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The Policy Practice

Understanding Options for Politically Informed Context Analysis

Practical Guidance Note

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About this publication

This note is part of a series developed by the UK Foreign, Commonwealth & Development Office (FCDO) and the Thinking and Working Politically Community of Practice (TWP CoP) to provide technical guidance to practitioners who want to incorporate a political economy perspective in their work.

The original idea for these notes came as a result of conversations with US colleagues including David Jacobstein, Jonathan Rose and Sarah Swift. Other notes in the series will cover stakeholder analysis and participatory methods for political economy analysis.

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Summary

In 2023, the UK Foreign, Commonwealth & Development Office (FCDO) and the Thinking and Working Politically Community of Practice (TWP CoP) published *Understanding political economy analysis and thinking and working politically*. This complementary note sets out a wider range of options for undertaking politically informed context analysis.

It provides guidance on choosing analytical frameworks and approaches that are appropriate for understanding the context in which development partners, diplomats and other international actors operate. It highlights the importance of incorporating a politically informed perspective, regardless of the specific framework used, to understand "why things are the way they are" and to make operationally relevant recommendations.

The note reviews the following analytical frameworks, outlining their objectives, distinctive features, applications, limitations and how to integrate political economy insights:

- Political economy analysis
- Conflict analysis
- Gender equality, disability and social inclusion analysis
- Governance assessment
- Institutional review

The note also offers practical advice on different approaches to undertaking the analysis, how to combine different analytical frameworks, whether to conduct a new analysis and how to ensure the analysis influences decision-making.

The main options (which can be used in different combinations) are:

- In-depth vs light-touch
- Formal vs informal
- One-off vs regularly repeated
- Externally commissioned vs in-house
- Restricted vs participative process and product

Introduction

Development partners make regular use of contextual analysis when they design, implement and monitor their strategies and programmes. And so do diplomats, military strategists, peace negotiators and humanitarian actors. Such analysis helps them understand the country, sector and actors with whom they are engaging. It also enables them to adjust their interventions regularly.

However, there are many contextual analysis frameworks (e.g. political economy, conflict, gender and inclusion, governance, etc.). There are also different tools that can be used during an analysis (e.g. problem tree, stakeholder mapping, etc.). Furthermore, there are different ways of undertaking the analysis (e.g. in-house/external, one-off/repeated, etc.). It is not always obvious which analysis should be done, where, when, how and by whom, and how different frameworks and tools can be combined.

This note offers some guidance to help you decide which approach to use depending on the context in which you are operating, your objectives and the resources at your disposal. Frameworks are meant to help structure your thinking, not to overwhelm you or to burden you with a tick-box exercise.

The note also gives advice to ensure political economy insights – about the nature of power and about what reforms might be feasible – are captured, regardless of the selected analytical framework. Your interventions will become more effective if you repeatedly ask, "Why are things the way they are?", and "What changes are realistic?" – rather than proposing cookie-cutter solutions that won't suit your context.

The note has two main parts.

Part 1 provides a series of guiding questions and practical tips to help you decide which analysis is best depending on your objectives, context and resources:

- Which analytical framework is suited to your objective?
- How should the analysis be undertaken?
- Do you really need a new analysis?
- How to make sure your analysis influences decision-makers?

Part 2 presents the main frameworks and tools for contextual analysis currently used by development organisations, which are also valuable for other international engagements:

- Political economy analysis
- Conflict analysis
- Gender equality, disability and social inclusion analysis
- Governance assessment
- Institutional review

For each analytical framework, the note sets out its main objective, what is distinctive about the approach, when it is usually applied and how to integrate a political economy perspective. It also offers links to additional resources.

1. How to choose a suitable analytical framework and approach to analysis?

This first part sets out questions and options to help you decide whether and how to undertake a contextual analysis, and how to make sure it influences decision-makers.

1.1 Which analytical framework is suited to your objective?

If you are preparing a strategy or programme at the global, regional, country or subnational level:

- A **political economy analysis** will offer a broad understanding of how power relations affect prospects for change at that level, what factors might enable or block reform, and how to work with stakeholders towards the desired change. However, for more detailed operational recommendations, you are likely to also require a more targeted analysis, for example at a sectoral level or around a specific trade, security or service delivery problem. You may also need an institutional review of the organisations with which you are planning to collaborate.
- If the region, country or subnational level is affected by ongoing or recent violent conflict, then a **combined political economy and conflict sensitivity analysis** will help you understand the underlying causes of the conflict and provide options to reduce violence and avoid doing harm.
- If you are particularly concerned about promoting more inclusive processes and outcomes, then a **combined political economy, gender and inclusion analysis** would be more appropriate, to ensure inequality and exclusion questions are fully prioritised.

If you are preparing a sectoral programme (e.g. on security, climate change, economic development, health, education, infrastructure, governance, etc.):

- A **political economy analysis** of the sector will help you understand why it operates in a way that might appear suboptimal and to identify realistic prospects for change. By targeting your analysis on specific problems (e.g. high crime rates, slow and unequal growth, poor delivery of textbooks), your analysis will be more specific and offer more practical recommendations.
- If some social groups are particularly excluded from the sectoral outcomes or risk being negatively affected by the change you want to support, then a **combined gender, inclusion and political economy analysis** will analyse in more depth how inclusion and exclusion processes operate in that specific sector, and how external interventions could improve inclusion and avoid doing harm.
- If your sectoral programme operates in a conflict-affected context, then a **combined political economy and conflict sensitivity analysis** will help you understand conflict dynamics in that sector and provide options to reduce violence through your sectoral interventions, or at least how to avoid doing harm.

If the main strategic choices have already been set, and you want to make well-informed tactical decisions, the following tools can provide specific and faster recommendations:

- A **stakeholder analysis or a network mapping** (rather than a full political economy analysis) will allow you to develop and maintain an updated influencing strategy. It will help you decide who to work with and how: who your core stakeholders are; whom you need to keep informed regularly; and whom you should monitor.
- A **"quick" political economy analysis lens or filter** could be added to your regular activities, such as key questions to ask before going to meetings or when planning events. One source of guidance is FCDO's 2025 *Understanding a quick political economy analysis approach*.

If you have identified the need to strengthen a system or an organisation:

- An **institutional analysis or organisational assessment** will help understand how this organisation (and the systems within which it is embedded) functions, what its strengths and weaknesses are and how external support might improve its performance.
- A **political economy analysis** will provide a picture of the wider context and offer insights on how power relations can undermine or improve performance (e.g. along a value chain or within an organisation). However, it will not examine the details of internal processes, capabilities and capacities, and which technical interventions might be most appropriate.
- If you are providing financial assistance using your partners' systems and there are risks of financial leakages, you can use a **fiduciary risk assessment** or an **anti-corruption assessment** to analyse such financial and management systems. This will help you assess whether funds are likely to be used for their intended purpose, and how to prevent misuse.

1.2 Getting practical – how should the analysis be undertaken?

Contextual analyses come in different shapes and sizes! Table 1 on the next page explains some of the different ways in which you can undertake and use a contextual analysis, including their respective strengths and weaknesses. Your resources (in terms of budget, time and staff) will often dictate which options are best suited to your organisation. In practice, you can combine some of these different dimensions, but there are some trade-offs that can't be avoided (e.g. to publish or restrict a report).

The main choices are:

- In-depth vs light-touch
- Formal vs informal
- One-off vs regularly repeated
- Externally commissioned vs in-house
- Restricted vs participative process and product

Table 1: Different approaches to undertaking a contextual analysis

Analysis type	Description of the option	Associated dimensions	Strengths	Drawbacks
In depth	A well-researched report, usually produced over several months, based on prioritised questions, a literature review, in-country research with interviews and focus groups and validation workshops; potentially peer-reviewed. Examines a large range of factors and stakeholders.	Often formal and externally commissioned. Could be one-off or repeated, and either a restricted process and a product with a limited circulation or a participative process and public product.	Useful when starting to engage in a new country or sector, or on a broad or complex topic. Can set the baseline understanding for sectoral studies and future country updates. Higher-quality, as triangulation is more likely to be feasible.	Could take too long to inform decision-making. May be too expensive. If the research team is fully external, there may be less ownership of the findings and recommendations may be less operational. A hybrid team (internal/external) and a facilitated approach can overcome these limitations.
Light touch	A quicker process, based on a more limited set of interviews and documents, sometimes just a workshop or a few meetings, with findings presented verbally, in a short note or a PowerPoint presentation rather than a quality-assured report.	Could be one-off or repeated. Usually informal. More likely to be in-house rather than with external experts or consultative workshops.	Useful to respond to a change in the context, or as part of regular updates (e.g. monthly, quarterly). Less costly and quicker than in-depth studies. May be more impactful if delivered by trusted staff for internal processes.	May be limited to a stakeholder analysis, and not consider the wider range of factors influencing stakeholders. Likely to be of lesser quality than a more in-depth study as it will be less comprehensive, may be biased, not triangulated or peer-reviewed.
One off	Analysis undertaken for a single process or decision-point.	More likely to be in-depth. Could be in-house or external, restricted process/circulation or participative.	Provides quality information and recommendations needed at that point in time. Can serve as a baseline for the future.	Timing is critical. Too late and it won't have much influence. Less likely to inform future decisions as the context changes or there is new learning. Will not build

Analysis type	Description of the option	Associated dimensions	Strengths	Drawbacks
				the habit of asking political economy questions.
Repeated	Analysis undertaken on a regular basis as part of adaptive management (e.g. annual, quarterly, monthly or weekly).	Can be both formal (linked to a set timeline) or informal (e.g. holding regular conversations as part of your job).	Provides regular information and recommendations to keep strategies and programmes relevant and adjusted as the context changes.	
Informal	Analysis of context (or just of stakeholders) without a formal research framework or peer review; triangulation less likely.	More likely to be light-touch and in-house. Less likely to be fully participative.	Provides quick information when needed. Can be cheaper (e.g. analysis by one expert or staff member).	Less likely to be of high quality in the absence of a research framework. Could give a partial view as less likely to use triangulation.
Externally commissioned	A contextual study where external experts are hired to produce a report for a commissioning organisation.	More likely to be formal. Could be restricted process/ circulation or participative and one-off or repeated.		Knowledge less likely to be institutionalised. Recommendations may be less suited to political or operational realities of the commissioner (unless staff and decision-makers are involved in the process).
In house	A contextual analysis undertaken by staff from the ministry, embassy or implementing organisation using the study.		Ensures in-house knowledge is used and develops staff skills. Potentially cheaper and faster than externally	May not deliver new insights and risks repeating pre-existing knowledge gaps and bias. This can be mitigated by including

Analysis type	Description of the option	Associated dimensions	Strengths	Drawbacks
				some external experts in the team and using participative workshops with programme partners.
Restricted process and product		A restricted process or product can be in-depth or light-touch; externally commissioned or in-house; one-off or repeated; formal or informal.	Ensures sensitive issues can be fully analysed (e.g. on corruption networks) and protects data sources (e.g. confidentiality, anonymity). Ensures more realistic options are discussed in a candid manner with decision-makers.	
Participative process and product		The final product should be (but is not always) shared with those who participated in the exercise.	The analysis reflects the perspectives of those affected by the problem and who are also likely to be involved in the solution. Can challenge preconceptions held by the commissioning organisation. Informs public debate and builds local capacity.	Some sensitive issues may not be openly explored. Can be more resource-intensive. Requires careful process management to bring different perspectives together. May not influence the decisions of the commissioning organisation if the recommendations are not seen as well aligned with their interests.

1.3 Do you really need to conduct a new analysis?

Before starting a new analysis, you should always check if a similar and recent analysis has already been done. A quick document review will identify academic studies or grey literature (e.g. non-governmental organisation reports, evaluations, etc.) on the same topic. Similarly, you can ask other organisations, such as embassies, development organisations or think-tanks, if they have produced relevant studies that are not in the public domain and that they are willing to share on a confidential basis.

Artificial intelligence (AI) is a great tool for busy staff, as it can scan and synthesise a large amount of resources quickly. However, you should make sure the AI software gives you the references it has used, and be aware of the weaknesses of AI-based syntheses. AI offers the most "plausible" answers based on the information it has access to. It may not necessarily use the most accurate or the most recent data, and it can "hallucinate" (i.e. produce outputs that are factually incorrect or even fabricated) and therefore some form of quality assurance is needed, just as for traditional work. It will reflect the biases found in the sources it has analysed; for example, it may provide a highly positive picture if it mostly relies on official data sources and policies.

1.4 How to make sure your analysis influences decisions?

A contextual analysis needs to contain operationally relevant insights in order to influence decision-making (e.g. set an influencing strategy, update a programme design, etc.). If you identify studies done by other organisations, these may answer some of your questions about the country or sector, but they are unlikely to offer recommendations that are tailored to your organisation's existing resources, skills, influence and emerging opportunities.

To reach operationally relevant recommendations as the last step in your analysis, consider:

- What does the analysis tell you about how change towards your desired outcome is likely to occur?
- What is your organisation's comparative advantage to influence that change process?
- Who are the stakeholders your organisation will need to work with to influence that change?
- What are the resources at your organisation's disposal (staffing, funding, reputation, etc.)?

To plan or influence a decision-making process that makes use of the contextual analysis, consider:

- What are the decision points you need to influence (e.g. a country strategy, a budget allocation, a programme review, daily operational choices, etc.)?
- Who are the stakeholders who will take the decisions (e.g. a minister, senior officials, your team leader, your team members, counterparts in government and peer organisations)?
- How is information best presented and discussed to influence their decisions (e.g. a formal submission, a meeting with external experts, a workshop with staff, etc.)?
- How can you involve decision-makers in the process of analysis (e.g. in the selection of the scope of the study, in some of the interviews, debriefings or workshops, etc.)?

2. Contextual analysis frameworks and tools

This second part provides an overview of the main analytical frameworks used in contextual analysis, including their main objectives, what is distinctive about each approach, when it is usually applied and how to integrate a political economy perspective. It also offers links to additional resources.

2.1 Political economy analysis

What is it?

Applied political economy analysis (PEA) helps in understanding how political, social, economic and institutional change comes about and endures, or is obstructed. It is a multidisciplinary approach that examines structural and institutional factors that combine to shape the motivations and behaviours of different stakeholders, such as political leaders, civil servants, security bodies, the private sector, civil society actors and international partners themselves. It forces us to look for the less visible "under the surface" factors that help or block development, peace or security. It makes us ask repeatedly, "Why are things the way they are?"

Applied PEA steps can be summarised in three simple questions:

- What is the problem?
- Why does it happen?
- How can it be addressed?

The approach starts with a problem analysis, which is followed by the identification of structural and institutional factors and the analysis of actors, their relative power and their influence, incentives, interests and ideas, and current dynamics. On this basis, you can define and test viable "pathways of change" – that is, realistic options in terms of how the desired change could take place, driven by domestic actors, without support from your own organisation. The final step is to make operational recommendations. For studies undertaken or commissioned by international partners, the focus is on how they can best help domestic actors make these change pathways happen.

Key political economy questions include:

- Who are the key actors and interest groups?
- How is power distributed among these actors?
- Who is excluded from access to power and resources?
- What are the formal and informal "rules of the game" in the political system, in the economy and across society?
- How do these political economy factors shape incentives and willingness to change?
- What are politically feasible ways in which the problem might be addressed through the actions of local actors?

When is it useful?

Applied PEA is particularly helpful if you are starting to operate in a new country or sector, and you want to understand the interplay of economic, political and sociocultural factors. It is also relevant when a policy area or reform objective seems "stuck" and you need you dig deeper to understand the roots of the problem and to find a realistic way forward. PEAs may be mandatory for some organisations, as part of the design or the inception phase of new strategies and programmes, and at regular points during implementation.

A strength of the approach is that it can be applied to any sector, issue or problem, and at all different levels (global, regional, country, subnational or local). PEAs can also be used by national actors – whether state or non-state – or local communities to inform their own advocacy and reform actions, without the involvement of international partners.

Applied PEAs often identify "collective action problems" (i.e. problems where no individual actor can solve the problem on their own) and recommend how "coalitions" can be built. They are well suited to support locally led change processes, and for interventions that can be flexible and adaptive as the context changes. "Thinking and working politically" (TWP) refers to the regular use of PEAs, combined with strategies and programmes that use adaptive management to adjust to the shifting context.

What are some limitations?

Applied PEA can reveal very sensitive issues, for example about patronage relations or corruption networks. The research needs to be conducted in a rigorous and ethical manner, with attention to the risks posed to those being interviewed or sharing data. As a result, many PEAs are not in the public domain. This means PEAs can be less useful as part of policy dialogues or participatory assessments. Sometimes, public versions of PEA reports are prepared in order to stimulate local discussions.

The first generation of PEAs were criticised for being "gender-blind." Nowadays, applied PEAs are gendered – they consider more systematically gender and other social characteristics and related forms of exclusion. But sometimes, an in-depth gender or social inclusion analysis may be needed as part of or alongside the main PEA, to explore barriers and opportunities related to those groups.

Other potential weaknesses shared by all types of contextual analysis, but that a good PEA design can manage, relate to time and resources to fund the research and to use its findings; the quality of the data being collected; limited skills and bias in the team collecting or interpreting the data; limited stakeholder participation; greater weight given to elite perspectives; inadequate use of local expertise; recommendations that are not suited to the commissioning organisation; and backlash against or resistance to the recommended change process once it is initiated.

What are additional resources?

There are several guidance documents, such as those of the UK FCDO, the former US Agency for International Development (USAID) (still available here), the Swiss Development and Cooperation Agency and The Asia Foundation. There are lighter tools, such as on "everyday political analysis" by the Developmental Leadership Program or on a quick PEA approach by the FCDO. Other examples of guidance, case studies and lessons are available in The Policy Practice's Online Library and from the Thinking and Working Politically Community of Practice (TWP CoP).

2.2 Conflict analysis

What is it?

A conflict analysis examines in a structured way what is causing violent conflict, and how violent conflict can be resolved. Core questions include:

- What are the root and proximate causes of violent conflict?
- Who are the main conflict actors (including dividers and connectors)?
- What are the current conflict dynamics and potential scenarios?
- How can external interventions prevent violent conflict and contribute to sustainable peace?
- How can we ensure external actors do no harm?

When is it useful?

Conflict analysis is particularly useful in contexts affected by large-scale violence, whether between countries or in civil wars, from non-state armed groups and violent extremists, or between or within communities. It can be undertaken at a regional, country or subnational level.

For international or bilateral organisations operating in conflict-affected situations, a conflict analysis can lead to recommendations to directly address the conflict through conflict resolution or peacebuilding activities, mitigate its impact or prevent the unintended consequences of external interventions through conflict-sensitive programme management.

What are some limitations?

Conflict analysis is subject to similar limitations to those that affect applied PEA in terms of the quality of data and bias in interpretation. It is particularly hard to collect reliable data in conflict-affected contexts. Conflicts are caused by a range of interconnected factors that can be hard to separate, and that can evolve rapidly. The experiences of marginalised groups can be unintentionally excluded from the analysis, even though they may be central to a conflict's dynamics and its resolution.

How can political economy insights be included?

A conflict analysis is, in effect, a type of applied PEA focused on contexts affected by violence and/or aimed at finding solutions towards the resolution of violent conflict. For example, PEA and conflict analysis both focus on how economic and political processes can exacerbate social divisions and encourage the use of violence. While the terminology and some of the main tools may differ, both analytical frameworks aim to understand how power relations contribute to suboptimal outcomes, and how politically feasible reforms towards peace and social cohesion can be introduced or supported by domestic or international actors.

What are additional resources?

The FCDO undertakes Joint Analyses of Conflict and Stability. The European Commission (EC) also uses conflict analysis for its conflict prevention engagements. USAID developed a Violence and Conflict Assessment toolkit.

2.3 Gender equality, disability and social inclusion analysis

What is it?

A gender equality, disability and social inclusion (GEDSI) analysis examines the needs, barriers and opportunities different social groups face.

Core questions include:

- Which groups are excluded and marginalised?
- From which services or decision-making processes are they excluded?
- How do their overlapping identities contribute to further exclusion?
- Why are they excluded? What are the barriers and challenges they face?
- What are the opportunities for greater inclusion, participation and accountability?

When is it useful?

A GEDSI analysis offers an understanding of the structural causes of exclusion and discrimination, and opportunities to promote more inclusive policies, programmes and social outcomes. It can also contribute to strategies to improve participation and accountability for marginalised groups.

What are some limitations?

A GEDSI analysis suffers from the same potential weakness as applied PEAs or conflict analyses in terms of the quality of data, bias of interpretation and the realism of recommendations. The experiences of some social groups may be ignored or simplified, leading to potentially inappropriate recommendations. At the same time, a comprehensive GEDSI analysis encompassing all potential groups and their overlapping identities can become very complex, time-consuming and expensive.

How can political economy insights be included?

The value added of a political economy perspective as part of GEDSI is not only to pay attention to social norms and household- or community-level issues but also to examine the other formal and informal rules and processes that entrench power (e.g. patronage systems). In addition, a political economy perspective helps maintain a focus on the most politically feasible solutions towards more inclusive outcomes. There have been recent efforts to integrate GEDSI with political and conflict analysis in order to produce comprehensive studies that address all aspects of power dynamics, and to discuss how external interventions can contribute to more development, peace and inclusion.

What are additional resources?

Examples of GEDSI guidance documents include FCDO's Gender and Social Inclusion Analysis. Christian Aid and Social Development Direct have produced a toolkit that combines gender, inclusion, power and politics. FCDO's women's political empowerment toolkit applies a combined political economy and gender analysis.

2.4 Governance assessment

What is it?

Some contextual analyses examine how a country (or region or sector) is governed, and the relationship between citizens and their governments from the point of view of "how things should be." Such governance assessments often measure the capacity, accountability and responsiveness of formal institutions against international norms, standards and indicators. Some assessments focus on specific dimensions of governance, such as democracy, human rights, justice or public financial management systems, or the governance of specific sectors (e.g. climate funding, health or education).

When is it useful?

Governance assessments can help:

- Governments to initiate or adjust public policy or institutional reforms
- Development partners to start a dialogue with a government, for example around priority reform areas; to design a programme of support; or to monitor progress with reforms

One of the strengths of governance assessments is that they can be undertaken by the officials or the citizens of that country, or through peer reviews, as opposed to being driven by external actors. Such a participative assessment can then foster public discussions and encourage decisions around priority reforms (whether at the national or the local level).

Another strength is that they often use internationally recognised indicators that enable an assessment of relative performance compared to other countries, or between states or provinces within the same country. This can motivate domestic reformers who want to outdo others.

What are some limitations?

The main difference between applied PEAs and governance assessments is that the latter tend to make assumptions about how a country should be governed, or how a sector should operate, and assess current performance against these standards. (In other words, they are more "normative.") This may include a "gap analysis" to assess what is needed to reach the desired norm or standard.

In contrast, a PEA aims to understand why things are the way they are, and how specific problems can be solved. A national governance or sector PEA would aim to understand concrete governance challenges and how they can be overcome, without prescribing specific "best practice models" of governance as the solution.

How can political economy insights be included?

Political economy insights can be included in governance assessments, or as part of the policy dialogues or programmatic responses they inform, by asking:

- What is causing the identified governance strengths or weaknesses?
- Who benefits the most from the status quo?
- Who might be the winners or losers of reform?
- How could powerful actors be influenced to improve the situation?

- What can external actors do to support domestic reformers?

What are additional resources?

Governance assessment tools include:

- The UN Common Country Assessment is an analytical snapshot of the dynamics of development in a country to inform UN programming in that country in support of the 2030 Sustainable Development Agenda and national priorities. It reflects the UN system's independent, impartial and collective assessment and analysis of the country status and progress towards the Sustainable Development Goals and its normative commitments.
- The International Monetary Fund Governance Diagnostic is voluntary, undertaken at the request of member countries. It examines corruption vulnerabilities and makes prioritised recommendations to governments to address them. It covers fiscal governance, central bank governance and operations, financial sector oversight, market regulation, rule of law, and anti-money laundering and combatting the financing of terrorism.
- The International IDEA State of Democracy Assessment helps citizens assess the quality of their democracy and define priority areas for policy and democratic reform. The assessment framework enables citizens to periodically monitor the health of their democracy. It can contribute to strengthening national and local government responsiveness.
- The UN Human Rights Universal Periodic Review process assesses the extent to which states respect their human rights obligations set out in the UN Charter; the Universal Declaration of Human Rights; and human rights treaties and other standards. The peer review is undertaken by other UN member states and provides opportunities for dialogue on how human rights can be improved in the country under review.
- The Anti-Corruption Resource Centre How To Guide for Anti-Corruption Assessment is a compilation of the different methodologies to assess levels of corruption and efforts to control corruption, often at a country level.
- The Public Expenditure and Financial Accountability Assessment is a tool to assess the strengths and weaknesses of public financial management systems using quantitative indicators. It can be repeated over time to assess trends. It is used to design public financial management reforms and to support programmes.

Some commonly used datasets of governance indicators include:

- World Bank Worldwide Governance Indicators describe broad patterns in the perception of the quality of governance across countries and over time along six dimensions: voice and accountability; political stability and the absence of violence and terrorism; government effectiveness; regulatory quality; rule of law; and control of corruption.
- The University of Gothenburg's Varieties of Democracy indicators dataset is the most comprehensive source of indicators on different dimensions of democracy.

2.5 Institutional review

What is it?

An institutional review examines how an organisation (together with its associated norms, rules and processes) delivers on its expected functions, and how this could be improved. It usually refers to public sector bodies. An organisational assessment examines the internal workings of an organisation, whereas an institutional analysis pays more attention to its wider environment.

Core questions include:

- What is the external context in which the organisation is situated (e.g. country context, wider public service, stakeholders, networks) and how does this influence its operations?
- How does the organisation achieve its outputs (e.g. what human, financial or material inputs does it use, what services does it deliver, what are its wider outcomes and impacts, etc.)?
- How does the organisation operate (e.g. leadership, strategy, delivery, informal and formal norms, internal relationships, etc.)?
- How can performance be improved (e.g. comparable experiences, benchmarking, recommendations, action plans, etc.)?

When is it useful?

Institutional reviews or organisational assessments may be commissioned by politicians or senior managers who wish to improve policymaking and public service delivery. They can also be required by financial institutions and development partners as part of the design for a programme of support. These reviews assess how organisational performance can be strengthened and whether capacity development assistance could be helpful (e.g. through the provision of technical assistance, training, mentoring, coaching, study tours, equipment, etc.).

Institutional reviews that are highly participative, involving both leadership and staff in the diagnostics and the solution, are more likely to come up with appropriate findings. They can expose the deep causes of underperformance. They can generate concrete recommendations and action plans that have buy-in from those who need to be involved in their implementation.

What are some limitations?

If organisational assessments are too technical or too narrowly focused, they can ignore the wider country or public sector context, and come up with recommendations that are less likely to succeed. For example, they may focus on formal rules and processes rather than how things are actually done.

Some institutional analyses are conducted by external experts who may project their preconceived ideas about how public service organisations perform and how they can improve. As a result, they may suggest solutions that are suboptimal, and that will not lead to better public policies or services.

How can political economy insights be included?

Political economy insights help unpack power dynamics within the external context and inside an organisation. For example, they can reveal that organisational effectiveness is undermined by systemic

clientelism and nepotism across the public service – which may be essential for the wider political settlement and social contract between the state and citizens. Or, by contrast, they can flag how key stakeholders, such as political leaders, may see electoral benefits in improving service delivery, which creates an enabling environment for organisational change.

A politically informed institutional appraisal will help generate a better understanding of what really motivates different stakeholders inside and outside the organisation; the extent to which the proposed organisational reforms are realistic; and how to build on institutional strengths and manage likely challenges.

What are additional resources?

Guidance documents include:

- FCDO guidance on understanding institutional analysis, which explains where political economy analysis can add value.
- FDCO guidance on smart technical assistance, to maximise the capacity development benefits of such external assistance.
- EC guidance on institutional analysis and capacity development.
- An Inter-American Development Bank and International Development Research Centre organisational assessment framework.

Common tools for institutional analysis, functional reviews and organisational assessments include:

- SWOT: an analysis of an organisation's strengths, weaknesses, opportunities and threats.
- PESTLE: a framework to analyse political, economic, social, technological, legal and environmental factors.
- The COM-B model for behaviour change.

About the Thinking and Working Politically Community of Practice

The Thinking and Working Politically Community of Practice (TWP CoP) is a global network of practitioners, researchers and policymakers in development and global affairs committed to promoting more effective policy and practice. The TWP CoP works to foster more politically aware approaches to understand how change happens and why, translate findings and implications emerging from political economy analysis into operationally relevant guidance, encourage more flexible and adaptable ways of working and provide evidence-based insights that can stimulate innovation, sharing and learning in international development and global affairs.

The TWP CoP is funded by the UK Foreign, Commonwealth & Development Office and hosted by the International Development Department at the University of Birmingham.

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