

U4 Expert Answer



Political economy analysis of anti-corruption reforms

Query:

We are looking for case study examples of where political economy analysis has been undertaken to inform different types of development interventions e.g. public sector reform, health sector programmes, other service delivery activities etc. So, on anti-corruption, my question is whether there are any examples of where donors have explicitly sought to understand the political incentives and interests behind patronage/rent-seeking with a view to developing programmes which are attuned to these realities? This implies going beyond a standard technical analysis of what the principal sources of corruption are, to understanding better questions around the "how" and the "why" - with a view to developing more effective anti-corruption strategies.

A more specific question might be: to what extent has political economy analysis been used to inform the design and implementation of Anti Corruption Agencies? Are there any examples of best practice we can point to?

Purpose:

We're currently putting together a How To Note on Political Economy Analysis for our agency staff.

Content:

- Part 1: The Methodology of Political Economy Analysis**
- Part 2: Examples of Political Economy Analysis of Anti-Corruption Reforms**

Part 3: The Outcome of Political Economy Analysis

Part 4: Further Reading

Appendix: Donors' Experience of Political Economy Analysis

Summary:

In an effort to understand factors affecting the political will for reforms, donors have started looking at the potential of using political economy analysis to analyse the underlying context of developing countries, factors

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Date: 6 January 2009

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and processes that promote or block governance reforms. Initiatives such as DFID's Drivers of Change or SIDA's Power Analysis reflect this emerging trend. In the field of governance and anti-corruption, an increasing number of studies supported by the World Bank, the Netherlands or USAID adopt a similar approach to understanding the formal and informal dimensions of economic and political processes that are likely to affect the success of anti-corruption reforms. While these studies have generated a wealth of knowledge, the challenge remains to incorporate the findings into operational work and use them to inform the development of effective anti-corruption strategies.

Part 1: The Methodology of Political Economy Analysis

Donors have increasingly come to realise that direct interventions aimed at establishing or strengthening existing anti-corruption institutions have failed to bring the expected results, as the political will to effectively tackle corruption is often lacking in developing countries. Using political economy analysis may help understand the patterns of incentives that lead local political actors to support or resist change. In recent years, a number of donor driven initiatives have moved in this direction and attempted to explain the underlying reasons for the governance and corruption situation in a given context. They have sought to take into account the social, cultural, and political dimension of policy making by moving beyond more classical organisational and institutional approaches.

What is a Political Economy Analysis?

Generally speaking, political economy analysis is *"concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals; and the processes that create, sustain and transform these relationships over time"*¹. In the field of anti-corruption, the aim of political economy analysis is to promote strategic responses to corruption, based on a more sophisticated understanding of the enabling environment for governance and anti-corruption reform.

Political economy studies supplement standard assessment methods with thorough diagnostics covering both formal and informal aspects of economic and political processes. They strive to identify reform opportunities and threats by providing an in-depth analysis of the factors, structures, formal and informal institutions that shape the incentives and behaviours of political actors. They may also explain weak governance, lack of political will for reform and poor development outcomes. In doing so, they provide a more systematic framework to take into account the incentive structure, power relationships and the structural and institutional factors underlying resistance to change in the design of anti-corruption strategies.

Among other objectives, political economy analysis aims at:

- Informing the policy planning process;
- Improving the quality of engagement and influence with partner governments;
- Analysing the risk of interventions and suggesting ways of mitigating these;
- Strengthening harmonisation processes with other donors.

Key Elements of Methodology

Although using such approach is relatively recent, an increasing number of donors have undertaken country by country (and/or sectoral) studies that include elements of political economy analysis as part of their country assessment plans. DFID's Drivers of Change (DoC) or SIDA's Power Analyses are examples of such innovative approaches. Multilateral donors such as the World Bank or the Inter-American Development Bank have also gained considerable expertise in this area. (Please see appendix).

Each donor uses different methodologies and conceptual frameworks to conduct such analysis, but there are common denominators between the various approaches. They all explore to some extent the link between political factors, economic conditions and institutions, including an historical account of the state's formation. They focus on the formal and informal factors affecting the political will or lack thereof, striving to analyse more strategically how change occurs in a given context.

Although not specifically focused on corruption, some lessons can be drawn from donors' experience of using

1

http://www.oecd.org/document/8/0,2340,en_2649_34565_37957768_1_1_1_1,00.html

political economy analysis to design their policy interventions at country level. A review of the use of Power and Drivers of Change Analyses commissioned by the OECD DAC Network on Governance in 2005 highlights key findings that can help identify best practices in using a political economy approach. (Please see: <http://www.gsdr.org/docs/open/DOC82.pdf>).

Scope of the Studies

There are considerable differences across donors in the resources allocated to the studies, their scope and methodology, reflecting different operational concerns and perceptions. For example, the World Bank studies consistently involved extensive field work while other studies primarily relied on literature review and local consultants.

The methodology used to conduct political economy analysis may be customised to reflect varying reform agendas across donors and the specific political, institutional and economic situation of each country. However, there are important aspects of the political economy approach that cut across most donors, sectors and countries. In terms of methodology, it is generally accepted that privileging a multidisciplinary approach using a combination of different methods and data – both of quantitative and qualitative nature- is likely to enhance the depth of the analysis and understanding of the political economy of the reform process. In terms of content, all studies cover to some extent - even though in varying forms – a systematic analysis of stakeholders, institutions, impacts, risks and opportunities, using a wide range of tools and methods:

Stakeholder analysis

A political economy analysis typically includes a mapping of key stakeholder groups and their relation and influence over the policy process, with the view to identifying factors, incentives and actors that are likely to support or oppose the reform process. Incentive arising from the international community and aid assistance practices can figure in this analysis.

Analysis of the broad political context

Factors shaping the major features of a political system such as territorial integrity, history of state formation, sources of revenues, social and economic structures are important to consider, from both an historical and contemporary perspective.

Analysis of formal and informal institutions

Reforms that are not firmly rooted in local culture and institutions generally fail to trigger local ownership. A political economy analysis usually looks at the dimensions of the political system that affect the quality of governance, including formal and informal institutions and factors, nature and extent of political competition, distribution of powers between the various groups of society, etc.

Identifying and managing risks

Risk assessment is an essential part of a political economy analysis of reforms, with a special emphasis given to the potential losers and winners of the reform process. Assessing the potential impact of reforms on various groups of society may be an important dimension of this exercise, as policy change may affect different socio-economic groups differently and trigger tension, conflicts and resistance to change.

The Process of Conducting Political Economy Analysis

The process of conducting the analysis is an important dimension to consider, as it is likely to affect both the quality of the results and the ultimate outcome of the exercise. This includes strategically considering who should ultimately initiate and conduct the exercise.

Initiation of the process

Most of the political economy analyses reviewed by the OECD report have been initiated at the country level to support the design of country strategies and programmes, which helps make the findings operational. The experience of the World Bank differs in this regard, with most of the political economy studies in Africa having been initiated from the headquarters, with direct implications on ownership of the process by the country offices.

Local expertise

Sida's experience of power analysis suggests that political economy analyses should primarily rely on local expertise for quality and ownership reasons. The agency recommends, as a matter of principle, that studies about deep rooted conditions, structures and actors be done by local experts and researchers to the largest extent possible. It further emphasises the need to create local arenas for political debate and facilitation of local analysis and understanding. The agency routinely conducts Focus Group Discussions or peer group consultations within the framework of the power

analyses. Another approach can consist in establishing a reference panel of individuals to validate the findings and provide guidance on how to handle sensitive issues.

Stakeholder participation

Involving key stakeholders, wherever possible, is increasingly seen as an important part of the political economy analysis process. Broad based participation of stakeholders, including representatives of government, civil society, parliamentarians, the media, etc. can help promote ownership and build momentum for reform. This approach can also minimise the risks of controversy when findings are disclosed. However, such approach can also introduce possible bias and suppression of findings.

Coordination with other development partners

There is also scope for harmonisation and coordination of donor approaches in conducting political economy analyses. Although differing purposes for undertaking the studies and resistance to share the findings may hamper effective coordination of efforts in practice, conducting joint studies can be done to promote harmonisation, limit duplication of efforts and reduce demands on partner country resources.

Part 2: Examples of Political Economy Analysis of Anti-Corruption Reforms

To date, political economy analyses have been mainly used by donors to understand the nature of the social, economic and political processes at the country level. Within this framework, corruption and elite capture are recurring themes identified as part of the risks associated with reforms across developing countries. In principle, donors' political economy analysis methodologies conducted at the country level can also be applied at sectoral level to identify drivers and inhibitors of change. In the area of anti-corruption, donors are increasingly trying to understand the underlying factors affecting the political will for change and the effectiveness of specific anti-corruption reforms.

However, there are only a few examples where political economy analysis has been explicitly used to inform the design and implementation of anti-corruption agencies at the country level. While containing to some extent elements of political economy analysis, most studies looking at these issues tend to be conducted as part of

an evaluation exercise of implemented reforms. Their major contribution has been to go beyond the assessment of performance and effectiveness and provide a more comprehensive and in-depth analysis of the factors explaining the success or failure of specific anti-corruption reforms.

The World Bank Experience

The World Bank, for example, commissioned a study on experience made with anti-corruption agencies (ACAs) in 2002. This study examined in depth the operations of anti-corruption agencies in Argentina, Malaysia, Tanzania, the United States, Hong Kong, Singapore, and India, focusing on identifying key determinants of performance in various contexts. These variables include factors associated with the conditions of establishment of the body, the strategic focus of the ACA (or lack thereof), the accountability and independence of the body, staffing and other resources. In terms of findings, the study concludes that setting up ACAs should not be the first recourse to anti-corruption and be considered only after sufficient political consensus has been achieved. Careful analysis is also needed to define core issues such as mission, jurisdiction, powers, selectivity, relationships, resources and accountability. When such issues are not adequately addressed, the country should be encouraged to consider alternatives. (Please see: <http://www1.worldbank.org/publicsector/anticorrupt/feb06course/summaryWBPaperACagencies.pdf>).

Another study published in 2004 builds on this initial work and analysis, through the case studies of Hong Kong, Singapore, New South Wales, the United States, and other country experience. It evaluates the factors that drive leaders to allocate scarce resources to establish anti-corruption commissions despite a mounting body of evidence that they fail to reduce corruption. The study looks at the nature of incentives behind the establishment of anti-corruption commissions as a key determinant of their success or lack thereof. While being reluctant to enact reforms that may threaten domestic interests or constituents, ACAs have too often been a placative response of governments in developing countries to international calls for reform. This study finds that failures to reduce corruption through the establishment of an ACA can be explained by five major variables, including 1) the

² Please contact the Helpdesk for a full copy of the review.

absence of laws necessary for its success; 2) the lack of independence from interference by the political leadership; 3) the lack of clear reporting hierarchy; 4) the absence of oversight committees; and 5) the size of the country³. (Please see: <http://siteresources.worldbank.org/WBI/Resources/wbi37234Heilbrunn.pdf>).

At sectoral level, the World Bank is also exploring ways to include political economy issues in dialogue with partner countries. In the extractive industry sector for example, the Bank is seeking to strengthen political economy analysis to address the resource curse. As part of this effort, a two year project has been launched to conduct a cross-country diagnostic of main governance and political economy challenges of resource rich countries. Against this background, the Bank held a workshop in October 2008 to refine the framework to analyse political economy challenges in resource rich countries in each of the stages of the value chain of resource management, from their extraction to their use. This analytical framework looks at the main stakeholders, political economy drivers, vulnerabilities and institutional arrangements that shape the governance structure of the various pilot countries. Planned country studies include DRC, Ghana, Guinea, Mauritania, Nigeria, East Timor, Mongolia and PNG, whose completion is anticipated in spring 2009. (Please see: <http://blog-pfm.imf.org/pfmblog/2008/11/strengthening-p.html>).

The *Many faces of Corruption* published in 2007 by the World Bank uses a similar approach to track corruption vulnerabilities at the sectoral level, looking at area specific problems and solutions, using the value chain approach to sector analysis. This book provides an in-depth analysis of the corruption risks that may arise at the various points in the programme cycle and a detailed roadmap with relevant indicators that warn of possible problems at the various stages of the process. It includes sectoral analysis on health, education, forestry, roads, electricity, oil and gas, and water and sanitation, as well as on the cross-cutting area of public financial management. (Please see:

http://www.igac.net/pdf/publications_adb_manyfacesofcorruption.pdf).

The USAID Democracy and Governance Assessments

The Democracy and Governance Assessment is a framework designed by USAID for assessing the state of democracy and governance in a country, and the prospects for their improvement. (Please see: http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/dg_office/assess.html). This framework aims to inform a strategic analysis of how best to promote democracy and good governance. The assessment focuses on critical contextual aspects of countries' political economy and institutions that may enable countries to advance the governance agenda, including the fight against corruption. The assessment framework is divided into four steps:

- An analysis of the kind of political 'game' that characterises the country;
- A more specific analysis of actors, interests, resources, and strategies leading to an understanding of how the political 'game' is actually being played in the country.
- An analysis of the institutional arenas (legal, governmental and civil society) in which the 'game' is played.
- The interests and resources of the donors, including USAID.

Such methodology has been more specifically applied to corruption related issues in countries such as Mozambique and Mongolia. The purpose of these assessments was to provide a comprehensive analysis of the state of corruption in selected countries that take into account "*the political-economic context that facilitates or inhibits corruption, the legal/regulatory/oversight framework that can control corrupt tendencies, the constituencies for and against reform, ongoing anti-corruption programs, and entry points for appropriate anti-corruption initiatives*".

The Mozambique report indicates that corruption thrives for a variety of reasons including the lack of accountability of government to the citizens or to the law, the lack of independent oversight from the National Assembly, the weaknesses of the judicial system, and a lack of transparency. Laws and regulations provide a framework for good

³ Hong Kong and Singapore, often considered success stories, each have substantial populations living in a small geographic area.

governance, but few control mechanisms are established to ensure that these frameworks function honestly, transparently and effectively. *Grand corruption* at the elite level further undermines the political will for reform while low pay and poor conditions of service provide incentives for corrupt behaviour. The study concludes that tangible political commitments from high-level government officials, significant changes in business-as-usual, and a clear and unified message from international donors to the government are needed to effectively address corruption.

(Please see: http://maputo.usembassy.gov/uploads/images/q3naBGGSYz8BsCXguSD5Pw/Final_Report-Mozambique__Corruption_Assessment-without_internal_rec.pdf)

The U4 Case Studies Series

Within the framework of the U4 Anti-Corruption Resource Centre, U4 partner agencies have also supported a series of analytic studies on corruption reforms with the view to promoting an informed approach to anti-corruption policy making. Many of these studies include elements of political economy analysis. The following reports are examples:

Measuring Success in Five African Anti-corruption Commissions (2005)

This report analyses the political, economic and social drivers and inhibitors of the success of Anti-Corruption Commissions (ACAs) in five African countries, namely Ghana, Malawi, Tanzania, Uganda and Zambia by looking into factors such as the overall governance context, the role of donor and recipient governments and the performance of anti-corruption agencies.

The findings emerging from this study indicate a lack of synchronicity between the needs, aims, motivations, capacities and expectations of the various players. This leads to a lack of coordination, complementarity and confidence between governments, donors and anti-corruption commissions. This approach helped uncover the role of donors in promoting the success and failures of ACAs as the missing link in previous studies of ACAs. (<http://www.u4.no/themes/aacc/finalreport.pdf>)

Anti-Corruption Policy Making in Practice: What Can be Learnt for Implementing Article 5 of UNCAC? (2007).

This report analyses the experience of anti-corruption policy making in six countries. It examines in depth how national anti-corruption policies or strategies have

come into being in Georgia, Indonesia, Nicaragua, Pakistan, Tanzania and Zambia. From a public policy perspective the authors look specifically at the catalysts and driving forces of reform, how reforms were selected, prioritised and implemented, and finally, what role development partners played in the overall process. It is based on an extensive literature review, empirical research through in-depth countries case studies, as well as the concluding analysis of what can be learnt from this experience.

In terms of contents, the study recognises that anti-corruption approaches cannot be confined to technocratic solutions only and emphasises the inherently political nature of anti-corruption reforms that is too often ignored by policy makers. It identifies the wide variety of actors involved in the policy-making process with multiple, often conflicting and at times changing political objectives that can complement, strengthen, or compete with each other. The approach of the study allows looking at anti-corruption policy making as a non-linear model where implementation goes beyond simply putting government documents into practice. It concludes that anti-corruption reforms cannot be conducted in isolation from other public sector reforms in an ad-hoc and uncoordinated manner and should rather be embedded into broader coordinated governance reforms. (<http://www.cmi.no/publications/file/?2914=anti-corruption-policy-making-in-practice>)

Fighting fiscal corruption: Lessons from the Tanzania Revenue Authority (2003)

This paper provides an in-depth analysis of the politics of corruption in the tax administration of Tanzania, striving to explore in greater detail factors that may explain the pattern of corruption within the TRA. It is based on a combination of informal sources of information collected during fieldwork, including official reports and data on tax revenues; available grey literature produced by the various stakeholders; and interviews with key informants. The article looks at the state of affairs in the tax administration in Tanzania prior to the establishment of TRA, the factors identified as crucial in explaining the extent and types of corruption in the tax administration, and the process and results of administrative reforms. It concludes by examining lessons learned from this case study which could benefit future reform of tax administrations in poor countries.

It draws two major lessons from this analysis. Firstly, even with relatively high wages and good working

conditions, corruption may continue to thrive. In a situation where there is high demand for corrupt services, it is unrealistic to provide tax officers with pay rates that can compensate for the amount gained through bribery, especially without extensive and effective monitoring. Secondly, hiring and firing procedures may lead to more corruption. Corrupt tax officers often operate in networks, which also include external actors. These corruption networks seem to have been strengthened because many of those fired were recruited to the private sector as 'tax experts'. This partly explains why the positive process experienced in the initial phase of the new revenue authority was later reversed. (<http://www.cmi.no/publications/file/?1532=fighting-fiscal-corruption>).

The Netherlands Approach

The Netherlands Ministry of Foreign Affairs has also recently developed a new approach to governance and corruption analysis called the "Strategic Governance And Corruption Analysis" (SGACA). The SGACA provides a framework to help analyse the governance and corruption climate of a country according to context-specific criteria. It captures "*the informal, societal and sometimes intangible reasons for the governance situation*", striving to identify what really drives political behaviour in a given country, with the aim of designing strategic responses towards good governance.

(Please see: http://www.clingendael.nl/publications/2007/20071000_cru_occ_unsworth.pdf).

The SGACA has four main components that combine standard monitoring approaches with a "power and change" analysis:

- The **Track Record** consists in standard monitoring work that serves as a basis to the power and change analysis.
- The **Power and Change Analysis** focuses on non formal practices and relationships, seeking to explain the state-society relationships, high levels of corruption, low legitimacy of state institutions, lack of political will, etc. Three sets of factors are addressed, including the major characteristics of a political system, state-society interaction and the interactions of actors in the current context.
- A **workshop** is organised to consolidate the findings and review donor strategies. The workshop is split over two days, the first day being

open to key selected external stakeholders and the second day focusing on designing an appropriate donor strategy for the Netherlands.

- A **Strategic Choices** document summarises the findings and presents the policy choices regarding the governance and anti-corruption strategy for the coming years.

Part 3: The Outcome of Political Economy Analysis

How have the Studies Been Used?

While the above-mentioned examples illustrate the growing trend to look at corruption related issues from a political economy perspective, the challenge remains to incorporate the findings of such analysis into operational work and use them to inform the development of anti-corruption strategies.

SIDA's review of the experience of using Power Analysis in countries such as Kenya, Mozambique, Mali, and Burkina Faso, suggests that the studies had a positive impact at various levels of the programme cycle, from planning, programming, identifying risks and opportunities, and promoting dialogue with the various stakeholders. For example, the Burkina Faso and Mali studies had visible impact on choices within democratic governance, while the process highlighted risks related to ongoing decentralisation reforms. The report concludes that all studies contributed to improving the quality of engagement through a deeper understanding of formal and informal political, economic, social and cultural dynamics, including potential incentives for change and allies. (Please see: http://www.sida.se/sida/jsp/sida.jsp?d=118&a=24300&language=en_US).

In practice, however, beyond knowledge generation, the political economy approach is not yet systematically used as an aid management tool. It has proven difficult to translate the general findings of the studies into specific operational recommendations to improve the effectiveness of aid delivery and development outcomes. Looking back at the DoC approach, DFID confirms this view invoking a number of factors for such a disappointing outcome: "*There are fewer instances however of the way in which the Drivers of Change studies have altered the shape and nature of our programmes. The reasons for this include: the newness of the Drivers of Change Approach; the scale, range*

and complexity of the issues to be considered (the number of factors highlighted in each country ranges from 9 to 18), and ongoing contract obligations, underlined by DFID commitment to greater predictability"

(<http://www.gsdr.org/docs/open/DOC83.pdf>)

The OECD is also very cautious about the potential impact that such approaches may have on aid effectiveness. In a review of its experience with capacity development, the organisation explicitly state that an improved understanding of the institutional context using approaches similar to political economy analysis will not necessarily result in doing things differently at the country level. Such approaches may "only have the limited impact of documenting the fact that simple fixes or massive injections of external resources may have negligible effects on development and capacity outcomes".

(<http://www.oecd.org/dataoecd/4/36/36326495.pdf>)

The review of the use of Power and Drivers of Change Analyses commissioned by the OECD DAC Network on Governance in 2005 concludes that these studies have been mainly used by those who commissioned them to promote internal learning and develop a deeper understanding of the impact of the political and institutional context on the reform process. There is some evidence of their positive impact on country strategies and programmes, as the knowledge generated through the process of conducting such studies is becoming institutionalised and beginning to influence donor policies. However, in spite of these positive trends, the studies have rarely been used in dialogue with external stakeholders and their operational implications, too often, remain rather limited. (Please see: <http://www.gsdr.org/docs/open/DOC82.pdf>).

The Dissemination of Findings

The potential impact of these kinds of studies is also determined by varying dissemination practice of the findings. Practices on disseminating the findings vary between donors. In some case, studies have been embargoed at country level while, in other cases, they have been translated in the local languages and widely disseminated. However, the most common practices seems to make studies available only to selected contacts without systematic distribution, limiting the potential impact and outreach of generated knowledge. The World Bank, for example, has conducted a relatively wide range of political economy analysis, but

most of the studies are internal documents that have restricted circulation.

Part 3: Further Reading

Framework for Strategic Governance and Corruption Analysis (2007)

This paper presents the Netherlands' approach to governance and corruption analysis with the view to assisting embassies to implement this approach, tailored to the country circumstances. It is meant as a practical guide to help structure and analyse existing information that focuses on formal and informal aspects of governance in a particular context.

<http://www.minbuza.nl/binaries/pdf/dossiers/goed-bestuor/sgaca-framework-october-2007.pdf>

Power Analysis – Experience and Challenges (2006)

This position paper was compiled with the purpose of reflecting on lessons learned so far by SIDA in conducting Power Analyses. It includes Sida's experiences as regards process, content, value added, challenges and the road ahead. Experiences were collected through interviews, meetings and a workshop including field as well as headquarter staff.

http://www.sida.se/sida/jsp/sida.jsp?d=118&a=24300&language=en_US

Lessons Learned on the Use of Power and Drivers of Change Analyses in Development Cooperation (2005)

This review compares and contrasts different donor approaches to conducting Power and Drivers of Change analysis and looks at what is being done with the findings, drawing on studies conducted in Bangladesh, Bolivia, Kenya and Tanzania.

<http://www.gsdr.org/docs/open/DOC82.pdf>

Using Drivers of Change to Improve Aid Effectiveness (2005)

In this briefing note, DFID records the progress made with the DOC initiative, including the work done to mainstream the approach and ensure that the knowledge produced is used by both country offices and headquarters.

(<http://www.gsdr.org/docs/open/DOC83.pdf>)

Lessons Learnt – Planning and Undertaking Drivers of Change Study (2005)

This note presents a synthesis of the lessons learnt as a result of the DOC approach that have been

implemented by over 20 DFID country offices.
<http://www.gsdr.org/docs/open/DOC84.pdf>

Appendix: Donors' Experience of Political Economy Analysis

Donors have attempted in recent years to explain factors affecting the political will for reforms by using political economy analysis to analyse the underlying context of developing countries, factors and processes that promote or block governance reforms. Initiatives such as DFID's Drivers of Change or SIDA's Power Analysis reflect this emerging trend. ODI has described a range of tools that have been developed by donors to understand and map the political context with the view to promoting more strategic design of governance and anti-corruption interventions. (Please see: http://www.odi.org.uk/Rapid/Publications/Documents/Political_Context_Toolkit_web.pdf).

The DFID "Drivers of Change" Approach

DFID has pioneered such an approach with its Drivers of Change (DoC) initiative. (Please see: <http://www.gsdr.org/docs/open/DOC59.pdf>). This new approach to development assistance recognises that there are context specific foundational factors that affect the capacity for reform and opportunities for change. DoC has been specifically developed to better understand these specific determinants of change and strives to capture the interaction between economic, social and political factors that support or impede poverty reduction. More specifically, it focuses on the power relationships and the institutional and structural factors affecting the lack of political will at country level.

It is based on a three-part conceptual model, including identifying structures, individual agents, and mediating institutions, with a special emphasis on how to effect change. DoC privileges a flexible framework that sets broad guidelines, resulting in country studies that greatly vary in terms of scope and the resources allocated to the process. Over 20 DoC studies have been conducted in countries as diverse as Angola, Bangladesh, Kirgizstan, Peru, Uganda and Zambia⁴. While not

specifically focusing on anti-corruption reform, DoC reports identify recurring themes across the various reports that are relevant to anti-corruption policy making, including corruption and elite capture, the role of civil society, the media and the importance of political opposition and the middle class.

The SIDA Power Analysis

SIDA's approach to political economy analysis gravitates around issues of human rights, democracy and poverty reduction; formal versus informal institutions and agents, and the importance of process. The power analysis is based on the realisation that issues of power asymmetries, access to resources and influence over politics need to be addressed to reduce poverty. (Please see: <http://www.sida.se/sida/jsp/sida.jsp?d=118&a=24300>).

It seeks to map the informal political landscape with its specific rules and structures, acknowledging elements such as culture, convention, and systems of shared beliefs as key determinants of the local context. Power analysis studies look at the formal and informal power relations and structures including an analysis of actors and interest groups to identify where real power in a society lies, how power is distributed and possible conflicts of interests.

As for DoC, the power analysis framework leaves great scope for adaptation to the specific country circumstances. Power analysis studies have been conducted in countries such as Ethiopia (2003), Kenya (2003), Mali (2004), Burkina Faso (2004), Bangladesh (2004), Tanzania (2005) Uganda (2006), Mozambique (2006) and Sri Lanka (2006).

The World Bank's Governance and Political Economy Programme

The World Bank's Governance and Political Economy Programme also reflects the donors' growing concern to integrate political economy analysis into their way of operating with the view to enhancing the outcomes of their assistance by promoting a better understanding of the political economy contexts in which they operate.

⁴ Country studies that have been made publicly available can be accessed at: <http://www.gsdr.org/go/topic-guides/drivers-of-change>

The programme's main goal is to guide teams to valid options to promote public sector governance and pro-poor growth. Programme activities target project teams and operational staff and include supporting stakeholder analysis to better understand the range of interests affected by proposed reforms and policies. Another aim is to provide training in specific tools to build capacity to conduct political economy analysis. (Please see: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTANTICORRUPTION/0,,contentMDK:20638041~pagePK:210058~piPK:210062~theSitePK:384455,00.html>).

In the area of public sector reform, the World Bank is currently in the process of pulling together a good practice framework on problem-driven political economy analysis. This framework compiles the various tools and methodologies that have been used by the Bank as well as other actors and provides some guidance on key markers of quality work and process-related issues. This framework is intended to be applicable to sectoral issues, including core governance frameworks⁵.

The Inter-American Development Bank Example

In 2006, the Inter-American Development Bank (IDB) published a report on the political economy of public sector reforms in Latin America. (Please see: <http://www.iadb.org/res/ipes/2006/chapter1.cfm?language=English>). The research was based on the realisation that technocratic responses often fail to yield the intended results and that policies' effectiveness depends on the critical processes that shape these policies, carry them forward from idea to implementation, and sustain them over time.

This study identifies the key political economy variables which determine the adoption and implementation of institutional reforms in the Latin American context. More specifically, it looks at the institutional arrangements and political systems at work in Latin America, and their

impact on shaping the roles and incentives of a variety of actors (some of them professional politicians, others members of civil society) that participate in the policymaking process. It then goes on to explore the way in which this process contributes to shaping policy outcomes and examines the political economy of specific countries and sectors.

In the area of anti-corruption, the IDB also tries to understand the political incentives and interest behind corrupt practices by applying different diagnostic tools within the framework of the country analysis process. To do so, the IDB borrows World Bank methodologies such as the Country Procurement Assessment and the Country Financial Assessment. At the project level, the bank also conducts an institutional assessment of the client/executing agency to determine its capacity to manage the project efficiently.

OECD/DAC Network on Democratic Governance

As illustrated by the above examples, there is a wide variety of approaches currently in use by donors. OECD GOVNET has taken the lead in developing and harmonising these new approaches to analyse underlying interests and power relationships in developing countries. As part of this effort, a workshop was held in 2004 on "Sharing approaches to understand drivers of change and political analysis" with the goal of acquainting members with the variety of approaches currently in use and moving this agenda forward in a more harmonised way. (<http://www.oecd.org/dataoecd/24/29/37958077.pdf>).

This process led to the production of a study on lessons learned on the use of drivers of change and power analyses. However, the 2007/08 GOVNET work programme does not include further work on political economy analysis other than informal networking mechanisms.

(http://www.oecd.org/document/8/0,2340,en_2649_34565_37957768_1_1_1_1,00.html).

⁵ The World Bank should be able to share a revised version of the framework with the Helpdesk by the end of January 2009.