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MOVING GOVERNANCE KNOWLEDGE SERIES #1:

POLITICAL ECONOMY AND POWER ANALYSIS (PEPA)

HELVETAS, with the support of Somaha and Leopold Bachmann Foundation, is facilitating the **Moving Governance** programme which aims at strengthening local governance processes and developing capacities of local authorities and civil society to improve service delivery that is relevant for the poor and marginalized in our partner countries.

The Moving Governance programme brings together existing projects focusing on strengthening local governance and civil society in nine different countries across Africa, Asia and Latin America. A main purpose of Moving Governance is to foster **South-South exchange,** through virtual learning events, sharing of lessons learnt in Communities of Practice and production of useful knowledge products and tools.

This brief topic sheet on Political Economy & Power Analysis is the very first in the Moving Governance **Knowledge Series.** It provides actionable guidance and concrete examples on how political economy & power analysis can be applied in Helvetas' programmes and projects.

MOVING GOVERNANCE

HELVETAS

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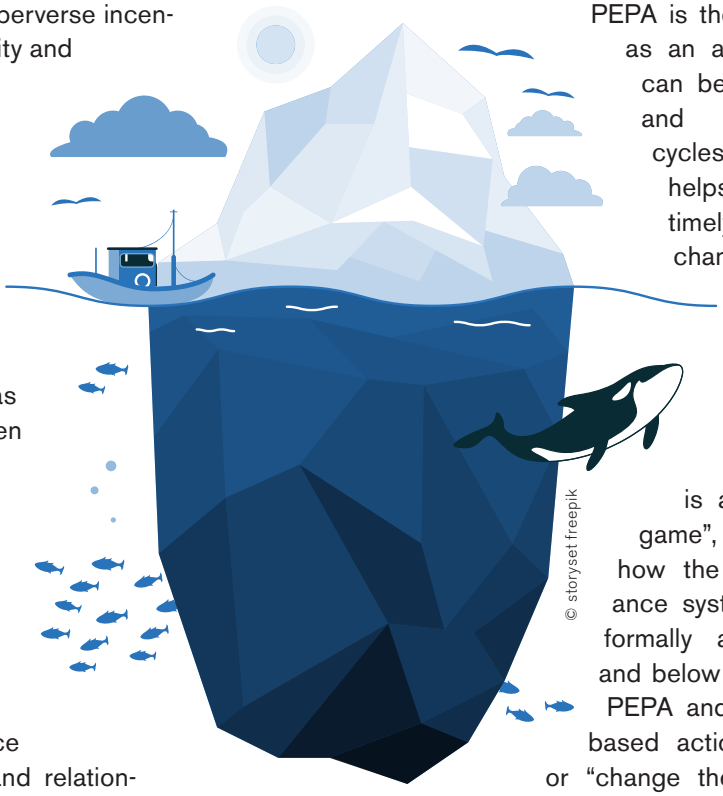
WHAT IS AND WHY PEPA?

Good and democratic governance and institutions centre around the formal (political) system shaped by legislative frameworks, regulations, practices and processes by which a country manages its resources (economy) in the most transparent, accountable, inclusive and sustainable way. But, within political systems, resources are not always managed based on rational choice and evidence-based decisions. Often, formality is entangled with informality. Actors do not behave with the common good in mind. Self interest and perverse incentives distort development, equality and justice.

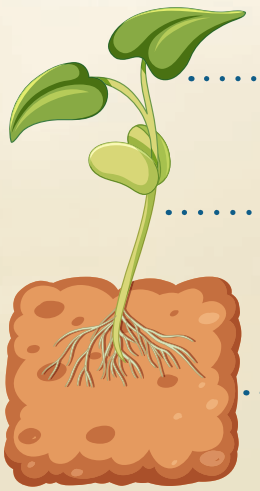
Political economy analysis therefore focusses on the interaction of political and economic processes in a given system. It looks at actors, rules of the games and processes that are visible and "above the waterline", as well as what may lie half-hidden under the surface such as informal norms, informal rules of the game and relationships. Power analysis is concerned with less visible social norms, beliefs and rules of the game "below the waterline", as well as half-hidden patterns near the surface that shape actors' behaviour and relationships. In other words, PEPA goes beyond formal political systems, governance structures and processes by assessing the underlying vested interests, incentives and rent seeking behaviours that block reforms and systemic change.



PEPA recognises that systems of governance are complex, and that contexts and power actors can change rapidly as a result of economic, social and political trends and shocks. PEPA helps us to find entry points for inclusive systemic change by better understanding the existing visible and invisible drivers and inhibitors in the system, to gain better insights into its power dynamics and to better anticipate or understand potential implications of change (positive and negative).

PEPA is therefore not only meant as an analytical instrument. It can be built into programme and project management cycles so that the analysis helps us to consistently and timely adapt our theories of change, intervention lines and assumptions, which is particularly important in fragile and volatile contexts.

In a nutshell, PEPA is all about "learning the game", i.e., understanding how the political and governance systems really work, both formally and informally, above and below the waterline. Through PEPA and robust human rights-based actions we can influence or "change the game" by informing our program strategies and projects. The ambition is to ultimately "win the game" by contributing to systemic change.



Problem solving
"WINNING THE GAME"
Adressing a blockage, understanding blocking factors

Influencing
"CHANGING THE GAME"
Inform strategies for engagement with stakeholders for change

Develop shared explicit ideas that foster a better understanding of a system, society, situation context
"LEARNING THE GAME"
Programming priorities, risks, mistakes, opportunities

“PEPA helps us to think and work politically smart by realising how the behaviours, incentives and relationships between powerful actors may block social, economic and climate justice. It is ultimately about understanding how the systems really work and what we can do to change them. It’s our Trojan horse”.

JESPER ELIAS LAURIDSEN
HEAD VOICE, INCLUSION, COHESION ADVISORY SERVICES

HOW TO PEPA?

Most “superficial” analyses and technical solutions lead to relevant and impactful interventions such as awareness raising, capacity development, setting up management systems and articulation of policies and legislations. PEPA however digs deeper to unearth the underlying structural and external features, behaviours, attitudes, power dynamics and relationships that undermine democratic, political processes and allocation of available resources.

HELVETAS’ approach to Political Economy and Power Analysis is structured around six lenses. It should however be regarded as a flexible analytical framework where additional lenses can be added depending on the purpose of the analysis and the context within it is applied.

1. **Actors / agents**
   Individuals, organisations, networks or movements
2. **Institutions**
   Formal and informal rules of the game
3. **Resource flows**
   Capital, information / data; monopoly over (natural) resources, commodities or market niches
4. **Spaces**
   Exisiting and potential arenas for participation through which power can be exercised
5. **Exogenous factors**
   External factors that can be game-changing events
6. **Structural factors**
   Long lasting or deep-seated features of the region, state or society shaping the context

“I suppose it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail”.

ABRAHAM MASLOW

Due to the sensitive nature of conducting PEPA, risk awareness and mitigation approaches are pertinent since informants are requested to respond to politically delicate questions that may have individual and/or collective repercussions if not addressed effectively. Therefore, the following principles towards protecting respondents and doing no harm must be observed and clarified to all stakeholders involved:

- Persons carrying out PEPA must be completely objective and neutral, not representing any particular interests or agendas.
- Focus Group Discussion, Key Informant Interviews, Workshops etc. must be conducted in safe spaces, including digital, in a setting where participants have an established mutual relationship of trust.
- All information or records from consultations must be treated with full confidentiality and without traceable quotes and references in the analysis.
- PEPA report should be confidential and not be distributed to any stakeholders beyond what is agreed.

PEPA EXPERIENCES

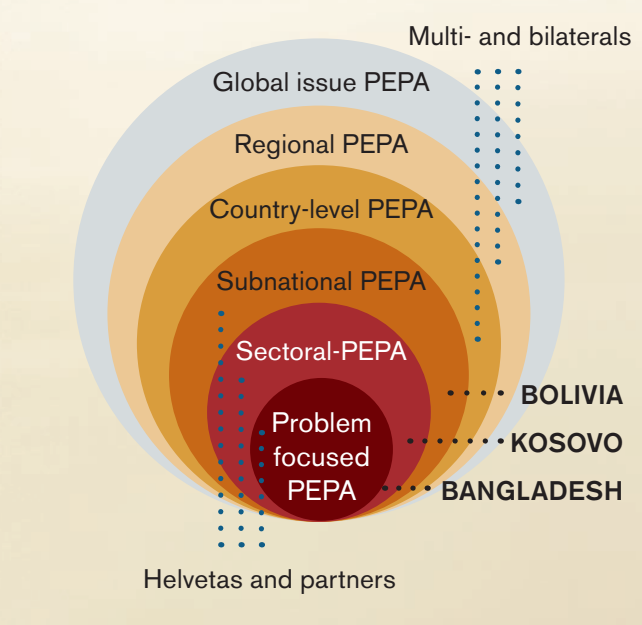
As the following HELVETAS experiences from Bolivia, Kosovo and Bangladesh will show, PEPA can done at multiple levels, depending on your needs. PEPA can also be done at multiple stages of the country programme- and project cycle:

Where	Bolivia	Kosovo	Bangladesh
What	**Country-level PEPA:** Strategy Development	**Sectoral PEPA:** Waste Management Sector	**Problem focused PEPA:** National Elections
Why	To analyse the national political economy and power dynamics towards informing the articulation of a new Country Programme Strategy	To provide in-depth project insight for staff and partners, on the challenges to waste management and give recommendations on how to address the challenges	To obtain a deepened understanding of how the political system to identify project interventions contributing to free and fair national elections
How	2 day workshop for programme staff	Desk review and Key Informant Interviews with external actors	Desk review, 1 day workshop and series of Focus Group Discussion with project partners, and Key Informant Interviews with external actors

LESSONS LEARNED

From our PEPA experiences, the following main lessons learned were distilled:

- It is important to prepare PEPA thoughtfully and thoroughly by clearly defining its goal, how it will be carried out, who will be involved, when to do it and to plan and budget for it properly
- A combination of the six PEPA lenses and other aspects can be prepared depending on its purpose, e.g., gender & social inclusion, conflict sensitivity, risks analysis and mitigation
- PEPA lenses pay attention to several issues that at surface level may not seem important, but indeed they are because we work with local organizations and actors with people that have a culture, a history and a particular way of thinking and acting.
- PEPA can be complex. People involved need basic knowledge about the approach before engaging. We need to gradually develop capacities to do it and use peer support mechanisms to broaden the understanding
- We must be careful not to over-do the analysis and get paralysed by research that might be interesting but not really needed.
- PEPA can be built into the programme and project management cycles so that we consistently apply the approach, especially through our MEAL systems (Monitoring, Evaluation, Accountability, Learning).
- PEPA is all about asking the difficult and sensitive questions, so we need to be careful when doing it, create a trustful space and think about how to mitigate potential risks.
- PEPA implies reading between the lines of answers and extract the real information that matters. It is not always a scientific exercise, so we need to triangulate qualitative – and sometimes biased – information from different sources



"Our first PEPA exercise revealed that many of our concepts were based on assumptions and information we knew, but that there was a lot of information we were missing, especially regarding certain actors and their relationships with other actors"

MARTIN DEL CASTILLO, DEPUTY REGIONAL COORDINATOR LATIN AMERICA & CARIBBEAN INTERNATIONAL PROGRAMMES

Further readings:
SDC (2021) Thinking and Working Politically, Topic Note; SDC (2021), Political Economy Analysis, Topic Note; USAID (2018) Thinking and Working Politically through Applied Political Economy Analysis; WB (2014) Problem-Driven Political Economy Analysis: The World Bank's Experience; IDS (2014) Bridging Political Economy and Power Analysis