minority groups, and the socially deprived), researchers should pay particular attention to issues of consent and potential risk.[20]

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[20] Adapted from Marcia Freed-Taylor, *Ethical considerations in European cross-national research,* UNESCO MOST Phase I website (1994-2003), http://www.unesco.org/most/ethissj.htm

Planning and budgeting your process

Planning is crucial, and significant time should be given to designing and preparing the exercise. While lessons learned from other experiences can be useful, each process has to be specifically tailored to its own objectives and to the context in which it takes place. Tools and methodologies should be adapted. In some cases, a desire to start as soon as possible may mean that the exercise is not properly prepared. Try to avoid this, because good preparation really is crucial.

An ICA has no specific duration, and can take between three weeks and three months depending on its detail. Similarly, costs will depend on, for instance, whether the consultant(s) involved is/are hired locally or internationally, and whether travel is required. In any case, it is important to draw up a budget in advance and identify sources of funding. These may include TRAC and/or funds provided by donors for this purpose. Given that many of UNDP's donors are sensitive to the importance of managing risks, managers can explore the possibility of mobilising resources as part of an ICA.

Experience shows that international agencies conducting similar analyses systematically underestimate the human resources, financial resources, and time needed. Analytical exercises typically run behind schedule, particularly in the case of multi-agency exercises where there are additional transaction costs for coordination. Even when funds are secured, difficulties in administering the disbursement processes and unexpected expenditure can affect the duration of the exercise, often creating frustration among partners and participants.[21]

Contingency planning is also important. You may have designed the exercise in a period of relative calm, but when the exercise starts the situation may change abruptly. For example, safety or security issues may make some areas where you have planned to conduct interviews no longer accessible. Lack of access due to security reasons might delay or require adjustments to the exercise. It is important to have an alternative plan to deal with volatile and fluid environments.[22]

It is important to have, from the outset, **a strategy for dealing with potential spoilers.** Particularly when your analytical exercise has a certain visibility, there is often a risk that the process will be opposed by actors with powerful interests, or that these same actors will try to hijack it and use it to their advantage. This calls for a conscious reflection on who the spoilers are in a particular situation, and what strategy is most appropriate for dealing with them. There is no single way to do this. In some cases, it may be justified to include potential spoilers, while in other cases it may be more advisable to resist their pressure.

Methods for data gathering

ICA relies on a combination of qualitative and quantitative data, which can be collected from different sources and using different techniques. Try to differentiate your sources and techniques as much as possible, allowing for triangulation of information. This is particularly important in crisis-affected and fragile contexts, where discourses and narratives are typically very polarized.

> **Triangulation** (or 'cross examination') is a term used in social sciences to indicate the process of using different methods to investigate the same social issue in order to check and validate the results.

[21] Dahl-Østergaard et al. (2005).
[22] World Bank (2006).

Common methods of research are desk reviews of secondary sources, interviews with experts and key informants, participatory methods such as focus group discussions, and surveys. Because an ICA is interested in potentially sensitive information, participatory methods like focus groups are less likely to be used.

Desk review

A desk review of secondary sources is essential in any ICA and should not be skipped or rushed. It will help you to find out what is already known on a given subject, identifying gaps and allowing you to better design and target your own analysis. The following sources should be considered, as applicable to the specific context:

- Official government documents;
- Academic studies (books and journals);
- Public opinion surveys;
- Reports of international agencies, donors and international NGOs;
- Reports of local NGOs;
- Newspaper and magazine articles, and other media sources;
- Internet sites; and
- Statistical datasets.

When selecting the sources to be reviewed, the double criterion of *relevance* (is the producing organization well-regarded and prestigious?) and *plurality* (of views, opinions) should be kept in mind. A desk review can help you to answer a number of key questions:

- What are the dimensions of the study that are already well covered by existing sources? (see previous chapters for ICA questions)
- How reliable and documented are existing sources?
- Where are the gaps? What are the dimensions that have not received attention by existing sources? What could explain these gaps?
- What are the issues that appear particularly divisive?
- Are there strong contrasting narratives regarding particular events, facts or issues?

The desk review and the answers to these questions will help in designing the rest of the ICA process, including the preparation of interview questions and surveys. A desk review should also help the ICA team to construct preliminary institutional and stakeholder mappings, which will be refined later following actual interviews/focus group discussions.

Interviews

Interviews and discussions with well-informed individuals are essential for developing an understanding of the programming context, especially for issues on which little information is available either publicly or as the result of operational work. Insights gleaned from the desk review and formal and informal consultations with key informants will help to identify additional potential key informants.

Interviews with knowledgeable local stakeholders – researchers, journalists, civil society representatives, policy thinkers within government and political parties – are essential for a holistic understanding of the individual interests and institutional opportunities and constraints that affect programming. They should also yield information about social norms and de facto rules of the game. One-on-one discussions with UNDP staff, international as well as local, are also a good way to capture their often considerable (tacit)

knowledge of political economy issues.

Identifying people to represent a group is inherently problematic, as any group is an agglomerate of individuals with multiple identities. Belonging to a group does not automatically give somebody legitimacy to speak on behalf of that group or represent its interests. Any process of sampling is inevitably biased. Try to reduce the bias, but know that it can never be eliminated completely. A real effort should be made from the outset to understand what kind of representation makes the most sense in one particular context and for a specific ICA. This may include:

- Inclusion of representatives from government, civil society, and other relevant segments of society (for example, the private sector or trade/labour unions);
- Balance between identity groups, particularly in situations where there are significant social divides (for instance, ethnic, linguistic and religious groups) ;
- Gender and age balance; and
- Inclusion of both urban and rural areas, ensuring that the analysis does not remain confined exclusively or primarily to the capital city.

It is important to approach interviews systematically to extract key information. Preparing precise questions is essential to gathering a rich and pertinent set of information through interviews. Interviews can be of different types.

- **Structured interviews.** The interviewer (or interview team) follows a precise protocol, asking only a set of predetermined questions, without follow-up questions or observations. This type of interview is used most often by quantitative researchers, and is particularly useful when looking for very specific information. It keeps the data concise and reduces researcher bias, but it also can be limiting because it does not allow the discussion to be expanded.
- **Semi-structured interviews.** Here, the interviewer (or interview team) still follows predetermined questions, but has some room to ask for clarification or additional information.
- **Unstructured interviews.** The interviewer loosely follows a checklist, but the interaction is closer to a discussion than an interview. This allows for a more laid back exchange, but also reduces the scope for comparison between different informants.

Semi-structured interviews are generally preferred for this type of exercise, but you should feel free to define your interview technique in any way that you consider most conducive to a good outcome of your analysis. What is important is to define your methodology from the outset and apply it consistently to ensure comparability of results.

Given the potentially sensitive nature of ICA, the interviews should be conducted by non-local professionals, to reduce the risk of stereotype behaviours ('political correctness' or distrust).[23]

The issue of **language** is also crucial. In some countries, the official language is only spoken by an educated, urban-based majority. Therefore, a process of analysis that is exclusively conducted in that language necessarily excludes the majority of the population from being direct informants. Particularly before starting a process involving participatory methods – such as workshops and focus group discussions – ascertain whether all participants are comfortable expressing themselves in the official language, and whether translation services are needed to ensure a levelled playing field among participants. It is also important to schedule interviews at times when women and men are available for participation, i.e., not preoccupied with work or family-related tasks. Body language is also a critical factor. Interviewers, particularly the international ones, should be aware of the sensitivities related to certain behaviour or body language, as they may be sending inaccurate signals or even offend their interviewees. It would be important to consult people with local knowledge and expertise on cultural norms, accepted behaviour

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[23] UNDP (2007: 36).

and potentially offensive body language.

Focus Groups

Participatory methods, such as workshops and focus group discussions, are used to go beyond the views of elite experts and talk to people locally. An additional rationale is to promote dialogue, participatory decision-making and/or consensus-building.

After a period of great enthusiasm, however, there is recognition of limits and risks of focus groups. Since anonymity is sacrificed in focus group discussions, some individuals may be unwilling to express their views freely. If participatory methods are not properly applied – for example, if the time allotted is not sufficient – they can simply become a legitimizing device to represent externally-imposed priorities as local needs or community concerns. Recognizing this does not mean that participatory methods should not be used, but that they should be used with caution, and should not be considered a panacea or a fast-track to discovering the truth.

> A **focus group** is a group of people brought together to discuss a specific topic in-depth, and express their perceptions, opinions, beliefs and attitudes. The focus group is run by one or more facilitators.

Typically, focus group participants (usually 8-15 people) do not know each other and are selected to fit the objectives of the study as well as the strategy of the researchers. Over 60 to 90 minutes, the group discusses issues suggested by a professional moderator,[24] with a rapporteur, or co-moderator (Box 9). To better analyse the content of the discussions and group dynamics, the focus group discussions are recorded on tape or, if possible, videotaped.

Box 9   Focus groups: Moderator and rapporteur roles [25]

The moderator's role is to be an active listener and move the discussion forward to ensure that key issues are covered without over-directing. He/she has also to monitor participation (who talks too much or not enough) and, without interrupting, ensure that people participate equally, while posing relevant questions to build consensus-based conclusions.

The moderator should lead the discussion to enable the rapporteur to document the results accordingly. [...] In case the group is answering the questions too fast, like a closed questionnaire where they simply tick the answers, the moderator may also need to play devil's advocate and question opinions in order to stimulate a broader discussion.

The rapporteur has a similarly vital role that goes beyond simple minute taking. He/she should take the role of a professional observer, not only recording the points relevant for the required outputs, but also observations on the credibility of discussants, disputes or tensions [...]. The rapporteur's record should focus on the salient points, particularly the unexpected, and avoid preconceptions. When taking notes, he/she should always keep the envisaged outputs in mind and ensure that consensus findings are properly noted while listening for and recording strongly held minority opinions.

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[24] UNDP (2007: 32).
[25] From UNDP Bosnia and Herzegovina (undated).

Terms of Reference for an ICA at the country and project levels

The process of developing Terms of Reference provides an excellent opportunity for in-group discussion on the subject matter, the rationale for an ICA and its scope, limitations and risks. A participatory – yet manageable and time bound – process should take place within UNDP to iron out conflicting views and understandings around the ICA exercise (what it can and cannot deliver), while agreeing on the human resources and type of expertise needed. Important substantive issues arise in the course of this consultative process, which are worth taking into account by the ICA team at a later stage.

Terms of Reference could be structured around the following sections.

1. Background

- What is the breadth and depth of the issue/sector to be analysed?
- What is the overall objective and rationale of the UNDP intervention?

2. Objective of the Assignment

- What is the goal of the ICA?
- Where does the need for an ICA stem from?
- How will the analysis feed into planned activity?
- What are the time, financial and methodological (or political) constraints?

3. Scope of the Assignment: Activities and Deliverables

Activities
- Given resources allocated, strategic interests, and constraints, what type of activities should be carried out to meet the desired objective?
- What data collection methods should be applied?
- Will the consultant(s) write interview questionnaires or guidelines for focus group discussions? If so, will they be deliverables on their own?
- To whom should the consultant report?

Deliverables
- Will you need short, stand-alone and internal reports summarizing the findings of each of the methods of inquiry, such as a Summary Report from Focus Group Discussion, as the process advances?
- In addition to identifying entry points, what are the specific outputs for the consultant(s) who will undertake the analysis? Keep in mind that specific recommendations on entry points, risks, and a realistic assessment of actions to be prioritized should be explicit outputs, so that the final report contains actionable points and the analysis is not reduced to an academic exercise.
- Will the final deliverable take the form of a report? What should be the main sections of the report?
- How will the analysis findings be disseminated? Will the consultant be expected to deliver a presentation to partners (with the content to be discussed in advanced with the Country Office)?

4. Competencies

Members of the research team should:
• Display cultural, gender, race, and age sensitivity;
• Demonstrate integrity by modelling the United Nations values and ethical standards;
• Display comfort working in politically sensitive situations;
• Have strong oral and written skills;
• Demonstrate research, analysis and report-writing skills;
• Have a good grasp of ICA ideas; and
• Have excellent communication and inter-personal skills, particularly for building networks and
  partnerships.

The Team Leader should have:
• Ability to lead the formulation and implementation of projects;
• Good understanding of UNDP programming modalities; and
• Fluency in the working language of the Country Office, as well as the language in which the report
  will be published [if different], knowledge of local language(s) [if different from the Country Office's
  working language, as well as the language in which the report will be published].

National Experts should have:
• Fluency in the working language of the Country Office, as well as the language in which the report will
  be published – if different], knowledge of local language(s) [if different from the Country Office's
  working language, as well as the language in which the report will be published; and
• Track record of relevant research.

5. Required Skills and Experiences

*For a generic list of types of expertise, see section "Building your team and communicating
with partners".*

For the Team Leader, the following could be added:
• PhD or Masters in a relevant discipline, such as Political Science, Development Studies,
  or Sociology; and
• Knowledge and experience of the country or the region preferred.

For national experts, the following could be added:
• Masters in a relevant discipline, such as Political Science, Development Studies, or Sociology.

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