



Helpdesk Research Report

Operational models for politically aware subnational government projects

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Question

Identify literature on operational models for designing politically aware projects in subnational government programming. Where possible, identify literature which looks at cost-effectiveness, and literature on Indonesia.

Contents

1. Overview
2. State Accountability and Voice Initiative (SAVI) in Nigeria
3. 'Politically Smart and Locally Led' approach
4. Problem-Driven Political Economy Analysis
5. Case studies of subnational political economy analysis
6. About this report

1. Overview

Research for this report was unable to identify specific literature relating to political awareness for subnational projects, although there is currently research being undertaken on this topic. Consequently, rather than outlining existing operational models, this rapid research report takes a broader focus and identifies approaches and examples that can provide insights into designing an operational model for politically aware projects in subnational government programming. Much of this material emphasises the need for locally-driven processes. Research for this report was unable to find literature on the cost-effectiveness of designing politically aware projects or on subnational politically aware projects in Indonesia.

The key literature relevant for ensuring projects are politically aware relates to the political economy analysis (PEA)¹ approach. However, PEA literature focuses predominantly on analysis to inform national programmes and overall strategy rather than specific projects. These PEAs tend to be undertaken prior to project implementation rather than on an ongoing basis to ensure political awareness. Political awareness may already be an intrinsic part of most programming with practitioners implicitly recognising the need to understand political context even without explicit PEA procedures in programming. There may also be substantial PEA analysis and types of PEA-type processes in projects which are not publicised due to reasons such as political sensitivities.

State Accountability and Voice Initiative (SAVI) in Nigeria

The SAVI programme operates at the state level in Nigeria and implicitly incorporates political awareness. Rather than seeking to deliver public services directly, the programme looks to identify and bring together groups of actors who seek to facilitate reform, and mentor them to implement change. SAVI involves participatory PEA with an initial macro-level PEA followed by a State Drivers of Change Analysis (Derbyshire & Mwamba, 2013; SAVI, 2013). This is followed by a stakeholder analysis and public policy dialogue before the operational phase where SAVI continues to mentor partners to understand and work with the evolving political economy environment. Booth & Chambers (2014) argue that this programme allows politically smart and constructive engagement. Its strengths are, among others, that it has been allowed to be refined and improved over time, and has outputs that are changes in behaviours, attitudes and systems rather than set, tangible outputs.

'Politically Smart and Locally Led' approach

This is an emerging approach which comes out of ongoing work, mostly at the Overseas Development Institute (ODI). Much of this work focuses on the justice sector (though it is applicable to others) and emphasises that interventions should be led by politically astute local actors and not necessarily involving formal PEA tools.

This approach does not have a specific operational model as yet but a number of key themes have been highlighted for an effective operational model. These themes are (Denney & Kirwen, 2014): strategic support to local reformers, selectivity of issues and sectors, purposive muddling, effective recruitment, flexible funding, and long-term results horizons. Booth & Unsworth (2014) argue that for an effective approach key factors include: realistic assumptions, flexible and adaptable results frameworks, unconventional monitoring arrangements, and trust and interest in mutual learning. Other factors include prioritising a greater understanding of country knowledge in recruitment and staff training.

Problem-Driven Political Economy Analysis

This World Bank approach can be applied at a project level and is a generalised process, rather than a specific operational model. The approach involves (Fritz & Levy, 2014): identifying a specific development challenge (which technical analysis alone has failed to solve); analysing why the observed, dysfunctional patterns are present in the political economy; and then identifying ways forward. The analysis in the second stage is essentially a formal PEA and is usually done in advance of the implementation stage.

¹ For further information on definition and types of PEA see: Mcloughlin. (2012). *Topic Guide on Political Economy Analysis*. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/go/topic-guides/political-economy-analysis>

Case studies of subnational political economy

The case studies outlined in this paper use PEAs to understand the political environment to guide choices about programming, rather than to increase political awareness in projects. Most of these PEAs used interviews and focus groups as a methodology.

In the Philippines, the World Bank country office used a PEA analysis to identify the governance risks for different local service delivery projects to inform overall country programming decisions (Matsuda, 2014). A PEA of Mogadishu was used to identify and engage with key actors, to ensure acceptance of programmes and to avoid harmful unintended consequences (Bryld & Kamu, 2012). A local governance PEA in Nepal identified recommendations in relation to improving health and education services, as well as improving governance processes at the local level (Asia Foundation, 2012). A PEA of local governance in Malawi identified key recommendations to strengthen local governance processes (Tilitonse, 2013).

2. State Accountability and Voice Initiative (SAVI) in Nigeria

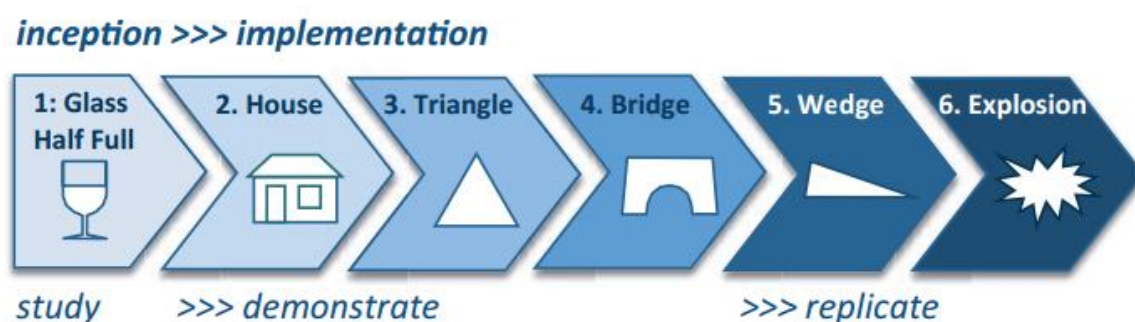
Thinking and Acting Politically: Supporting citizen engagement in governance: The experience of the State Accountability and Voice Initiative in Nigeria.

Derbyshire, H. & Mwamba, W. (2013). London: DFID.

http://savi-nigeria.org/wp-content/uploads/2014/02/Thinking-and-Acting-Politically_FINAL.pdf

This report documents lessons from the experience of DFID Nigeria’s State Accountability and Voice Initiative (SAVI), a state-level DFID programme in Nigeria that provides support to State Houses of Assembly, mass media organisations and civil society organisations (CSOs). The report argues that this programme is succeeding in supporting more responsive state governance, and a sustained pattern is beginning to emerge of constructive engagement between citizens and state governments. SAVI achieves these results through supporting partners to think and act politically. SAVI has applied a participatory political economy approach in which staff and partners are supported to conduct ongoing political economy analyses and update political intelligence themselves. SAVI aims to develop demand-side players who will eventually be able to engage with state government on behalf of citizens without donor support.

Figure 1: SAVI Theory of Change (p.3)



The report outlines SAVI’s Theory of Change with 6 steps:

Glass Half Full: The initial political economy and state drivers of change studies conducted by SAVI staff build their understanding of the local political economy and identify issues that have relevance and interest

across government and citizens. SAVI identify and draw together partners who are able and willing to work together.

House: Mentoring supports partners to help gain the trust and respect of others, and increase their effectiveness. Partners are mentored to: use their collective knowledge and networks as their key resource; build their inclusiveness, responsiveness and accountability to citizens; strengthen their evidence-base to support and advocate for citizen's demands; and to improve their understanding of politics and power relations.

Triangle: Building relationships between groups of citizens, their elected state level representatives and the media helps partners reinforce each other's voices, enhance relationships with citizens, and hold one another to account.

Bridge: Partners are supported to operate in a politically savvy way. This involves understanding the policy, planning and budget processes they are seeking to influence; forging alliances with key government actors; identifying entry points; framing arguments and collecting evidence to influence change; and learning and reflection.

Wedge: SAVI encourages partners to adapt new approaches they have found to be effective to their lobbying work on other issues, in other sectors, and in neighbouring states. One of the programme's wider objectives is for SAVI partners to demonstrate to others how to be involved in governance in an effective and self-sustaining way.

Explosion: In the long-term the programme aims for partners and others to create and make use of opportunities for constructive engagement with state governments without SAVI or other external support.

Participatory Political Economy: Supporting partners and staff to think and act politically

SAVI. (2013). SAVI Approach Paper No 4.

http://savi-nigeria.org/wp-content/uploads/2013/10/SAVI_ApproachPaper4_Web.pdf

This paper outlines the use of PEA to be politically aware in programming. There are two phases: (i) an inception phase where PEA is undertaken by SAVI state teams with support from political scientists; and (ii) an operational phase where partners are supported by SAVI state teams to think and act politically. This operational model is broken down as follows:

(i) Inception phase: supporting staff to think and act politically

Macro level PEA: Local political scientists support SAVI state teams to carry out macro state-level PE analysis. Factors identified through the analysis include: issues and actors that have traction with state government leadership; state expenditures; sectors favoured by key actors; influences and incentives for decision-making. The analysis focuses on (i) the political and economic history of the state (power relations, influences, means to achieve and sustain power, implications for use of institutions); (ii) key structural features, formal and informal institutions and agents presently shaping the state at various levels and sectors; and (iii) implications for change (the reform climate; resource availability; space, voice, security, accountability and legitimacy issues).

State Drivers of Change (S-DoC) analysis: SAVI state teams drill down from the macro level of the PEA of the state to the level at which SAVI’s potential partners operate. This looks at sectors, sub-sectors, service delivery issues and the governance processes affecting them. During these studies state teams draw on and build their own contacts and networks amongst civil society, government, media, academia and the private sector.

Stakeholder analysis: Mapping relevant civil society actors, the media and elected representatives in the State Houses of Assembly. The analysis looks at levels of power; interest and influence; their inter-relations and alignments; and their potential for cooperation or threat with the related issues.

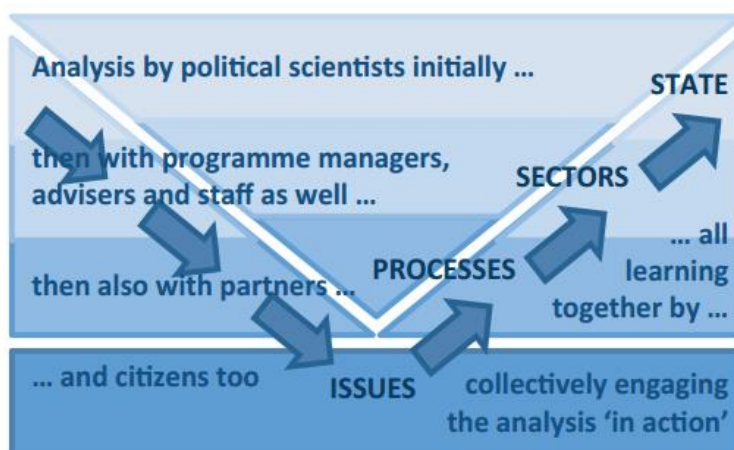
Public policy dialogue: Public debate over the issues that show greatest potential for collective action between government and civil society, to assess their level of traction with citizens. This can involve interactive public media such as radio phone-ins and open public meetings.

(ii) Operational phase: Supporting partners to think and act politically

A participatory political economy approach: Through mentoring, SAVI state teams help partners to see the formal and informal, visible and invisible ways that power operates in the immediate context of their issue, and to use these insights to inform their planning on a continuous basis. Partners have flexibility to adapt their strategy as their political economy understanding grows, and as the power dynamics shift.

Engaging partners in PEA: Support to partners on understanding the current political economy environment continues. At the same time SAVI staff learn from their partners’ experience and insights to revisit and revise their own political economy understanding.

Figure 2: Overview of Participatory Political Economy Approach (p.4)



The SAVI programme in Nigeria: Towards politically smart, locally led development

Booth, D. & Chambers, V. (2014). London: ODI.

<http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9203.pdf>

This paper examines the experience of SAVI and assesses in in relation to it being a form of politically smart and locally-led development. In contrast to many governance programmes which have citizens ‘hold governments to account’ through stand-alone ‘demand-side’ initiatives, the authors argue that SAVI is an example of a programme which allows politically smart, constructive engagement across the state/non-state divide.

SAVI has been able to build the capacity of state-level actors to promote action on locally salient but politically tractable issues, mainly in the fields of education, health and state budgeting. The paper notes that the programme itself keeps a low profile, with programme staff who are local to, or from the state, providing mentoring and support to other stakeholders, including government staff, to work together to resolve issues of shared concern. The background to the approach is that the programme team adopted and adapted a model of facilitated multi-stakeholder engagement that was successfully applied in natural resource and livelihood projects in northern Nigeria between the late 1990s and the mid-2000s.

The paper argues that capacity development of state-level organisations and partnerships is based on a self-assessment scheme that builds on intrinsic motivation, collective action and constructive engagement with other players. The outputs in the programme logframe are about attitudes, behaviours and systems, and SAVI collects retrospective stories about changes in government policies and their implementation that are attributable to the approach.

The authors argue key conditions for its success are an intelligent approach to the initial design, which gave an experienced programme team space to elaborate and refine their model. The willingness of successive advisors and Heads of Office to allow the programme to adopt a low level of 'branding' and visibility has been important. The partners are not provided with funding directly which prevents creating perverse incentives. It has also been important to accept that impacts would need to be judged retrospectively, rather than on the basis of a pre-programmed delivery schedule.

3. 'Politically Smart and Locally Led' approach

Politically Smart and Locally Led Justice Programming: Learning From Other Sectors

Denney, L. & Kirwen, E. (2014). Issue 7. Just Development. Washington D.C.: World Bank.

http://siteresources.worldbank.org/INTLAWJUSTINST/214578-1391192925997/23626694/Just_Development_Issue_7_FINAL.pdf

This briefing, drawing on workshop discussions, outlines what politically smart, locally led programming would entail. The brief emphasises that none of the suggestions outlined are a panacea and that despite working in these ways programming will still be challenging. The briefing focuses on access to justice but provides insights relevant to other sectors.

Though there is not a specific operational model the briefing highlights common themes so as to make a 'politically smart and locally led' approach operational. The briefing emphasises that this not conclusive list but prominent emerging themes. These themes are:

1. **Strategic support to local reformers:** This involves working closely with, and usually embedded within, partner governments or organisations. This helps practitioners to build greater trust and understanding of the partner and their operating environment.
2. **Selectivity of issues and sectors:** Working on issues or sectors only where effective staff are in place and the timing is right for change.
3. **Purposive muddling:** Making numerous 'small bets' as opportunities arise to address multiple angles of the same problem. The briefing emphasises the need for greater risk tolerance because as bets are small, this allows for shortened feedback loops and regular learning and adaptation.

4. **The 'right people'**: Staff need high levels of flexibility and excellent people skills. Local recruitment is prioritised and a large degree of responsibility is delegated to those on the ground.
5. **Flexible funding**: Funders must be flexible with fast and simple procurement processes that allow for quick mobilisation. The briefing recommends a large amount of central funding that is not linked to specific outputs identified upfront.
6. **Long-term results horizon**: Success would be judged by broad, often unpredictable and long-term outcomes, rather than overly prescriptive outputs. The briefing emphasises patience, a high degree of trust between funders and implementers, and an acceptance that there will be failures as well as successes.

The briefing outlines a number of implications for ways of working. **For funders** it is important to: be realistic about objectives, be adaptable in terms of operational modalities, mitigate risk, create partnerships between funders and implementers, and to be creative about funding modalities. **For country level implementers** it is important to: focus on the problems, not just the sector; be realistic about what can be delivered; be politically savvy and have politically savvy staff; build trust with local counterparts; not focus on money (despite disbursement pressures); and to invest in small bets.

Politically smart, locally led development

Booth, D. & Unsworth, S. (2014). London: ODI.

<http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9204.pdf>

This paper outlines seven cases of aid-funded interventions that show how donors have been able to facilitate developmental change through adopting a politically smart, locally led approach. This involved adapting the way they worked in order to support iterative problem-solving and brokering of interests by politically astute local actors. The authors argue that thinking and working politically does not necessarily involve formal political analysis tools (e.g. Drivers of Change, Problem-Driven Political Economy Analysis) or need donor staff themselves to act in a radically different way. Furthermore the interventions do not necessarily have to have political change as an objective.

Key impediments to a politically smart, locally led approach are: approaches that are aid-centric rather than problem focused; project designs that over-specify inputs and expected outputs; timetables and spending targets that allow insufficient time for iterative learning; inflexible and risk-averse procedures that inhibit experimentation and strategic use of opportunity; and administrative expenditure constraints and high staff turnover, which prevent the acquisition of in-depth political knowledge and the application of skills (p.24).

The authors argue that the tension between a need for flexibility at the implementation level, and the need for aid budget holders to demonstrate control, can be managed. This would be through creating **realistic assumptions, flexible and adaptable results frameworks**, a willingness to rely on **unconventional monitoring arrangements**, and sufficient **trust and interest in mutual learning** between funders and implementers. Unconventional monitoring can be forms of informal monitoring, monitoring of changes in relationships and capacity, and self-assessment systems with peer review. The paper highlights the case of the Philippines where there was informal interaction between the front-line team and the funders, brokered through an intermediary which allowed a model of 'peer review and challenge'.

In terms of donor agency changes the paper suggest that donor agencies could better **prioritise in-depth country knowledge and experience**, in addition to technical knowledge in recruitment, as well as **keeping staff in post longer**. They could encourage staff to **invest in understanding local context** through formal analysis as well as by building relationships and networks. They could **give them flexibility to define and**

redefine outputs and outcomes as their knowledge of specific challenges increases. They could support the development of **more systematic learning mechanisms** and **less prescriptive monitoring practices**. They could **avoid** setting **unrealistic spending targets** or requirements to achieve **short-term, pre-defined results**. The authors argue that “donors need to adapt and change if they are to remain relevant in an aid environment that is increasingly competitive and unpredictable, and subject to (often unfriendly) scrutiny” (p.27).

4. Problem-Driven Political Economy Analysis

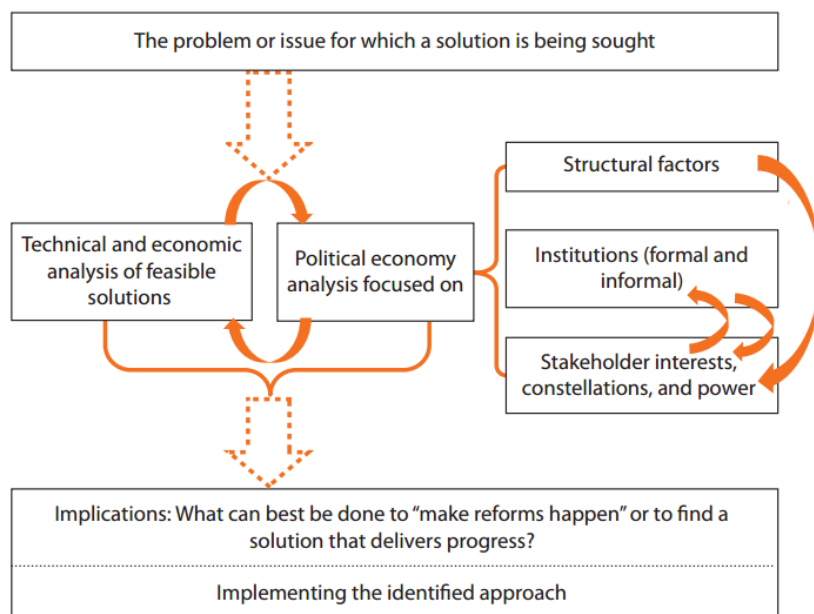
Problem-Driven Political Economy in Action: Overview and Synthesis of the Case Studies

Fritz, V. & Levy, F. (2014). Chapter 1 in Fritz, V., Levy, B. & Ort, R. (eds). Problem-Driven Political Economy Analysis: The World Bank's Experience. Washington, DC: World Bank.

<https://openknowledge.worldbank.org/handle/10986/16389>

This chapter outlines and models the World Bank Problem-Driven Political Economy Analysis approach. This approach was designed so that it can be applied at the country or sector level, or used to inform a specific project or operation.

Figure 3: Layers and Key Aspects of Problem-Driven Political Economy Analysis (p.5)



The problem-driven approach broadly comprises three steps:

Identify a specific development challenge: This is often one where technical analysis and engagement by themselves have failed to gain operational traction. The challenge can be narrowly focused such as what to do about teacher absenteeism, or about improving electricity provision. The problem could also be framed more broadly, such as how to pursue health sector reform or how to promote a good business environment.

Analyse why the observed, dysfunctional patterns are present: This looks at the political economy drivers and covers: (a) relevant structural factors that influence stakeholder positions; (b) existing institutions, including institutional dysfunctions that channel behaviour, as well as ongoing institutional change; and, (c) stakeholder interests and constellations.

Identify ways forward: This includes how to initiate change and can include recommendations to help identify potential entry points and ways to engage. Such recommendations should be clear about risks and offer options and positive ways of engaging with political economy drivers. These options may include how to identify the areas with the greatest potential overlap between political incentives and policies that foster development progress, how and with whom to engage to expand opportunities for progress, or how to increase the prominence of certain policies on a government's agenda.

5. Case studies of subnational political economy analysis

Philippines

Strengthening Local Service Delivery in the Philippines: The Use of Political Economy to Craft Bank Operational Strategies

Matsuda, Y. (2014). Chapter 9 in Fritz, V., Levy, B. & Ort, R. (eds). *Problem-Driven Political Economy Analysis: The World Bank's Experience*. Washington, DC: World Bank.

<https://openknowledge.worldbank.org/handle/10986/16389>

This chapter outlines the use of the Problem-Driven Political Economy Analysis² approach to improve local service delivery in the Philippines. The World Bank's Philippines Country Team (CT) began a procedure, called a Pre-Identification Note (PIN) review which involves a discussion of anticipated governance-related risks to the proposed project before this formally becomes part of the CT portfolio. At the PIN stage, the team proposing a project will have identified key parameters of the proposed project such as the sector, or the broad development objective, but also the risks related to the sector and the agency. The PIN reviews are expected to screen out project proposals that are deemed too risky from governance perspectives.

Some PINs used background political economy analysis (PEA) studies to inform their governance risk assessments but much information came from tacit knowledge of the team members who typically have years of engagement in the sector. Some team leaders willingly sought support and advice from the Manila-based World Bank governance team to conduct background political economy studies to better inform their project identification, whereas other teams conducted discussions on governance risks without a systematic study on political economy constraints.

The author argues that the limited use of political economy studies reflects that findings from PEAs can remain challenging to integrate into the operational approaches developed by sector teams for a variety of reasons. In those cases where background studies were conducted, the additional insights did enrich the

² For more information on this approach see section 4 or: Fritz, V., Kaiser, K., & Levy, B. (2009). *Problem-driven governance and political economy analysis: good practice framework*. Washington D.C.: World Bank. <http://hdl.handle.net/10986/16777>

PIN review discussions and lead to more strategic decisions by the country director. Those decisions included delaying the project and delaying adjustments to operational design. The author notes that the systematic incorporation of explicit political economy considerations still faced internal incentive barriers in relation to World Bank operations.

The findings of the analyses pointed to the widely recognised problem of design flaws in local government revenue and expenditure, and revealed that politicians' incentives were not aligned directly with objective needs of communities. A promising entry point to strengthening local governance may be to support strengthening the local government's incentives for service delivery within the existing fiscal framework. Political risks are significantly higher in the roads sector in particular, and any intervention requires a careful and creative mix of additional accountability mechanisms to restrain opportunistic behaviours that some politicians may display.

Somalia

Political Economy Analysis in Mogadishu

Bryld, E. & Kamau, C. (2012). Community-Driven Recovery and Development Project. Final draft report. Tana Copenhagen ApS.

<http://tanacopenhagen.com/uploads/Political%20Economy%20Analysis%20of%20Mogadishu%20-%20full%20report.pdf>

This paper covers the PEA in Mogadishu undertaken by the Community Driven Recovery and Development (CDRD) project. This district-based PEA was to identify avenues for CDRD implementation in the city and in happened in two phases. The first phase focused on the local level/community structures in all of Mogadishu, with the objective of identifying the most suitable districts for CDRD implementation. The second phase was a more in-depth analysis of the three districts identified in the first phase to identify entry points for CDRD in the three districts and ensure a minimum of 'Do No Harm' in the CDRD approach.

There was no operational model as such and the methodology involved a standard PEA process of interviews with key decision-makers at local level as well as citizens of Mogadishu to triangulate perceptions of political economy structures, actors, and dynamics. The study finds that more informal structures have a higher degree of legitimacy at local level, and it is important to bring them on board to ensure acceptance of the programme, and to limit conflicts in the CDRD communities and districts.

Nepal

Political Economy Analysis of Local Governance in Nepal with special reference to education and health sectors

Asia Foundation. (2012). Kathmandu: The Asia Foundation.

<http://asiafoundation.org/resources/pdfs/analysislocalgovernancenepal.pdf>

This political economy analysis report looks at the impacts of Nepal's Local Self-Governance Act 1999, the evolution of local governance in Nepal and its effect on the health and education sectors. The study itself involved a literature review of policy documents, research papers and media coverage of the state of local governance in Nepal. This was followed by a selection of districts and then a series of focus groups and interviews. The report includes recommendations for practical and policy interventions for improving local

governance, education and health. These recommendations are to pursue development outcomes rather than to achieve specific project outcomes.

Malawi

Report for a Political Economy Analysis of Local Governance in Malawi

Tilitonse. (2013). Lilongwe: DFID Malawi.

<http://tilitonsfund.org/wp-content/uploads/2013/05/Final-Local-Governance-Report.pdf>

This rapid study on the political economy analysis of the local governance system in Malawi focused on the Ntcheu and Lilongwe districts. This study took a quantitative approach using focus group discussions and in-depth interviews to collect the data along set questions. The samples were made up from local leaders, chiefs, community members, district council officials, local government officials and CSO/NGO officials. The study looked to identify: who are the key stakeholders in local governance in Malawi; what are the interests of these key stakeholders in effective local governance in Malawi; what are the formal and informal institutions that are prevalent in local Governance in Malawi; what are the key issues that are negatively affecting local governance in Malawi; and what actions are necessary to be undertaken in order to improve local governance in Malawi from its current status.

Based on the findings, the study outlines a number of recommendations including strengthening of the local governance legal and policy framework and training 'duty bearers' (e.g. MPs, Councillors, Chiefs) on their expected roles. The recommendations from the study are not to improve political awareness of a project as such, but rather to identify strategies or types of projects to help improve local governance.

6. About this report

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