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The Political Economy of Decision-making in Forestry:

USING EVIDENCE AND ANALYSIS FOR REFORM

PROFOR
PROGRAM ON FORESTS

Acknowledgements

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Executive Summary

Broadly speaking, the effort to end unsustainable forest management has had a modest track record. Mismanagement, deforestation, degradation, and illegal logging continue to be significant problems.

Failure to weigh political economy considerations has contributed to the lack of success. From a technical standpoint, analysts may diagnose the problems correctly and provide the best advice on necessary reforms. However, successful implementation of reforms depends upon providing the right incentives to change the behavior of the entire spectrum of stakeholders impacted by reforms, and this is where a careful consideration of political economy issues can be important.

Examples from forestry described in this report amply demonstrate this. Stakeholder and interest groups, institutions (rules) and existing organizations and agencies responsible for forest management, interact in complex ways to determine how the forest resource is managed and how the associated returns are distributed. When stakeholders' power and influence is uneven, institutions are weak (or deliberately weakened by the same vested interests), and organizations are inefficient and corrupt, the result is resource plunder, institutional erosion and breakdown of the rule of law, and concentration of wealth in a few hands. Any efforts at reform will be met by resistance by those who see themselves as likely to lose and support from those likely to gain. A systematic political economy analysis can help gain insights into the functioning of this complex interaction and better equip practitioners to craft a successful reform process.

Investigations into political economy matters have almost universally emphasized three features as fundamental, and their study as critical, to developing a deeper understanding of any political economy system. These are--institutions, organizations (or organizational structures), and stakeholders. These form the focus of attention throughout this report. To advance an understanding of *political economy situation*, development practitioners have been using political economy analysis (PEA). A PEA broadly 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".*

A PEA can perform several important roles at different stages in a forest sector project. At the beginning of a project, a PEA can illuminate the existing obstacles and needs for reform, helping to shape project planning. As part of the project itself, a PEA can catalyze changes in the political economy by informing stakeholders about each other's roles, interests, and powers. At the end of the project, it can show whether the project has led to reforms in the political economy situation that might create a longer-term, self-sustaining propensity towards sustainable resource use. If a PEA has been done at the beginning of a project, then in conjunction with a PEA at the end, it could perform a useful monitoring role.

The report describes eight "front-runner" PEA approaches that have emerged over the last few years. These approaches include DFID's Drivers of Change (pg. 14), ODI's sector level analysis (pg. 17), The World Bank Group's Political Economy of Policy Reform (pg. 20) and Problem-driven Governance and Political Economy Analysis (pg. 22), Strategic Governance and Corruption Analysis (pg. 26), SIDA's Power analysis (pg. 29), the Agent-Based Stakeholder Model (pg. 33), and Net-Map (pg. 37). Most of these are supported by donors and development agencies and only one has a track record of application to forestry issues. Nevertheless, based on our analysis, all are capable of being applied to address political economy challenges in forestry.

Based on the experiences available from these approaches, this report attempts to provide initial guidance for selecting that PEA approach which would best suit the needs of a would-be user in forestry. This report proposes that this selection could be based on the strength of the approaches to deliver on 4 desirable characteristics (customized to the forestry sector), as follows[1]:

- **Practicality.** This means that they do not require more time, resources, or capacity than the project can provide. Their outputs should be easy to understand.
- **Relevance.** The results they provide will be useful to the project. Usually, that means that they will help in project planning, implementation, or monitoring.
- **Robustness.** They produce results that are credible. They produce results that are replicable, particularly if the PEA is to be used to monitor project impact.
- **Adaptability.** They are compatible with the country context and can be applied at the desired geographic scale. They can weigh actors and influences from other sectors that affect forests, such as agriculture, mining, or transportation.

However, the report also recognizes the possibility that more than one approach may be needed to validate results and strengthen confidence in the findings.

Preparing a PEA, in and of itself, does not suddenly bring political economy considerations into projects. What a PEA does is make the weighing of political economy factors less subjective, more rational, and more evidence-based. PEA gathers information—quantitative and/or qualitative—and organizes it within a framework that project leaders, supporters, and other stakeholders can use to advance the objectives of the project. In that way, thoughtful use of PEA will increase the chance that a forest-sector project will bring about lasting change.

The application of available PEA tools to the forest sector is extremely limited-indeed only one of those discussed in this paper – NetMap – has a track-record of application to forestry. Yet experience from other sectors suggests that a PEA can point the route to getting long-lasting impacts in the sector. Thus, the main recommendation of this report is to build up the evidence base on how a PEA for the forest sector contributes to better outcomes for the sector. Promoting the use of available PEA tools (customized to the needs of forestry) should be undertaken at a corporate level. This will ensure a body of learning which would allow implementation of political economy analyses which are high-impact and cost-effective.

1. Chapter 4 of this report provides a detailed list of attributes under each of these four broad desirable characteristics, that a practitioner might wish to consider.

Chapter 1. The Political Economy Challenge and its Relevance to the Forest Sector

Introduction and Objective

The use of the phrase, "political economy" originates in Adam Smith's *Wealth of Nations* and is also found in the writings of David Ricardo and Karl Marx. What is presently understood as "economics" was – at that time – termed "political economy". This was understood to mean "conditions of production organization in nation-states" (Acemoglu and Robinson, 2012, Beuran, Raballand and Kapoor, 2011). Venerable scholars such as Smith, Ricardo, Mills, Rosseau, Ruskin and de Tocqueville, took a consistently holistic view of the interaction between economics (technical means of production) and politics (relationships of production) in their debates on wealth, prosperity, and international trade, and explanations of development outcomes. However, subsequently, "economics" and "political science" developed along parallel tracks, constraining us from fully exploring their interactions and joint contribution to incomes, livelihoods and to economic development more generally.

This "parallel-tracking", of politics and economics, has proven to be costly from a development perspective. It has been found repeatedly that while technical specialists may diagnose development problems correctly and provide the best technical advice on the necessary reforms, success or failure goes beyond the purely technical-fix, to designing the right incentives to change the behavior of the entire spectrum of stakeholders. Hout and Schakel talk about the need for a better understanding of political realities in order to diagnose the causes of the "lack of political will", that is so often invoked to explain the disappointing results of development cooperation activities (Hout and Schakel, 2014). Acemogulu and Robinson have focused the investigative spotlight on the interplay between economics and politics, particularly as a way to understand the motivations and interests of stakeholders and more fundamentally to understand why some nations fail to develop while others have been phenomenally successful (Acemogulu and Robinson, 2012). Luttrell et al. (2014), in a careful study of climate change and forestry in Indonesia, conclude that, *"a deeper understanding of the political context, including the tradition, regimes and institutions....., is a prerequisite for ....empowering the constituencies of change needed to carry through reforms".* (Luttrell et al. 2014). Political economy analysis has become a central concern for practitioners interested in ensuring the success of development reforms, be it at the broad macro level or at the level of a sector.

For the forestry sector too, when stakeholders' power and influence is uneven, vested interests get to control the resource, and institutions are weak (or deliberately weakened by the same vested interests) the result is resource plunder, institutional erosion and breakdown of the rule of law and concentration of wealth in a few hands. (In the next section of this chapter, specific examples from forestry will illustrate these challenges clearly). If we are to come to grips with the fundamentals determining sustainable forest management, there is a need to develop a good understanding of stakeholder interests and the complex balance of power relationships, via political economy analysis.

Thus, the major objective of this report is to offer preliminary guidance to conduct a practical political economy analysis for the forest sector. The report provides this guidance by considering eight "front-runner" political economy analysis approaches that have emerged over the last few years. In principle all are capable of being applied to address political economy challenges in forestry and the report develops a set of criteria, geared to political economy considerations for forestry, which would assist a practitioner in selecting among the available approaches.

Political economy challenges in the forest sector

While natural resources have played an important role in creating wealth and powering development, recent research shows an inverse correlation between the abundance of natural resources and growth and development. This has been true of many of the economies in Latin America, Africa and the Arab world-regions characterized by high levels of natural resources endowments, be they minerals, oil or timber.

The inverse correlation between endowment and wealth creation–dubbed as the natural resource curse hypothesis–has been the subject of intense study and has yielded valuable insights into political economy issues, particularly the role of institutions (Sachs and Warner 1997, Robinson et al. 2007). Natural resource abundance has been associated with predatory political regimes which win and maintain political support through the capture and earmarking of natural resource rents, to the almost complete neglect of wealth creation and its equitable distribution (Auty 2003, Deacon 2010). Natural resource wealth and resource rent windfalls have the power to alter the political climate in a country (particularly if it starts from a weak institutional base) towards a rent-seeking culture and a patron-client system of governance (Karl 1997). Natural resources, such as forests, become "lootable" and susceptible to large-scale theft, generating the money to fuel corruption, finance terrorism and political unrest, social conflicts, personal gains, and to generate undesirable power to, not only circumvent, but to undercut and shackle the rule of law (Harwell, Farah and Blundell 2011, Magrath et. al 2007).

In the case of forests, the findings from a study, which considers the history of forest reform processes in six African economies--Burkina Faso, Cameroon, Ghana, Kenya, Liberia and Uganda–provides instructive insights on the interplay between politics and economics (i.e., political economy considerations) (Alumai et al. 2012). Specifically, the study proposes a set of seven underlying factors as creating a climate conducive for forest governance reforms and their implementation. These factors are: (i) Strengthen the political will for action and a leadership role for the State; (ii) Create partnerships, form coalitions and promote participatory processes; (iii) Ensure availability and access to information; (iv) Promote transparency and accountability in the implementation of reforms; (v) Identify and promote "ambassadors for change"; (vi) Harness international initiatives to motivate national reforms; and, (vii) Ensure availability of resources (human, financial, etc.) adequate to the needs of reform. The importance of these factors is assessed through scoring by experts, of each these factors by analyzing narrative- based historical accounts of the reform processes. All seven factors influence sector reform, to varying degrees. Within this overall picture, "political will" matters hugely to the success of efforts to improve forest governance; this is followed by the momentum generated by "harnessing international initiatives", "partnerships and stakeholder involvement", and adequacy of resources. (For details on this study, see Annex A, and Alumai et al. 2012).

The importance influence of political economy issues for the forestry sector is further illustrated by the following examples.

"Influential families" and illegal logging in Madagascar: In the forest sector a surge in illegal logging of precious timber–rosewood-- in the context of the 2009 political crisis has led to a severe loss of Madagascar's natural capital and potential government revenues as well as significant environmental damage in protected areas (World Bank 2010). Persistent illegal logging over the past decade reflects state capture by influential timber trading elites from the Sava region. The decline of the vanilla industry, a critical mainstay of regional elites, opened the door to the establishment of rosewood market activity on the back of the vanilla market, making the forestry sector an important source of rents for some traders also involved in the vanilla trade. Expanding and accelerating rosewood exports offered an immediate rent-seeking opportunity for the transition government.

There is evidence for the capture of both the central and local executive and the judiciary by private interests. Over the past decade, the Malagasy government has made significant efforts to prohibit logging in protected areas and the trade with precious timber. Yet, frequent exceptions to the interdiction of raw precious wood exports in contradiction to earlier and higher order regulation indicate the Sava families' influence on central decision-makers. While enforcement agents and customs have demonstrated some capacity for containing illegal logging, yet, enforcement to date has focused on the village-level farmers rather than operators higher up the supply chain. Both powerfully-connected families and the local communities can make more from illegal logging – local communities in the Sava region partially depend on trafficking of precious wood for their livelihood. The political clout of timber trading elites more than counters the advocacy by academics and environmentalists who advance conservation. The analysis highlights that permanently stopping rosewood exports in response to international pressure, while curbing the powerful Sava families, could thus come at a high political and economic cost for the government.

Interest-Group control of wood energy in Tanzania: Uneven distribution of wealth and accessibility to forest resources, rampant corruption, weak governance, and opposition by small but powerful interest groups make it difficult to change and implement sound forest policies (Utting 2000). A recent study of the charcoal sector in Tanzania illustrates this well (World Bank 2009). An estimated 90% of Tanzania's energy needs are fulfilled through the use of wood fuels. The contribution of the sector to the overall economy is estimated to be about US$650 million per year, and it provides income and employment to several hundred thousand people in both rural and urban areas. Yet the sector is characterized by weak governance with a handful of influential families controlling the trade, poor law enforcement, corruption, widespread evasion of licensing fees and transport levies, and unsustainable harvesting from miombo woodlands. A combination of measures – governance related (confronting the vested and powerful interests controlling the sector, and tougher sanctions), technical (expanding the areas under woodlots, improving the efficiency of conversion of wood to charcoal), policy coordination (sustainable household energy strategy) and economic actions (providing incentives to offset increased investment costs associated with sustainably produced charcoal) – are necessary to ensure that the charcoal sector is put back on the rails and to reduce the pressures to deforest the miombo. Complementary steps would include exploring alternative, sustainable, sources of energy for rural needs (such as solar power and jatropha oil). The overall challenge would be to figure out the right balance among the various measures to ensure sustainability of reforms.

Predatory State and Rent-Seeking in East-Asia: Broad (Broad 1994) convincingly argues that, in Indonesia and Philippines, dictatorial governments crafted logging concession systems that concentrated the forests in the hands of a few–the political, economic and military elite. This elite earned enormous profits ("rent-seeking"), little of which were passed back to the state; and their rising economic power gave them unprecedented political clout and control. As a corollary, the research also demonstrates that economic policy reforms, aimed at promoting sustainable use of the resource and of distributing the wealth more equitably, were doomed because the elite used their political clout to preserve the status quo (Broad 1994). In these forestry examples, consistent with the Acemoglu and Robinson findings (2012), it may be posited that it was precisely the dominance of "extractive political institutions", which led to environmentally unsustainable exploitation of the forests.

State-Capture and Rent-Seizing in East Asia: A different manifestation of a political economy challenge for the sector arises in the context of the work on "rent-seizing" (Ross 2001). Ross reports that in a number of countries such as Indonesia, Malaysia, and the Philippines, the dismantling of legal and regulatory mechanisms (i.e., the institutions or the rules of the game) that had previously served to protect forests and their inhabitants occurred during timber booms. Between 1950 and 1995, each of the three countries experienced periods of booming timber exports and high product prices. Ross argues that in all three countries it was the resource boom that paradoxically caused a decline in the quality of the institutions. The windfalls generated by the booms encouraged greedy and unscrupulous politicians to engage in a type of rent-seeking behavior called rent seizing. Rent seizing was an effort by state actors to wrest the right to allocate

rents. When timber prices begin to create supernormal profits (rents) for logging firms, state officials responded by dismantling the legal and regulatory mechanisms that had previously served to protect the forests and its inhabitants--mechanisms that kept logging in line with sustained yield levels, guarded the traditional rights of forest dwellers (as in Malaysia and Indonesia), and insulated the forestry bureaucracy from political interference. At a moment when these institutions were most needed, they were taken apart (Ross 2001).

Local politics, access rights and social conflicts in Benin: In Benin, international biodiversity aid in the form of the ECOPAS project altered property rights in the WNP and its peripheral zones and, in so doing, threw into "disequilibrium" the configuration of local-level political-economic interests. Changes in property rights continued to shape livelihoods and political contest several years after the ECOPAS project ended. ECOPAS heightened the value of the Park and its buffer zone as a political commodity over which different actors, notably CENAGREF and local elites, could struggle. It did so through attempts to institutionalize resource use in the buffer zone and by demonstrating that it could be a source of revenue through tourism, but especially international aid funds. In the specific context of the WNP region, results suggest that conservation faces an uphill battle over the longer term. The relationship between local political-economic elites and park authorities will be pivotal. As decentralization reforms deepen, mayors and local elected officials in Benin have an incentive not to alienate their rural constituents who struggle with increasing competition over land and often have a deep distrust of the Park Service, based on a history of eviction and arbitrary law enforcement. Finally, skillful politicians can take advantage of confusion, generated by overlapping authority, unclear property rights, and institutional uncertainly, to serve as brokers between local populations and park authorities thereby generating financial and political capital. Uncertainty, a hallmark of the local political arenas in Benin essentially becomes another patronage resource. Thus, although local authorities may not want to openly contradict national conservation laws, they may work to undermine them. PA authorities and external conservation interests have no choice but to confront these realities. However, ECOPAS was not successful in engaging local authorities and the decentralization process unfolding in the WNP region more generally (Miller, 2013).[2]

The above examples illustrate that political economy considerations -strongly influence the fate of the forests and distribution of wealth and its sustainability over time. In the overall picture, stakeholder and interest groups, institutions (rules) and existing organizations and agencies responsible for forest management, interact in complex ways to determine how the forest resource is managed and how the associated returns are distributed. When stakeholders' power and influence is uneven, institutions are weak (or deliberately weakened by the same vested interests), and organizations are inefficient and corrupt, the result is resource plunder, institutional erosion and breakdown of the rule of law, and concentration of wealth in a few hands.[3] Any efforts at reform will be met by resistance by those who see themselves as likely to lose and support from those likely to gain. A systematic political economy analysis can help gain insights into the functioning of this complex interaction and better equip practitioners to craft a successful reform process.[4]

Going forward, Chapters 2 and 3 present some of the most promising approaches available to practitioners, to develop a deeper understanding of the political economy equilibrium, including a focus on institutions, actors and organizations. Drawing upon the experiences from these approaches, this work aims to develop preliminary guidance to conduct a political economy analysis for the forest sector.

2. Another EU conservation project, PAPE, has begun to fill the gap left by ECOPAS and this new project may well enable CENAGREF to gain a victory in its on-going contest with local elites, but if it does not take steps to more adequately engage with existing local politics and institutions, especially those connected to downwardly accountable democratic processes, victory will likely only be temporary.

3. However, the positive experiences of Botswana and Chile (both, resource rich countries) suggest that the key to successful development lies in identifying and implementing actions (especially through developing strong institutions) to discourage an "anti-social" State and transform it into a social welfare maximizing State.

4. Chapter 2 defines stakeholders, institutions and organizations and elaborates how they form the foundation of any political economy analysis.

Chapter 2: Political Economy Analysis (PEA) and PEA Frameworks

Political economy analysis

To advance an understanding of political economy considerations, development practitioners have been using an approach called political economy analysis (PEA). While definitions vary, PEA broadly 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" (OECD 2005).[5]

Investigations into political economy matters have almost universally (and correctly) emphasized three features as fundamental, and their study as critical, to developing a deeper understanding of any political economy system. These are– **institutions, organizations or organizational structures, and actors or stakeholders.** The three help to better operationalize the interaction between politics and economics, and, for the purposes of this report, they are defined as follows:

1. **Institutions, in this context, refer to the rules of the game.**
   "....Institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights). Throughout history, institutions have been devised by human beings to create order and reduce uncertainty in exchange. ....." (North, 1991).[6]

2. **Organizations/organizational structures** typically provide the context in which actors and institutions interact. "....Organizations are made up of groups of individuals bound together by some common purpose to achieve certain objectives. Organizations include political bodies (political parties, the Senate, a city council, regulatory bodies), economic bodies (firms, trade unions, chambers of commerce, cooperatives, guilds), social bodies (churches, clubs, athletic associations), educational bodies (schools, universities, vocational training centers)..." (North, 1992).

3. **Actors** are stakeholders who have the capacity and authority to take decisions. Actors should be understood not only as individuals but also as groups, and, especially, coalitions. Actors either serve their own interests or serve the interests of a group which they represent, act within organizations and are bound by institutions.

5. www.oecd.org/dac/governanceanddevelopment/politicaleconomyanalysis.htm.
6. In a recent, sweeping, investigation, Acemoglu and Robinson, try to find answers to the central question of why some nations fail to develop while others have been phenomenally successful. It is proposed that it is not the climate or geography or the culture that determines development, but a combination of "inclusive economic institutions" and "inclusive political institutions" that creates the climate for sustained growth and development (Acemoglu and Robinson 2012). Inclusive institutions are based in widely held national values and free from political influence, represent all stakeholders, have illuminated leadership, and offer stability and resilience. By contrast, the combination of "extractive economic institutions" and "extractive political institutions" creates a toxic climate in which development is likely to fail, given that these institutions are narrow and non-transparent, work for the interests of a few, and are prone to political influence. Thus, according to the authors, differences in the quality of both economic and political institutions is sufficient to explain the development differences between North Korea and South Korea, Nogales (Arizona) and Nogales (Mexico), etc. Their main conclusion from this research is that, **serious efforts to stimulate development have to pay careful attention to the economic and political institutions, and the interplay between the two.**

The interplay between institutions, organizations and actors is a continual process and determines the actual outcomes, as regards the means and relationships in investments, production and distribution, in any economy. The three features can, and do, evolve over time and thereby influence the nature of the equilibrium in that economy. Most PEA frameworks put actors/stakeholders at the center-stage of their focus and complement that with an analysis of the institutional and organizational factors. This is desirable, as, from a practical, operational perspective, to be able to drill deep into political economy analysis requires us to understand the interplay among the three features.

In terms of scope and levels, PEAs can take on several forms. Many of the established PEA frameworks, which we will discuss in the following sections, set the stage for a countrywide analysis. These can be particularly useful for development partners who are attempting to understand the overall political economy environment and aspects of that environment which, can or will, affect the efficacy and impacts of their support. PEAs can also focus on a specific sector in a country, allowing for a more detailed analysis of the relevant actors, structures and overall factors influencing the political economy of the sector. Lastly, PEAs can take on a reform/problem-specific approach, taking a granular look at the issues surrounding a particular reform challenge in a sector within a country.[7]

If properly done, a PEA can serve three major functions, at different stages of the project cycle. At the beginning of a project, it can illuminate the existing obstacles and needs for reform. More specifically it can show project planners whether their project takes into account the key actors that will shape the project's outcomes and highlight resistance and conflicts which might threaten its successful implementation. Second, as part of the project itself, a PEA can catalyze changes in the political economy by influencing stakeholders. By making reliable and high-quality information available to all stakeholders it can bring diverging interests into alignment and create a momentum for reform. Third, repeated at the end of the project, it can show whether the project has led to reforms in the political economy equilibrium that might create a longer-term, self-sustaining propensity towards sustainable resource use. (If a PEA has been done at the beginning of a project, then in conjunction with a PEA at the end, it could perform a useful monitoring role.) These are potentially powerful functions and we will examine how the PEA approaches discussed in this report have contributed to each of the three.

Political Economy Frameworks in Common Use

An increasing number of PEA approaches have emerged over the last few years, most of which are supported by donors and development agencies. Numerous reports have been published by international development banks and aid organizations, development partner agencies, etc., shedding light on the structures, institutions, and actors that form the political economy of a country, sector or specific reform area (Unsworth 2008, DFID 2004, Fritz et al. 2014, Nash et al. 2006, World Bank 2007).

Successful examples of these analyses which have proven to be useful, include country studies conducted in Nigeria and Bangladesh by the UK's Department for International Development (DFID). In both countries, the analyses have "brought a greater sense of realism about the difficulty of bringing about transformative change" while simultaneously getting stakeholders to direct their attention to "identifying the most promising entry points" in their country. For DFID in particular, the analysis conducted in Nigeria pushed the agency to expand its scope and approach of intervention, as seen by its increased engagement at the state level and increased inclusion of new stakeholders in the justice sector, civil society and assemblies at the national and state level since the 2003-2005 studies (Duncan and Williams 2010). As another example, the World Bank has produced good practice guidelines on political economy analysis and backed those

7. Generally speaking, the challenges associated with conducting a PEA increase as we transition from broad overview-types to granular problem specific types. And, as we shall see below, reflecting this, approaches to more granular PEAs are relatively few.

with a handful of case studies to illustrate the application and the benefits to conducting such analyses (Fritz et al. 2009, Fritz et al. 2014). Some of the more prominent and widely used frameworks are described in this chapter and the next.

DFID's country level analysis

OBJECTIVE

With the establishment of Millennium Development Goals objective, UK's Department for International Development recognized the need for a systematic political analysis, thus the department created a country-level framework called "Drivers of Changes" (DoC). DoC was not an immediate response to the creation of the MDGs but rather a gradual adaptation of DFID to development aid, learning from its own and other international development agencies' failures.

CONCEPTUAL FRAMEWORK

The framework is donor oriented and focuses on answering two questions: "What needs to be done?" and "How can the donors deliver it most effectively?" The framework recognized three mains areas of analysis: Actors, Institution and Structural Features with changes governed by the relationship among these factors.

- Actors are individuals or agents involved in the sector.
- Institutions are "rules of the games" (political and public administration processes) governing the behavior of agents. Institutions also include formal as well as informal rules.
- Structural Features look at the history and the current context and also focus on the socio-economic structures.
- Changes are both negative and positive and they are considered at different temporal scales, from immediate changes (at Actors level) to medium-term change (at Institutions level) to long-term change (at Structural Features level).

Changes are mediated through Institutions, meaning that policy can influence actors and gradually reform structural features as well. Thus¬¬, by having the framework centered on Institutions, DFID is able to identify policy recommendations and "drivers of (these) changes" (see Fig 2.1).

FIGURE 2.1: FRAMEWORK FOR A COUNTRY LEVEL POLITICAL ANALYSIS (ADAPTED FROM DFID 2004)

IMPLEMENTATIONAL GUIDANCE

The approach consisted of a three-stage, or six-level analysis, analyzing each factor (Structural Features, Institutions, and Actors) and their relationships, which drive changes.

- Basic country analysis
  - Political, socio-economic and institutional factors affecting the dynamics and possibilities for change.
- Institution analysis
  - Medium-term dynamics of change: Actor-Institution linkage or the incentives and capacities of actors operating within institutions.
  - Role of external forces: donors impact on pro-poor changes.

  - Link between change and poverty reduction: long-term change, or Institutions – Structural features linkage.
- DFID's policy action
  - Operational implications: Structural features - Institution strategies and actions.
  - How DFID works – covering DFID's organizational incentives, including those promoting or impeding the retention of country knowledge.

APPLICATIONS OF THE APPROACH

DoC was used as the first level diagnostics approach for DFID engagement set forth in a Country Assistance Plan (Warrener 2004). Within a year of its inception in 2001, DoC analysis was carried out in eleven countries, two regions with many in the pipelines, and other countries showing interest.[8] Due to the flexibility in the framework, Thornton and Cox (2005, as cited in Nash et al 2006) found that there is great variation in the scope of the studies, their duration and costs. The duration of the studies ranges from 15 days to over two years and costs varied from GBP 4,000 (for Georgia) to GBP 2.1 million (for Nigeria).

BOX 2.1: APPLYING DFID'S DRIVERS OF CHANGE APPROACH IN NIGERIA

Nigeria is a DFID country with development cooperation since the late 1990s (DFID Operation plan 2011 – 2015). Most of the programs at this time were pro-poor, which concentrated on areas of sustainable development, access to market, security and empowerment (Duncan 2003). However, Nigeria's stagnant growth and inefficient pro-poor programs called for a systematic reassessment for development reform. Thus, in 2003, DFID commissioned a series of study on the political economy of Nigeria using the DoC framework. The DoC did not only challenge the development assumptions based on "democracy", "champions of change", "capacity increase" and governmental "gate keepers" (Heymans and Pycroft 2003) but also realized the unrealistic time horizon. The result yields that each assumption had a structural features and institutions as a barrier for change, and the change process should focus on Institutional reform in the medium term and Structural Feature reform in the long term.

- Democracy: After escaping military governance in 1999, 'democracy' did not drive anticipated development. This is due to many structural factors: ongoing conflicts in Africa, high reliance on oil, highly divided (based on ethnics, religion), high poverty, rampant HIV rate etc… Thus, "democracy" alone will not deliver change unless it is accompanied by structural reform.
- Champions of change: Champions or pro-reform agents (found within the Executives or civil society) emerged from the democracy process. But due to resistance from interest groups which are rooted deeply in the institution and structure of the system, these champions are undermined.
- Capacity increase: DoC did indicate that capacity was a factor, however, lack of accountability, transparency and weak linkage between state and stakeholders are the main deterrence to change.
- Gate-keepers (Bureau of Debt Management; the Independent Corrupt Practices Commission; the Federal Ministry of Justice; or the Bureau of Public Enterprise): DFID recognizes the importance of the gate-keepers but long term impacts should come from collaboration among other actors (civil society, media, private sector, think-tanks, academia, National Assembly, and Executives). Also, without a sound institutional environment, the effort of both these gate-keepers and champions of change are futile.

From the redefined assumptions on policy actions, DFID is able to identify issues that require actions among many development problems Nigeria faces: oil sector reform (diversification, private sector), democracy and accountability (political risk approach), service delivery (agent interaction). Without these structural and then institutional reforms, changes will not be sustained.

8. These countries are: Bangladesh, Colombia, Georgia, Ghana, India, Kenya, Malawi, Nigeria, Pakistan, Uganda, Zambia (Warrener 2004). Additional countries can be found in Scott 2007.

SUMMARY

The tool allows for a simple and broad view of the country which is fundamental for further analysis. It also differentiates among short, medium and long term perspective, which is essential for a practical implementation of change. The tool is very flexible (Scott 2007) and the DoC could be carried out at any level-problem, sector, national (the most popular level of application), or regional. There are a few limitations. The framework does not drill down into actor-level analysis, thus, leaving out any dynamic negotiation among actors that would drive and sustain change. The tool is more descriptive than prescriptive, and offers limited direction for operationalization (Haider and Rao 2010).

ODI's sector level analysis

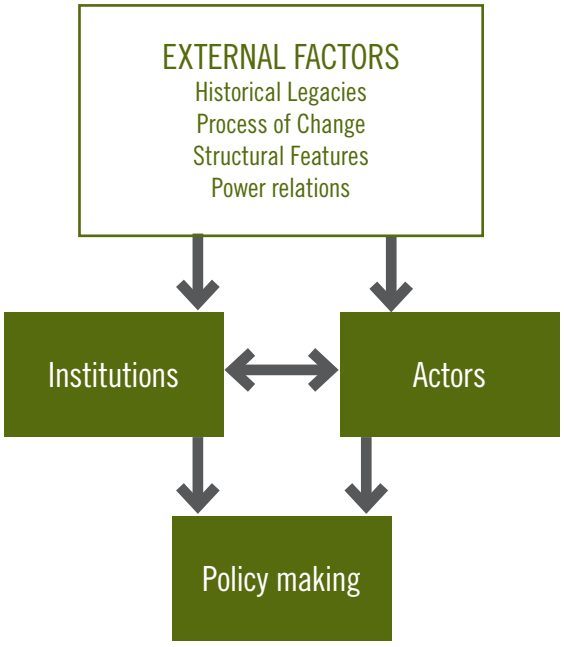
OBJECTIVE

In the context of the Millennium Development Goals, achieving sector-level changes required the Overseas Development Institute (ODI) to understand the "political explanations for how and why sectors differ within one national context" (Moncrieffe & Luttrell 2005). Thus, arising from this need, ODI deepened DFID's Drivers of Change approach in 2005. ODI's framework still has all the components found in DoC, i.e. Institutions, Actors and Structural Features. However, the ODI framework has a focus on policy making and implementation. Structural features as well as historical legacies and process of change are just external to institutions and actors.

CONCEPTUAL FRAMEWORK

The analysis is divided into three stages, similar to DFIDs DoC, with the first one covering the Basic country analysis, the second one focusing on Institution & Actors analysis and the last one on Policy actions. At each stage, the external factors of Historical legacies, Process of change, Structural features, Power, and Ideologies are considered as the horizontal analysis, cutting across vertical focus. The "external factors" influence policy making but are mediated through institutions and actors (See figure 2.2 below).

FIGURE 1.2: FRAMEWORK IN POLITICAL ANALYSIS, SECTOR LEVEL (ADAPTED FROM ODI 2005)



Each step is guided by a different matrix, listing the key questions for analysis (see table 2.1).

TABLE 2.1. ODI APPROACH TO PEA

	Stage 1	Stage 2	Stage 3
	Basic Country Analysis	Understanding Organization, Institutions & Actors • Defining Sector • Intra-sector Analysis • Actors Influence	Policy Management and Operational Implications
Basic information	Geopolitical status Institutionalization Government capacity & accountability	Players recognition Organizational structure Management Financing Incentives Capacity	• **Defining Objectives & Expectations** Context, scope for influence Feasible timeline (short vs long term) Possible conflicts in ideology & objectives • **Determining Entry Points** Key actors & influence Key groups & influence Historical. Structural constraints • **Identifying Mode of Support** Leverage power Strategic alliance
Historical Legacies	Role of historical legacies, perceptions of legitimacy, durability, consequences for policy Institution	Historical basis for existing rules Implication for history	
Change Process	Nature and dynamics of change Direction of trends	Nature and dynamics of changes Opportunities and challenge for changes Crisis and non-linear changes	
Structural Features	Demographic, social identities, development Distribution of natural resources	Effect of structural factors on power relations, management,	
Power Relations	Formal and informal power relations Balance of power	Power dynamics Network of actors Formal and informal influence Distribution of power, resources Effect on policy implementation	
Ideologies, Values Perceptions	Effect on public policy at different level	Transparency Capacity Conflicts	

APPLICATIONS OF THE APPROACH

Up to date, there is no single report assessing the success or failure of ODI sector level analysis. All of ODI's project reports are however housed on their website[9]. According to the repository, ODI's sector level analysis was applied in these sectors but not limited to: transport (Uganda 2009), health (Tanzania and Uganda 2008), water (Ethiopia and Vietnam), etc.

9. http://www.odi.org/publications/3852-odi-project-briefings

BOX 2.2: PROMOTING SCALING UP OF RURAL SANITATION IN VIETNAM: POLITICAL ECONOMY CONSTRAINTS AND OPPORTUNITIES

Starting in 2010, DFID engaged in the WSS sector in Vietnam in responding to the slow progress in rural sanitation toward the water sector growth in relation to the MDGs. The study aimed to answer the questions pertaining to the marginalization of the sub-sector rural sanitation in the water sector and the ineffectiveness of up-scaling "innovative approaches" in rural sanitation. ODI's sector analysis identified the lack of coordination between the managing agencies and demand driven focus were the cause for both the slow progress on rural sanitation and uptake of innovative approaches. The hierarchical decision-making and consensus-building model created a huge gap both horizontally (from one unit to another) and vertically (from local administrative unit to the central one). Thus rural sanitation was a mandate for the Ministry of Health and Ministry of Education and Training while Ministry of Agriculture and Rural Development accounted for the rest of the water sector. This structure, plus the demand driven prioritization (with rural sanitation takes up to less than 18% of the national target programs budget), was attributed to the lack of incentives for innovation in the sector.

Based on the identification of these political problems, ODI recommended four interlinked actions: minimize political risk (in response to innovative approaches), work with new actors (to scale up demand driven model), operate within existing political cultures (follow the centralized hierarchical structure) and develop appropriate incentives (by refocusing power to local government instead of sector level).

Source: Harris et al. 2011, Harris et al 2012.

SUMMARY

The tool is very detailed and provides guidance on all steps. This is supported by the available matrices (ODI 2005). Due to the multidisciplinary of the analysis, the framework fosters an inter-disciplinary collaboration among DFID staff, which strengthens the internal workgroup addressing the issues.

On the other hand, because of the level of detail required, the framework risks losing focus (ODI 2005). In addition, "risks and assumptions" were not spelled out and taken into consideration in most applications of the tool. And finally, as yet, there is not enough evidence on the application of the framework, to be able to assess what works well and how effective it has been in effecting change (Edelmann 2009). Thus, evidence on the use of the tool as catalyzing change and for monitoring and evaluation purposes is weak.

Political Economy of Policy Reform (PEPR)

OBJECTIVE

The PEPR framework began as a World Bank study aiming to:

i) examine stakeholder interests, incentives, institutions, risks, opportunities, and processes from a social analysis perspective, and,
ii) show what works, why it works, and how it works, in order to gain a superior understanding and management of political economy issues during the design and implementation of reforms.

CONCEPTUAL FRAMEWORK

The framework is based on the social analysis approach developed for the World Bank's Poverty and Social Impact Analysis (PSIA), Tools for Institutional, Political, and Social Analysis (TIPS), and operational experiences. The Framework provides a diagnostic component with a variety of follow-up actions in order to adapt the analytical findings into more effective guidance on reform processes and operations at the sector level (World Bank 2008).

The main focus of the framework is analyzing stakeholder interests, incentives, institutions and risks in the context of three reform areas: the reform context, the reform arena, and the reform process. This system was developed and improved upon through key informant interviews (World Bank project team leaders and others), literature reviews, and information from operational experiences in the agriculture sector (Burkina Faso, Senegal, Tanzania, Indonesia, Malawi, Chad, Mozambique, and Mexico), and water supply and sanitation sector (Jordan, Albania, Argentina, Bolivia, Ghana, Vietnam and New Delhi) (World Bank 2008).

The broadest of these reform areas is the **reform context**; it provides the economic, social, political and historical context at the country or sector level. More specifically, the information in the reform context includes countrywide social and economic inequality, property rights, power relations, social organization (i.e., indigenous groups, cultural authorities, etc.), regional discrepancies, systems of exchange and markets, political parties, institutions, ruling powers, historical factors and other similar elements that affect the sector under consideration. The reform context sets the stage for the type of environment in which the sectoral reform is being attempted, hence its national scope. It should enable an assessment of the key policy changes that are being proposed, the objectives of those policy pieces, and their supporters.[10]

Zooming in beyond the reform context is the **reform arena**. The reform arena covers the institutions that govern relations and behaviors, as well as stakeholders, their political and economic interests, and ability to influence or change institutions. In this setting, institutions include both formal and informal "rules of the game". Formal rules constitute elections, political systems, and similar systems. Informal rules constitute the norms and cultural practices that include social hierarchies and forms of rent-seeking. Meanwhile, stakeholders include individuals, communities, groups or organizations are interested in the result of an intervention because they can influence it or be influenced by it, in both cases positively or negatively.

The most detailed area of the framework is the **reform process**. While the framework itself is a dynamic piece, the reform process, by definition, revolves around change – through knowledge sharing, public debates, and various forms of communication and interaction. The framework stresses the use of dialogue through partnerships, and decision-making through actions on both the supply and demand side. In the context of policy reform, partnerships imply that stakeholders have actual influence and responsibilities (in addition to a higher level of information disclosure, transparency on decision-making by partners, and power sharing). Supply-side action comprises state institutions acting pro-actively or reactively; demand-side action comes from citizens acting as consumers or producers.

Leadership is also mentioned as a contributory factor to the reform process. "Agents of change" can make a significant impact in the reform process, as they are committed to the agenda, and capable of assembling coalitions in the name of the reform, negotiating effectively, and conveying an eloquent and desirable vision of reform effects.

Effective engagement with international development agencies is also seen as a key piece in the reform process. At times, countries can influence these agencies, and at times the countries are the ones being influenced by the agencies. Therefore, the framework stresses the need to assess the type of relationship countries have with development agencies in order to understand what stake they have in the reform process, and if/how they can aid the process.

10. Development agencies have developed frameworks for looking at the reform context in a country and two tools which we touch upon are DFID's Drivers of Change and SIDA's Power Analysis.

After the diagnostic framework, an action framework is presented, which focuses on four practical inferences for policy design and implementation:

- The critical value of understanding and observing the political economy environment,
- An increase in linkages between "systematic evidence generation and effective negotiation and communication strategies" (World Bank 2008),
- A readjustment of the accountability framework for reforms,
- Increased awareness of how donors participate in reform processes.

SUMMARY

The "reform scenario" that the PEPR framework creates allows for development practitioners to understand how or where each piece of the puzzle fits in. Although the framework was developed around the World Bank's operations, the same model and pieces of information can be applied to other development agencies' operations.

However, there is very little guidance on how to obtain the needed information. The framework itself was established through interviews and literature reviews, and then improved upon after it was tested in the two case studies, but beyond that, there is no roadmap of where to start, when to stop, etc. (There are no additional case studies to explore this methodology, obtain guidance for implementation, or use for quality control). Finally, the framework does not provide a clear frame of action in the sense that it merely lists broad areas that should be considered or improved without much guidance on how to achieve that. It also lacks guidance on getting from its diagnostic framework to its action framework.

Problem-Driven Governance and Political Economy Analysis (PGPEA)

OBJECTIVE

The PGPEA framework emphasizes that an analytic approach to governance and political economy is essential to make progress on development issues. The objective of the framework is to systematize approaches to governance and political economy analysis, geared towards World Bank teams but usable by other development agencies and development banks (Fritz et al. 2009). The framework does not set a specific structure; rather, it provides standards for governance and political economy diagnostics under the viewpoint that such diagnostics should be core to the development and implementation of World Bank strategies. Through the provision of diagnostics standards and lessons learned, it aims to provide practical and concrete guidance that users can adapt to the specific situation at hand. The framework does not provide a particular product; it takes the general view that in order to improve development effectiveness, governance and political economy diagnostics should become integral to preparing and implementing Bank strategies and operations (Fritz et al. 2009).

CONCEPTUAL FRAMEWORK

The PGPEA framework builds on existing PE approaches and pilots, including those led by the UK, the Netherlands, Sweden, the EU, and the World Bank's Institutional and Governance Reviews (IGRs) and Poverty and Social Impact Assessment (PSIA). The guiding principle behind the PGPEA is that to be concretely useful for practitioners, a PEA should start with a diagnosis of a specific problem, that is, a specific unresolved development challenge that needs to be addressed. The presumption was that a problem driven approach was more likely to lead to specific findings and actionable recommendations than would approaches that have a broad emphasis on "understanding the context" or a focus on testing existing theories (Fritz et al. 2014).

PGPEA can be applied to analysis at the country, sector, or project level, or at multiple levels. Country-level analysis seeks to capture the overall governance situation and the main political economy drivers. Analysis at this level serves to capture important factors such as the geopolitical context, important social divisions (including ethnic or religious ones where relevant) and how

they have evolved over time, and the evolution of the political management of economic rents. Sector and thematic PGPEA analysis seeks to analyze institutional and governance arrangements and political drivers in a particular sector or subsector, covering an entire sector value chain or selected issues within a sector or theme. Problem-driven PE analysis for specific projects and/or policy decisions addresses specific questions regarding project design and management, or may be focused around the political economy and institutional aspects of an intended policy change and its likely impacts (Fritz et al. 2009).

PGPEA focuses on three central types of factors:

- Structural: These factors influence stakeholder incentives and opportunities but are beyond the direct control of local actors. They may be slow to change (e.g., demographic characteristics) or fast changing (e.g., international swings in commodity prices).
- Institutional: These factors are concerned with "the rules of the game" (e.g., laws), both formal and informal
- Stakeholders/Actors: Individuals and organized groups (e.g. NGOs, trade unions, cooperatives, etc.)

The approach adopted consists of three steps (Fritz et al. 2009 and Fritz et al. 2014):

Step 1: Identify a specific development challenge. The challenge could be narrowly focused (e.g. what to do about continued teacher absenteeism) or framed more broadly (e.g. how best to pursue further health sector reforms).

Step 2: Analyze why the observed, dysfunctional patterns are present, that is, the political economy drivers. This step should cover three dimensions: a) the relevant structural factors that influence stakeholder positions, b) existing institutions, including institutional dysfunctions, and, c) stakeholder interests, interactions, and power relations.

Step 3: Identify ways forward, including how to initiate change. This step includes analytical recommendations intended to offer a road map for operational engagement, for potential entry points and for ways to engage. This step seeks to identify the political economy drivers to isolate obstacles to progressive change, and to suggest how a positive driver can be introduced.

IMPLEMENTATIONAL GUIDANCE

The framework stresses that doing the PGPEA process correctly is imperative for it to have utility. It discusses five PGPEA steps in the process (Fritz et al. 2009):

1. Planning PGPEA work, which clarifies why this work is being done and sets the objectives
2. Defining and finding the necessary skills
   a. Usually takes 2 people – one with strong political economy skills and another with detailed sector knowledge
   b. Local consultants should be included, if possible, but the rest of team should also be engaged. Local consultants can be more helpful during dissemination and follow-up
3. Considering issues about implementation of the diagnostics
   a. Ensure team involvement and openness
   b. Requires a decision on whether information will be shared explicitly with government
   c. Essential to ensure good feedback to country/sector/task teams
   d. Consider the downstream quality management for PE analysis
4. Sharing and disseminating outputs
5. Bridging analysis and follow-up/action
   a. The process of moving from analysis to follow-up usually starts once initial analysis is available; it should not wait until the written reports are fully finalized
   b. A workshop with the country/sector/task team to review and debate the findings and to discuss what implications these findings have for strategies or operations.

The PGPEA analysis relies on a range of sources for information. Generically speaking, the sources are: Pre-existing diagnostics (e.g. economic and sector work, and public expenditure reviews), laws and regulations, organigrams and mapping of de jure and actual process flows as important sources to capture institutional structures, sector-specific data, public opinion surveys (existing or commissioned), other written sources (e.g. media coverage of policy debates, minutes of parliamentary debates). Interviews with individuals and focus groups, where appropriate, are also key sources of information. Interviewees may include knowledgeable local stakeholders-researchers, journalists, civil society representatives, and policy thinkers within government and political parties. Information gathering also includes in-depth discussions with the Bank's country or sector teams.

BOX 2.3: ZAMBIA: CASE STUDY EXAMPLE OF PGPEA APPLICATION

The publication "Problem-Driven Political Economy Analysis: The World Bank's Experience" provides several cases of the problem-driven political economy analysis methodology being applied – at varying degrees – through World Bank activities. One case stood out as an example of the type of change that is possible if political economy analyses are strongly and consistently supported.

As a result of Bank management acknowledging that the then-current strategic approach to development being applied in Zambia was not generating the results originally expected, two levels of political economy assessment were commissioned. The first assessment was at the country level. The second level consisted of a series of sector assessments – including agricultural land rights, decentralization, electricity, mining, telecommunications, tourism, and urban water utilities – which used the country level assessment as their knowledge foundation.

Two sectors were examined closely – telecommunications and electricity. In both sectors, previous efforts at reform had attempted to reach ideal changes that did not consider the political realities of the country and sector, and ultimately failed. In the telecommunications sector, the entry of cellular phones and the Internet to Zambian culture had a transformational impact on the sector. Zambia's monopoly telecommunications provider, Zamtel, was not able to keep up with demand for a broadband communications infrastructure and cellular networks. The World Bank Group and others attempted to inform Zambia of the benefits of reforming the sector, but no reform occurred. In the electricity sector, there was an underinvestment in the development and maintenance of power generation and extremely low electricity costs to consumers, led by the monopoly parastatal company, the Zambia Electricity Supply Corporation (ZESCO). With an increased domestic and regional demand for electricity in the 2000s, there was a need for sector reform to be able to respond to rising electricity demands. The World Bank Group supported Zambia in developing a number of large-scale reform initiatives – including changing tariffs and privatizing ZESCO – but reform did not happen.

. While direct credit for causality is not feasible, there were changes on the ground in both sectors after this change in engagement. For the electricity sector, a series of major tariff increases were put in place in 2009 and 2010, allowing ZESCO to connect more people to the electricity grid and heighten financial sustainability, partly through increased interest from private investors. In the telecommunications sector, the story did not evolve as envisioned. Zamtel was privatized, but shortly after a government administration change, the privatization was reversed. The reasoning for these actions is not entirely clear due to the confidentiality level of the situation.

From Zambia's two-level assessment approach, four lessons emerged:

- A stand-alone country-level assessment could not provide the specific information needed to create sector reforms, but at the same time, sector-level assessments needed that broad information (from country-level assessments) to obtain the context of the work.
- The added-value that sector-level assessments provide is the in-depth knowledge of the issue and familiarity with the area, both of which can aid operations.
- Cross-disciplinary cooperation is necessary in order to allow the skills and knowledge of both the technical expert and political economy expert to be used most effectively.
- The support of high-level leadership is integral to making the necessary linkages to make the assessments useful.

SUMMARY

The PGPEA framework is a systematically developed and comprehensive tool. It includes useful, clear, and stand-alone guidance on how to structure a political economy analysis. There are a number of applications of the framework and these offer a solid basis for guidance for would-be users. Although it was created for the World Bank, it has obvious utility for other stakeholders and organizations.

On the other hand, by the very token of being comprehensive, the framework is less clear on how the analysis and diagnostics, emerging from an application of the PGPEA, translate into actionable findings and interventions. Along the same lines the approach aims to provide specific guidance while not being too prescriptive on what steps to take! This requires judgment and balance, which the framework does not really provide. Finally, the PGPEA has not been used for monitoring and evaluation purposes in any of the countries in which it has been applied.

The Strategic Governance and Corruption Analysis (SGACA)

OBJECTIVE

The Strategic Governance and Corruption Analysis (SGACA) is designed as a tool to build on and enhance the efforts of the Netherlands Ministry of Foreign Affairs in analyzing the governance climate in its partner countries. The SGACA exercise focuses on governance and corruption issues, as these issues tend to 'infect' a country's entire social and economic life. SGACA adds value to regular political reporting done (by embassies) in two ways. Firstly, it provides a framework to systematically look at the impact of politics on development. Secondly, SGACA can be used to deepen political analysis by explaining the structural factors that determine the rules of the political game, especially the underlying factors and informal relations. All this leads to *operational implications* and a revision (or confirmation) of the current aid strategy and policy of the Netherlands embassy (Hazenberg 2009, Unsworth 2008).

CONCEPTUAL FRAMEWORK

The SGACA methodology builds on the experience and knowledge that came out of SIDA's (Swedish International Development Agency) Power Analysis and DFID's *Drivers of Change* exercise. The SGACA methodology looks at governance processes through the 'lenses of the political economy. The conceptual starting point of the SGACA is that governance is about striking a balance between the power of the rulers and the ruled. Historically, this has happened through a process of interaction, bargaining and competition between rulers and organized groups in society. The SGACA explores underlying factors (including the history of state formation, the sources of revenue, and social and economic structures) that shape the formal and informal relations between the state and organized groups in society. In doing so, the SGACA provides insight into the incentives that drive politicians and policy makers (Unsworth 2008).

IMPLEMENTATIONAL GUIDANCE

The SGACA includes four, well-defined, components:

- The **Track Record**, which is the starting point and is part of the embassy's standard monitoring work. Its findings, together with additional available information serves as a basis for the Power and Change analysis (below);
- A **Power and Change** analysis (PCA), lies at the core of SGACA. An international consultant writes this analysis together with one or two local consultants to secure the local context. This team, together with staff from the embassy, follows a strict guideline for setting up the research. First, the factors that fundamentally shape the state and political system (foundational factors) are mapped. Second, the researchers focus on the key aspects of the political system that affect the quality of governance, both formal and informal (rules of the game). Finally, they address matters that have an imminent impact on state-society relations, such as the current context and main actors (here and now);

- A **Workshop**, where Day 1 is planned as an internal exercise or it might be open to selected external stakeholders. Day 2 is not public and focuses on elaborating and refining the current donor strategy for the Netherlands;
- **Strategic Choices** that summarize the findings, in the shape of a governance and anticorruption strategy report and present policy choices for the coming years.

BOX 2.4: SGACA IN UGANDA

Uganda provides an example of how the SGACA process changed the tactics in the development relationship between donor country and recipient country. The SGACA has helped the Embassy in Kampala, Uganda, to formulate a Multi Annual Strategic Plan (MASP) that takes into account political realities in the country. The strategy of the embassy is based on a sharp analysis of which interests are shared between the Netherlands and Uganda and which are not. Its objective is to support the overlap between the Ugandan and the Dutch policy agendas, identifying incentives and realigning the instruments accordingly. According to the embassy, the previous MASP was both not critical enough of what was happening behind the façade in Uganda and at the same time too ambitious. The 'circle of interest was much bigger than [the] circle of influence' (Hazenburg 2009). Therefore, the embassy has chosen to focus on only two sectors (education and justice, law and order) and three crosscutting issues (northern Uganda, political governance and taxation/accountability). A clear distinction is made for all the interventions by the Netherlands, between activities that fall within the overlap of interests, and activities that aim to mitigate negative effects of actions by the Ugandan government. With this focus, the embassy aims to be more effective in contributing to concrete development results.

APPLICATIONS OF THE APPROACH

A total of 29 SGACAs were completed between mid-2007 and mid-2009, and the SGACA exercise was abandoned after the completion of the Sudan SGACA in May 2009 (Hout and Schakel, 2014).

SUMMARY

The SGACA is a practical guide to help structure and analyze existing information – a 'quick-scan' – that focuses on *formal* and *informal* aspects of governance in context of a country.

Different tools and processes used by the Dutch Embassies, such as the Track Record and the MASP generate important information for this purpose. The SGACA is complementary to these instruments and seeks to deepen the country specific understanding of governance and corruption. Apart from formal factors, the SGACA aims to capture the informal, societal and sometimes intangible underlying reasons for the governance situation, which can often differ from the formal configuration of the state. Such an analysis can improve the design of donor interventions, through a better understanding of what really drives political behavior on the other.

The SGACA is designed to make use of available material – including from other sources and donors. The SGACA enables (Dutch) embassies to discuss this information, and to define implications for donor strategies and engagement, preferably in co-operation with other development partners. These insights are then used to reflect on the strategic choices and the intervention strategy as formulated in the MASP of the Netherlands. The SGACA approach draws upon international expertise but weaves in the country specific information to create its Power and Change Analysis, thus ensuring relevance and salience.

On the other side of the ledger, while the SGACA is a first step, in many cases it still does not give a very clear image of the country being studied. For instance, in Ethiopia there is a lack of data on issues such as corruption, the civil society organizations world, and the levels of governance. In other countries it is hard to get a good look behind the façade and behind the formal rule of law. That is why SGACAs may have to be followed by further analysis in order to, 'drill down'. The PCA can point out the weaknesses and shortcomings in the areas of governance and corruption that the embassy wants to tackle.

There might also be subjects that the PCA didn't touch upon and that deserve further research. Despite the need of policy makers to formulate concrete actions, further in-depth research often remains necessary. Additionally, the SGACA is completed through quite a "closed-door" process and the product is rarely publicly available. In addition, the application of this tool appears to be a one off process and yet forms the basis for long-term engagement by the Dutch embassies. In the context of the three potential functions of a PEA, the SGACA helps with project planning and with identifying priority areas for technical and financial support but, owing to its "closed-door" approach it is less able to create a momentum for change. And finally, because it has not had any repeat applications, its potential as a monitoring and evaluation tool remains untested.

Power Analysis (Sida)

OBJECTIVE

The Power Analysis (PA) approach has been developed by the Swedish International Development Agency (Sida). It is based on the understanding that issues of power asymmetries, access to resources and influence over politics must be addressed if poverty is to be reduced. Power analysis seeks to understand how development cooperation and donor activities are influenced by this landscape, and how the landscape of power shapes their activities (DFID/World Bank, 2005; Hyden, 2005, Sida 2013).

CONCEPTUAL FRAMEWORK

"Power analysis is a learning process that supports staff, partners and other actors to understand the forms of power that reinforce poverty and marginalization, and to identify the positive kinds of power that can be mobilized to fight poverty and inequality" (Sida 2013).

Power is often seen as a finite resource that people and institutions can hold, wield, lose and gain, usually through contestation. The approach is based on understanding power and power relationships. The definition of "power" is flexible and each power analysis study works with its own understanding of the concept. Thus, in a power analysis of Tanzania, the focus was on three questions related to the setting of the policy agenda, the distribution of costs and benefits and how informal social networks influence the policy process (also see Box 2.5). In a power analysis of Ethiopia, knowledge as power was the central organizing theme (Vaughan and Tronvoll, 2003).

IMPLEMENTATIONAL GUIDANCE

Power analysis studies are initiated by country offices (of Sida) and carried out by country experts. Most power analyses to date have been in support of Swedish development cooperation strategy for its partner countries.

The emphasis of Power Analysis, on understanding the formal and informal political landscape, is a useful corrective to approaches that focus largely on formal political rules and institutions. There is much scope for the analysts to adapt the approach and define the areas of focus.

The analysis can make use of existing data sources, or collect new data. Ways of collecting data about power – its constitution, distribution, exercise and control – might include panels of independent experts, surveys of well-informed people, public opinion polls, and focus group discussions.

Power Analysis can map various levels or dimensions of context, as well as providing a framework for understanding how history has shaped the present-day distribution of power. Depending on how and where it is employed, a power analysis can inform actions at a macro level (country strategy), or at a micro level (whether a project is likely to be successful).

The Sida publication of 2013 (Sida 2013, especially chs. 4 and 5) gives detailed guidance on how to do a Power Analysis, and will not be duplicated here. The publication is recommended to the reader interested in getting further details on the approach and methodology.

BOX 2.5: SIDA'S POWER ANALYSIS IN TANZANIA

The objective of the Power Analysis was to uncover the "character of power" in villages and mitaa [streets] in Tanzania, specifically as related to decision-making about local development. It examined how power is exercised and by whom, .and it sought to identify what opportunities are available for people living in poverty to influence decision making. The study was carried out in a random sample of 15 villages, mitaa and "vitongoji" (hamlets) across Tanzania. Respondents included village leaders and local business people (traditionally influential groups), as well as women, youth, small farmers and casual laborers (traditionally less influential groups).

The study exposed six "new" findings. First, no significant relationship was seen between council performance (as determined by overall council performance and per capita budget allocations for health and primary education) and the level and quality of public participation in the villages and mitaa surveyed. Second, there is a large gap in perceptions of participation between leaders and ordinary respondents: leaders are much more convinced than their constituents that village meetings are open, decision-making forums where ordinary villagers can have their say. Other respondents are much more skeptical. Third, for many respondents economic activities, such as self-help groups centered around income generation activities, are often a stepping stone for social and political empowerment. Fourth, most villagers acknowledged that they need to engage in bribery or "gift giving" to local leaders and officials in order to get almost anything done, from demanding small favors to circumventing the local bureaucracy and "solving problems". Fifth, the Study uncovered both formal and informal accountability structures at village level. Finally, there are some examples of "success stories", where the most historically vulnerable villagers (women, youth and small farmers) are feeling more empowered, mainly as a result of good individual leadership and collective organization.

The study included two sets of recommendations towards reform. First, it cites respondents' own priorities for promoting greater participation in their villages and mitaa, which include the need to achieve greater transparency in decision-making regarding local development and the need for citizens to achieve better access to information. Second, the Study Team's own proposals to improve transparency and strengthen participation include recommendations on increasing citizen access to local budget information; reducing opportunities for corruption and patronage based politics; reducing the scope for partisan politics; helping women to break down the cultural barriers to greater participation; and increasing options for participation in local forums through anonymous channels.

In overall terms, the findings from the study have been used extensively in shaping the direction of local government reform. Among other uses, the Technical Advisor for Governance in the Local Government Reform Programme is using the findings to inform lower level cadre training and participatory planning methods at Council and lower government levels.

Source: Sida 2013, Rabe and Kamanzi 2012.

APPLICATION OF THE APPROACH

To date, Sida has carried out various Power Analysis activities in Burkina Faso, Ethiopia, Kenya, Mozambique, Rwanda, Sudan, Tanzania, Uganda, Zimbabwe, Bangladesh, Sri Lanka and also in some Latin American countries. In some cases a partner has been supported to carry out a Power Analysis of a specific issue (e.g. Colombia). Some have been published as reports, others as working papers, and others have been workshops for internal learning purposes, with no official record. Most Power Analysis studies to date have been undertaken to provide input into the preparation of the Swedish cooperation strategy. Some have looked at power at the national level relevant to cooperation strategies, while others have focused on specific regions, issues or sectors (Sida 2013).

SUMMARY

Sida's Power Analysis incorporates various dimensions of PEA. But, as a difference, it draws more on social theory and political sociology to explain socialized and internalized norms and behavior and to explore the interconnections between institutions and agencies. Nonetheless, Power Analysis has the same objective (as a PEA) of making explicit hidden and invisible relationships between key actors likely to craft, support, or block desirable policy changes (Sida 2013). Power Analysis is able to generate deep and wide-ranging knowledge; as such, it is a good complement to other approaches to mapping context, like measures of governance. The level of resources and time required varies, but with an emphasis on desk research, interviews and qualitative analysis, the costs are limited largely to person-time. It does not lend itself to cross-country comparison, but enables comparison over time in a single country. Thus, with repeat implementation, the tool can be used for monitoring and evaluation. Arguably a limitation of the tool is that the information produced is largely of a qualitative nature.

Chapter 3. Stakeholder-centered PEA approaches

In the definition of political economy, recall the emphasis on "distribution of power and wealth between different groups and individuals" and "the processes that create, sustain and transform these relationships over time" (OECD 2005). Stakeholder analysis has the potential to unpack this emphasis by allowing for the "incorporation of stakeholders' needs into the analysis". Stakeholder analysis uses "stakeholders' positions, their interests, their influence and their membership in groups or coalitions to inform policy; and ensuring policies adopted are politically realistic and sustainable"[11].

In this chapter we will describe two specific tools which have been employed to understand stakeholder attributes, their incentives and their interactions and the resulting political economy outcomes. The first is the Agent-based Stakeholder Model (ABSM) and the second is Net-Map. Both focus centrally on capturing and modelling stakeholder behavior. However, as we will see, each handles it very differently, with associated strengths and limitations.

Besides focusing on stakeholders interactions, these two approaches also address the dynamic dimension of political economy analysis. Thus, while the approaches in the previous chapter included "structural features" and "institutions", these were considered to be exogenously fixed, with the collective action of the actors to follow. However, the two approaches in this chapter are capable of incorporating complexity into their analysis (Ramalingam 2013). This acknowledgement of complexity allows the two approaches to address problems that are constantly changing and are impacted by high uncertainty, for example, like natural resource management under climate change scenarios.

The Agent Based Stakeholder Model (ABSM)

OBJECTIVE

Qualitative approaches to political economy analysis tend to be subjective and static, and they are inevitably overwhelmed by highly complex reform environments with large numbers of relevant stakeholders. These conventional instruments are easy to use but they do not exploit the rigor of cutting-edge political science methods now available to analyze how coalition dynamics affect the political prospects of specific interventions. The ABSM was introduced in East Asia and Pacific region of the Bank, in an experiment to elevate the sophistication, accuracy, and operational relevance of political analysis at the Bank.

CONCEPTUAL FRAMEWORK

The model draws on leading edge work in microeconomics and rational choice theory to analyze the preferences and behaviors of relevant decision makers on politically driven issues. While not a substitute for a comprehensive understanding of a country's political economy, the ABSM can add considerable value to other types of analysis (Nunberg et al. 2010).

The ABSM initiative sought to develop a rigorous, quantitatively oriented and operationally usable political economy analysis tool that could be systematically integrated into the World Bank's country programming cycle. This innovative analytical approach entails a quantitative simulation of the complex bargaining dynamics surrounding reform.

11. World Bank. What is Stake Holder Analysis? http://www1.worldbank.org/publicsector/anticorrupt/PoliticalEconomy/stakeholderanalysis.htm

The ABSM model builds on three specific theories in microeconomics and rational choice.

- Median voter theorem: Identifies the political center of gravity at the median position on a reform spectrum; hence, the winning reform coalition is at the position of the median stakeholder.
- Risk theory: Stakeholders who are close to this median outcome are assumed to be risk averse, unwilling to risk political capital by insisting on their own position at the possible expense of not reaching a deal. On the other hand, stakeholders who are far away from the median outcome are more likely to risk holding up consensus in hopes of achieving what they want.
- Game theory: The ABSM simulates how, subject to these risk tradeoffs, each stakeholder attempts to achieve their preferred reform outcome.

The ABSM algorithm simulates the complex round- by-round bargaining dynamics among a large number of stakeholders in a given reform process. The model anticipates how these dynamics play out over time and provides an empirical assessment of the likely extent of reform and degree of stakeholder support for this outcome.

The model anticipates the outcome of these scenarios (ie interactions between pairs of stakeholders) over time and "provides an empirical assessment of the likely extent of reform and degree of stakeholder support for this outcome" (Nunberg et al. 2010). Through this modelling, a forecast is made about the outcome of a reform process based on the preferences of actors. Through real-time scenario analysis, the analyst can then test the potential impact of alternative scenarios.

IMPLEMENTATIONAL GUIDANCE

The ABSM involves five steps, as follows:

1. Frame the question: Articulate the overall objective of the political problem and break it down into its component parts for detailed analysis.
2. Specify the issue: The ABSM defines an "issue" as the range of options that stakeholders may support related to a policy matter. An issue needs to be assigned a number from 0 to 100 in relation to two alternative extremes of reform.
3. Collect data: Conduct structured interviews with individuals who have a solid understanding of the country context, stakeholder landscape, and/or policy matter, and code interviews numerically to enter into ABSM software afterwards. For each issue, the following information should be obtained:
   a. Stakeholders: List of potentially influential stakeholders
   b. Positions: The extent of reform supported by each stakeholder, as shown in the "issue" range
   c. Influence: The level of potential influence of each stakeholder, described in a 0 to 100 scale, relative to other stakeholders
   d. Salience: The importance of the issue to the stakeholder defined by how much time and energy they are willing to devote to the issue (from 0 to 100).
4. Analyze the base case: After entering the data collected into the ABSM, a picture of expected stakeholder interactions over time is generated given current stakeholder positions and perceptions. This is the model's "baseline" outcome. Through an examination of the base case results, it is possible to determine whether stakeholders are anticipated to come together in support of a particular reform option, to what degree, and how quickly, and, therefore, what level of reform could be expected under the current situation.

Define and interpret alternative scenarios: Using the analysis of the base case expected outcome, simulations can be run, of strategies that the Bank (or other actors) might be able to use to improve reform outcomes and/or obtain greater consensus in support of reform. Sensitivity analyses are also available to consider the effects of changes in position, salience, or influence scores for certain stakeholders on the reform. Sophisticated statistical randomization techniques are also available to help minimize bias from inaccurate data.

APPLICATION OF THE APPROACH

The ABSM model was piloted in 4 countries – Timor-Leste, Philippines, Mongolia, and a fourth undisclosed country.

BOX 3.1: EXPERIENCE FROM ABSM PILOTS

In Timor-Leste, the findings advanced discussions and sharpened the view of the Bank's country team on governance reforms often taking shape as a three-stage process in that country. The exercise also emphasized that development partners may have relatively little influence on the current civil service reform agenda, and that positions taken could have unintended effects.

In Mongolia, the analysis cautioned that there was little the Bank could do to affect sustained reform in the area at the time of the analysis (election time). The experience suggested that the relevance and utility of the ABSM could be enhanced if modeling capabilities were embedded within the CMU, allowing for flexible and timely responses to rapidly shifting environments and priorities.

In the Philippines, the ABSM provided a deeper understanding of the precise sources of resistance and ideas for how the (National Program Support for Tax Administration Reform) project approach could be adjusted accordingly. It also brought to light the need for more attention to change management within the agency and participatory activities to empower lower-level staff. In response, the project devoted a greater proportion of its resources to change management activities, including information dissemination campaigns and workshops to increase understanding of the reform process, and surveys to solicit feedback.

Source: Nunberg et al, 2010.

SUMMARY

The ABSM's working definition of "political economy" seems to differ from that of the OECD, which stresses the interaction between political and economic processes; the ABSM stresses the use of economics to predict politics. Despite this difference, the tool can provide an anticipated, detailed image of the politics related to reforms, along with possible outcomes for a range of Bank strategies. The model has been piloted in multiple countries (four) and so offers practical guidance for would-be users.

On the other hand, the model is embedded in the ABSM software and therefore, the utility of this model is based on the availability of the accompanying software and computer. The numeric scoring of actors' position, influence and salience is also difficult to come to terms with, considering the specificity that these calculations require. According to the ABSM, "Staff with a background in political science or institutional economics can be trained on the model's methodology, analytical techniques, and practical application during a three-day hands-on course." (Nunberg et al, 2010).This statement implies that country governments lacking in capacity have a slim chance in integrating this into their core operations. Considering the requirements of this tool, it is clear that it was made for development agencies, not country governments or other stakeholders, which limits its applicability. In the same context, there is no mention in the country pilots of the utility or possibility for country governments to participate beyond after-analysis discussions. Finally, the application of the ABSM started and ended as an experiment and so there is no information on its potential impact and capability for monitoring and evaluation.

Net-Map Analysis

OBJECTIVE

Net-Map is a participatory stakeholder mapping technique. Hence Net-Map puts the spotlight on unpacking political economy issues, and analyzes stakeholder connections to draw policy recommendations. It was first introduced by IFPRI for a water project for Ghana (Schiffer and Waale 2008).

Net-Map is based on the traditions of social network analysis (SNA), in which the focus is on the actors, and the different kinds and different strengths of relationships among the actors. Actors are the agents of change, and reforms are achieved by facilitating different relationships among actors and capitalizing on the existing influence of actors. Net-Map helps participants collectively solve a complex problem through three stages-information gathering, validation and analysis. This tool is easy to understand and apply and ensures that stakeholders have access and ownership. It is low tech and low cost, emphasizes actions and motivates taking those actions.[12] It is a flexible tool, which can be applied at different levels to draw policy recommendations.

CONCEPTUAL FRAMEWORK

Net-Map is based on the traditions of SNA, in which the focus is on the actors, and the different kinds and different strengths of relationships among the actors (Jackson 2009). Unlike other methods, Net-Map assumes that institutions and structural features are embedded in these relationships. Thus actors are the agents of change, and reforms are achieved by facilitating different relationships among actors and capitalizing on the existing influence of actors.

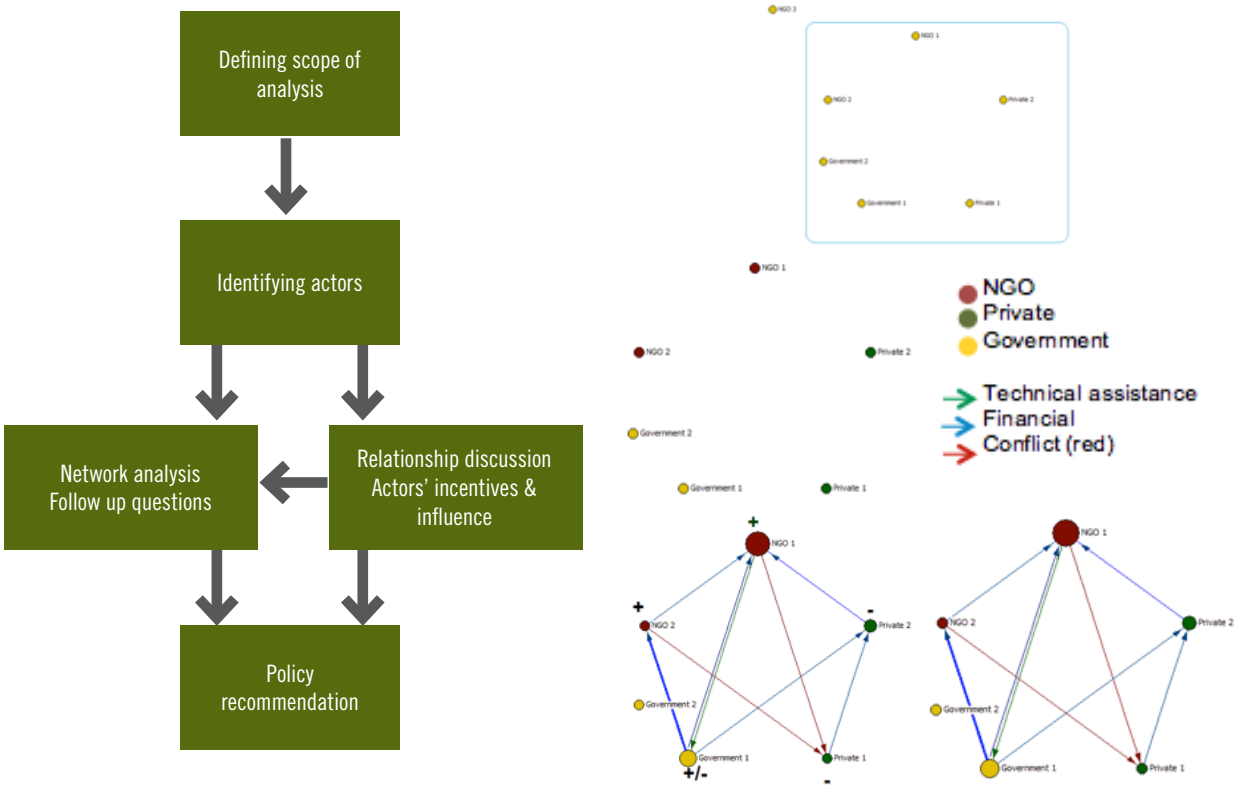
From a network point of view, the connections between stakeholders could be directional. For example, the reporting hierarchy of a network illustrates who reports to whom; this relationship is only in one direction. The connection between stakeholders could be weighted.

The attributes of interest in political economy analysis are the "contestation, distribution of power, the incentive of the stakeholders and their relationship among each other" (OECD 2005). These attributes are embedded in the network of nodes and links, and can be deduced from an analysis of the centrality of the nodes. The centrality of the nodes is analogous to the stakeholder's ability to influence. There are three main centrality measures that Net-Map touches on (Schiffer et al 2009): degree centrality, betweenness centrality, and closeness centrality, each of which has a different meaning:

- Degree centrality states how many connections a node has. Degree centrality measures the involvement a stakeholder has in the network.
- Betweenness centrality is a measurement of how much a node acts as a gateway in the network. The higher the betweenness centrality of a node, the more paths run through that node, hence connecting other nodes. A high betweenness centrality reflects that the stakeholder plays a key role in relaying information in the network.
- Closeness centrality measures the distance to other nodes. A low closeness centrality indicates that the stakeholder is far from others in the network.

12. The method is used by the World Bank Collaborative Leadership for Development Group (CL4D, in the Vice Presidency for Leadership Learning and Innovation) in their work with teams around the world to increase their ability to implement challenging projects and reforms, bring together diverse stakeholders and develop resilient engagement strategies. In addition, PROFOR is supporting ECA in the use of this technique to analyze who influences cross-border timber trade in the Russian Far East (RFE) and how to promote legal timber trade.

FIGURE 3.1 NET-MAP: OPERATIONAL GUIDANCE AND STYLIZED EXAMPLE



IMPLEMENTATIONAL GUIDANCE

The Net-Map process revolves around discussions among stakeholder groups (Schiffer and Hauck 2010). During the discussion, participants have the chance to exchange opinions and agree on relevant actors' roles, connections, influences and views of the problem at hand. The process is guided by an independent facilitator who prompts the questions on possible actors, nodes, influences and views. The facilitator also notes the discussion and the process of mapping for the analysis phase.

Net-Map employs a four-stage iterative approach:[13]

Step 1: Problem definition - Scope of analysis
Step 2: Identification of actors
Step 3: Network mapping and relationships-actors' incentives and actors' influence
Step 4: Network analysis and follow up questions

Problem definition - Scope of analysis: Net-Map begins with defining the problem and in so doing, draws the scope of analysis. The question being asked at this stage is usually in the form of "who influences ...", for instance "who influences the success of [charcoal sector] reform process [in Tanzania]" or "who influences benefit-sharing in the forest in the context of Reduced Emissions from Deforestation and Degradation (REDD+) in Bandundu province in the Democratic Republic of Congo". The more well-defined the question, the sharper the analysis is likely to be.

13. Adapted from Schiffer and Waale 2008; IFPRI Discussion Paper 00772

Identification of actors: A list is made of actors (individual and organizations) who are likely influential in the question posed at the stage of problem definition. The list is not exhaustive at this stage but serves as guidance for the subsequent stages of stakeholder interaction. During this step, the stakeholders are also categorized into groups (e.g., NGO, private sector, government, etc.).

Network mapping and relationships: In this step, actors' relationships (=links, connections or flows) are visualized, analyzed and discussed in an interactive and iterative manner. This step relies heavily on a facilitator whose neutral role is to engage actors into revealing both positive and negative relationships, formal and informal connections, and achieve consensus (Figure 3.1). The figure gives examples of three types of connections: technical assistance (green), financial flow (blue) and conflict (red). The arrows indicate the direction of flow, for example Technical assistance from NGO 1 to Government agency 1; financial flow from Government agency 1 to NGO 2. An actor can have multiple types of links with other actors. The flows can also have a value which can be represented by the thickness of the link. The group exercise also incorporates actors' perceived influence. Here, NGO 1 is perceived to have the highest influence, followed by Government agency 1, Private 2, NGO 2 and Private 1.

Network analysis and follow-up: This is done through both a qualitative narration and quantitative approach, with the former revealing patterns of the network and the latter using different network measurements (as explained previously). The observations raise additional questions for further investigation. This concludes the first cycle of Net-Map.

After the first cycle, there is a process to verify the assumptions and results; the process involves additional stakeholders. The process is done at various times to reveal the before, during and after intervention changes in network structure and stakeholder engagement. The last step of the broad framework is policy recommendations based on the updated network maps from multiple consultations.

APPLICATION OF THE APPROACH

Countries where Net-Map has been applied include Ghana, Malawi, Tanzania, Philippines, and India. They were in the areas of health, water, forestry and public policy and focus on economic reforms to project impact evaluation.

SUMMARY

The tool can be applied at any stage of a change process-before, during and after a project. Before the project, it can inform project leaders on the design of the project, including relevant stakeholders and the kinds of connections among them. During the project, Net-Map can verify if the project is having the desired effect as envisioned during the project design phase. After the project, Net-Map can show the impact of the project and inform next steps. The tool uncovers multidimensional connections among stakeholders which helps "unbundle" complex problems.

The framework is iterative; the policy recommendations could potentially revisit the problem, identify additional actors and links which give additional insights into the problem. It is interactive, and is intended to build consensus among stakeholders and fill information gaps during the discussion. One of the unique features of the tool is the visualization of the stakeholder network, which facilitates the discussion and deepens our understanding of the problem.

There are a few limitations. Organizing stakeholder meetings can be difficult and expensive, especially when the process needs to be repeated in order to measure change. The process could potentially create confrontation among stakeholders during the discussion. The process requires a well-trained facilitator since the information is elicited during and after the discussion. Finally, the information needs to be interpreted with caution since the network analysis does not distinguish adequately between qualitative variables ("influence") and quantitative variables ("money flows").

Applications of Net Map to Forestry

1. Political economy analysis of illegal logging in the Russian Far East

The following example (summarized in Figure 3.X) of an application of the Net-Map process is taken from the forest sector with a focus on illegal logging in the Russian Far East (RFE). The need for a political economy analysis of the situation stemmed from a study on the Far East Forest Governance, which recommends "identification of social problems, root causes and incentives" as means to address the problem (World Bank 2014). Thus, Net-Map was selected as an exploratory tool to draw the political map of illegal logging in the RFE before national and international workshops of stakeholder mapping are conducted.

The Net-Map process follows the framework in Figure 3.1 above. The specific question was, "Who influences the persistence of illegal logging in the Russian Far East?" The map was drawn in January 2014 by drawing out the knowledge and perspectives of the project leader.

The project leader identified 45 actors and five types of connections.[14] The actors were divided into four groups: international non-government, Russian government, non-Russian and private. For example, the Federal Forestry Agency and the Russian Customs belong to Russian government group; while the European Union and the World Bank belong to the international non-government group. The five different kinds of connections among the stakeholders are hierarchy, technical assistance, informal money, formal money and timber flow. For instance, the leaseholder reports to the state forest department which in turns report to the Ministry of Industry and then the Governor. These links constitute part of the hierarchy chain; however, these are not the only hierarchical links in the network. Similarly, the formal money flows from consumers to buyers, to processors, to haulage, and to leaseholders.

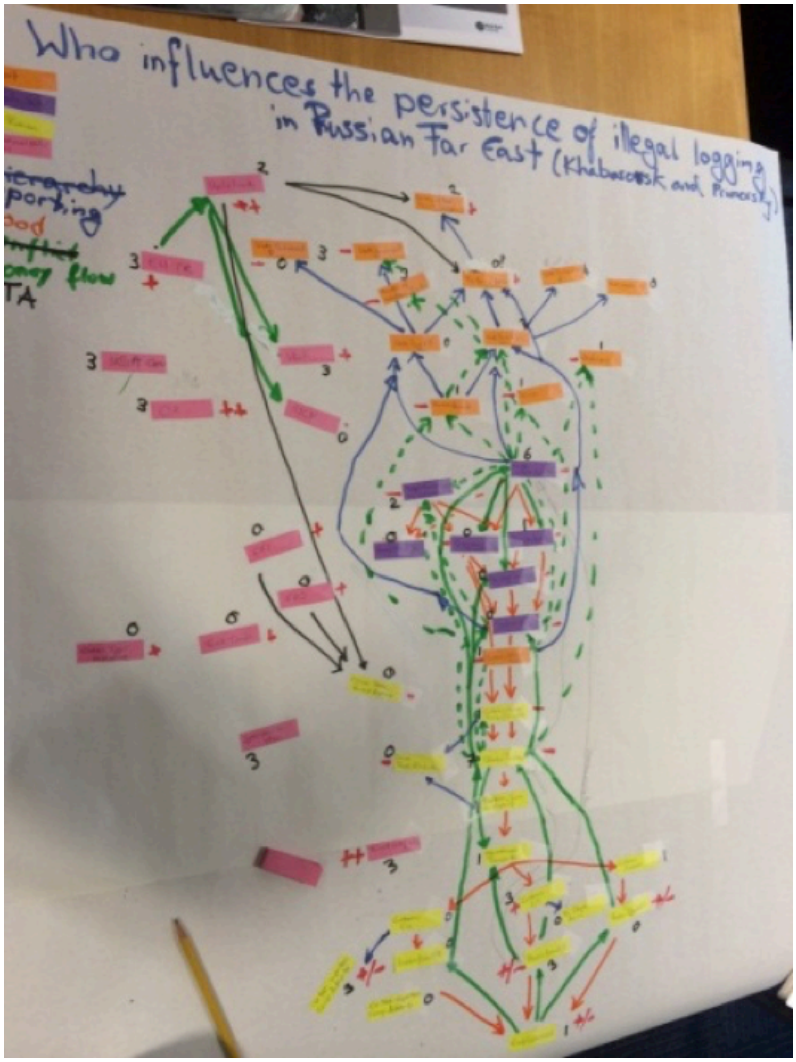
Next, the stakeholders' incentives and goals were examined. A Chinese processor, while having the highest perceived power in the network, had a negative influence on the persistence of illegal logging in this case (i.e. they were perceived to assist the continuation of illegal logging). The Chinese processor would benefit financially from continuing informal flows of timber and illegal trade. Most international non-government actors, such as the European Union (EU), European Investigation Agency (EIA), and World Wildlife Fund (WWF) have a positive influence on law enforcement, but the strength of their influence is perceived to be medium only.

The mapping exercise revealed that one-third of the actors do not have influence on illegal logging, while close to one-third have low or medium influence. The latter are mostly government and non-Russian stakeholders. The stakeholder group with the highest influence is the Chinese processors, followed by the private leaseholders.

The connections of reporting, wood flow, and formal and informal money flows show a high level of complexity. For example while the wood flow network involves 19 stakeholders, the technical assistance network only consists of only 6 stakeholders. The web of informal and formal links takes up a third of the whole network, with the informal money flows mainly within the Russian borders among government offices and private sectors, whereas the formal money flow extends to international customers and non-Russian Custom offices.

14. It is important to mention that the information used in the construction of the network was received from one task team leader instead of the usual interactive stakeholder meeting/s. Thus, it reflects the biases and perceptions of one individual "expert". However, the description serves to illustrate how simple yet useful and practical the approach can be.

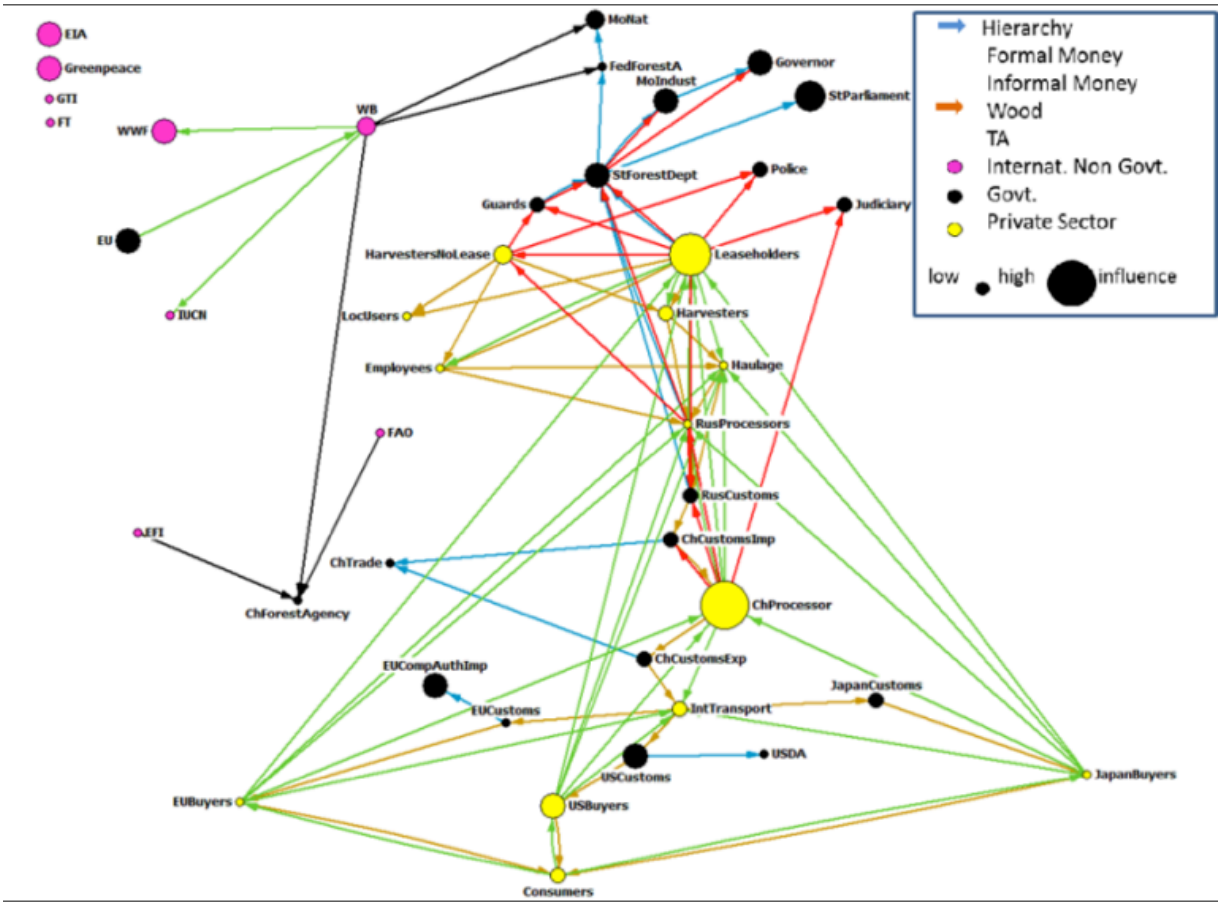
FIGURE3.2 NET-MAP OF ILLEGAL LOGGING IN THE RUSSIAN FAR EAST



This multiplex, directed network[15] is then digitalized for visualization and quantification of social network measurements. The network shows a clear predominance of three groups: law enforcement stakeholders, private producers and private processors. The initial result shows that the perceived influence is congruent with the measured degree centrality, i.e. in the informal money flow network, a stakeholder with the higher informal outflow of money (the most diverse bribery network) has the higher influence. In the formal money flow network, stakeholders who receive more formal money have the higher influence. The exception in the formal money flow network is the haulage which receives many different kinds of money from other private sectors, but is perceived to have no influence in the process. The exception in the informal money flow network (bribery network) is the Russian processor, who initiates a diverse network of bribery and receives a diverse source of formal money but is not perceived to have any influence. (This could be due to the lack of information on the part of the project leader on the quantified amount of money flow.)

15. Multiplex network refers to a network with multiple types of connections and directed network refers to the different bidirectional links between actors.

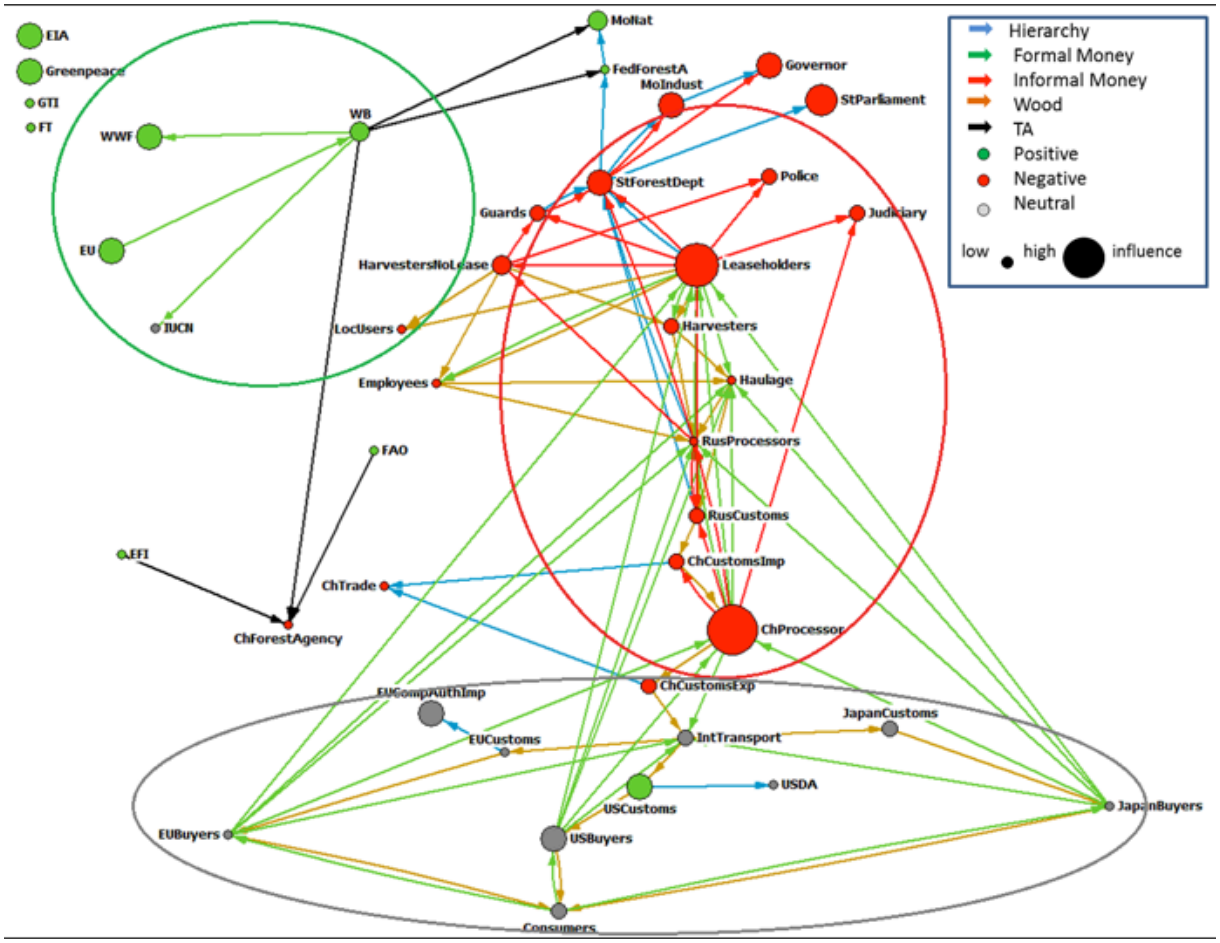
FIGURE 3.3 NET-MAP ANALYSIS OF ILLEGAL LOGGING PROBLEM IN RUSSIAN FAR EAST



Another observation from the network map is the existence of a core of negative actors, which consists of mostly private sector and government actors; these actors are interconnected with multiple networks (money flow, chain of command, and corruption).

There is a small cluster of positive actors, consisting of international non-governments; however, this cluster is not well-connected. Thus, the perceived and measured influence is medium to low. Finally, neutral actors are found further down the hierarchical and spatial process, i.e. after the logs cross over the Russian border.

FIGURE 3.4 POSITIVE, NEGATIVE AND NEUTRAL CLUSTER OF STAKEHOLDERS



Next steps from this preliminary analysis

The follow up questions to these observations are:

- How can the influence of negative actors reduced? How is an influential positive actor introduced into the supply chain? How feasible is this introduction?
- How can a more complete picture of the whole problem be obtained? How can the collaboration of international donors and NGO be strengthened and monitored? How can individuals engage directly with influential negative actors in the core?
- How can the attitude of the processors and consumers be changed? How can certification schemes be effectively implemented?

BOX 3.2: LESSONS LEARNED FROM A HANDS-ON NET-MAP WORKSHOP

To test how Net-Map would fare in analyzing forest sector challenges, and to give forestry experts a hands-on exposure to the application of the tool, PROFOR organized a half-day long workshop. The workshop gathered a handful of the Bank's experts in political economy and natural resource management. These experts drew social network maps, using the Net-Map approach, for two complex problems in forestry, in two countries:

- Who influences the sustainable management of the Mount M protected area in the Philippines?
- Who influences benefit-sharing in the forest in the context of REDD+ in Bandundu province in DRC?

In both cases, the Bank experts considered a group of diverse stakeholders: government, NGOs, private sector, local communities, the church, etc. They discussed how these stakeholders are linked to each other by intricate networks of financial flows, advocacy, corruption, and conflicts. The participants also assigned political incentives (negative, positive or neutral), and influence levels, to each of the identified stakeholders.

The complex networks were captured in diagrams and analyzed further (see annex C for the Net-Maps emerging from the two exercises). Based on the networks' structure and the stakeholders' measured influence within the network, and the perceived influence as well as their incentives, valuable lessons were drawn. These are summarized under the following four issues:

Regarding the Bank's influence: Generally, it was apparent that the agent of change (the Bank in this case) needs to make contact with more influential actors, or to pay attention to key relationships or leverage points. In the Philippines case, the Bank is connected to only a few central Ministries. However, it has no direct link to those with strong influence on the activities in the Mount M area (the Catholic church) or those who play a brokerage role between government and private/community (tribal leaders). In the DRC case, the Bank was seen as exercising a strong influence on the analytical/intellectual design of benefit sharing mechanisms but little influence on ensuring local stakeholder inputs to ensure that a practical and widely acceptable scheme was established.

Regarding other influences: Besides high influencers, we should also look at low influencers, and figure out how to improve the situation by enhancing positive but low influences. In the DRC case, the consumers are the ones who would gain influence by being organized by NGOs.

Regarding bottlenecks in information flows: In the DRC case, it was clear that the local NGOs are in the position to be influential actors, since they were in contact with international actors for funding and also with local communities for projects. However, the possible lack of human resources in these local NGOs likely prevented them from serving as an information source for local consumers to get the full picture of REDD+. Given that vital pieces of information were likely not being received by local consumers, the group thought most consumers would have a negative influence on REDD+ benefit sharing proposals.

Regarding the network structure: An observation from the workshop was that stakeholders were poorly connected and networks were highly fragmented. This is evident in the DRC case, in which supply chain and technical assistance networks were both sparse and divided. This showed that not all stakeholders were able to participate in the process or that there was a lack of information, which constrained reaching efficient solutions.

Regarding the value of doing the Net-Map: The workshop concluded that a project task team (in the duration of just 2-3 hours) could develop critical insights through a Net-Map exercise. As a result, project design and implementation could be improved significantly. Such an exercise (with the project task team) could also help initiate a full-scale, multi-stakeholder based Net-Map effort.

Source: Authors' summary

2. Enabling reforms: Analyzing the political economy of the charcoal sector in Tanzania

Charcoal in Tanzania is a major source of energy, contributing to 95% of energy supply (Sander et al. 2013). However, there is no "coherent policy framework governing charcoal production, trade or use" (World Bank 2009). This leads to a highly informal and unregulated sector, which has a direct impact on lost revenue and degraded environment conditions (World Bank 2010). Due to the lack of information and understanding of the charcoal sector, a political economy analysis was done using Net-Map. The project included interviews with 200 government and non-governmental stakeholders to elicit both a complete map of the political economy and understanding the causes leading toward this network structure based on the discussions. Net-Map in this case juxtaposes the de jure and de facto network of Tanzania's charcoal sector governance and helps illuminate the actual limited control of the government in the charcoal sector.

The de jure network shows an ineffective governing structure due to an overlapping and complex authority. The de facto network on the other hand displays the weak influence of the government actors on the charcoal dealers, thus placing the influence in the hand of the dealers. In the de facto network there is a clear dominance of charcoal dealers (a transporters and wholesalers cluster). There is also an asymmetrical information network between the charcoal dealers and government, in which the dealers "possess information about interaction and action of government actors", while the government has little information on the actions and motivations of the dealers (World Bank 2010). See figures 3.x and 3.x below.

The analysis indicates that the ineffectiveness of the central government, (i.e. the Ministry of Natural Resources and Tourism) arises for a variety of reasons:

- The lack of a communication strategy to translate central policy into local actions
- Negative actors at the national level, whose incentives are against the change
- Poor information exchange between the government and non-governmental stakeholders, which results in unrealistic goals, and policies which are not implementable.

FIGURE 3.5 DE JURE GOVERNANCE OF TANZANIAN CHARCOAL SECTOR

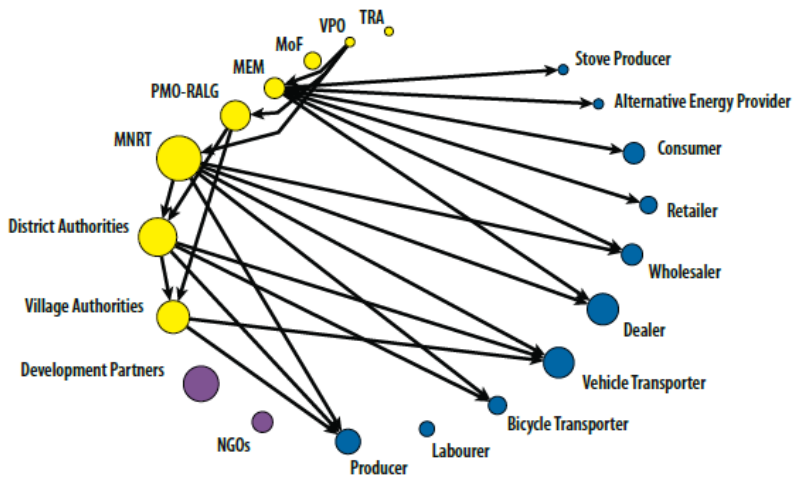
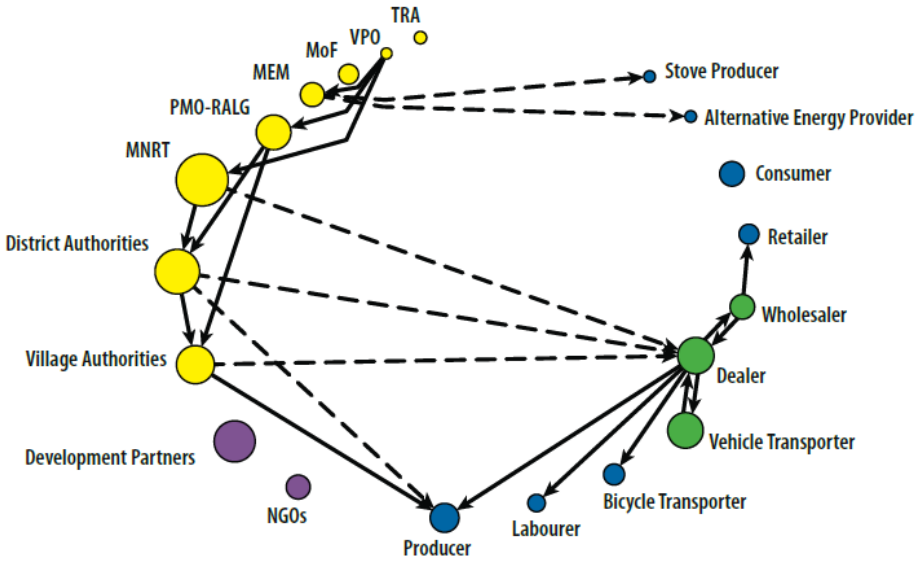


FIGURE 3.6 DE FACTO GOVERNANCE OF TANZANIA CHARCOAL SECTOR



Note
- Governmental stakeholders
- Development partners & NGOs
- Sector stakeholders involved in charcoal production, trade or utilization, as well as the manufacturers of improved charcoal stoves and providers of alternative energy sources.

The discussion during Net-Map application also illuminated disincentives against sustainable management of the charcoal sector, such as:

- A lack of fiscal empowerment because all charcoal revenues are remitted back to the Ministry of Finance and Economic Affairs instead of being retained at sub-national levels where they were collected. In addition, the absence of a benefit-sharing mechanism there is no incentive to ensure that all levies are fully collected (World Bank 2010).
- A lack of legal empowerment (land use rights and forest ownership) whereby actors are more prone to unsustainable resource extraction. This leads to deforestation and forest degradation.
- Low forest governance capacity, coupled with corruption, accounted for approximately 80 percent of illegal charcoal trade (Spot survey 2010 as cited in World Bank 2010).

Net-Map helped consolidate different stakeholders' perspectives and reveal the dissimilarity between the de jure and de facto network of the charcoal sector in Tanzania. The observation led to some basic and practical recommendations as regards: Setting realistic goals and expectations; strengthening vertical accountability and exchange of information; engaging with charcoal dealers-transporters and wholesaler networks; promoting fiscal empowerment; and, enhancing regulatory transparency and legal empowerment (World Bank 2010). The utility of Net-Map was also the ability to promote discussion during mapping to explain the current situation such as the disincentives against sustainable management of the charcoal sector. This helped refocus the reform in the direction of fiscal empowerment and enhancing transparency as well as legal empowerment (Sander et al 2013).

Chapter 4. In practical terms...

Chapters 2 and 3 described eight approaches to doing a PEA. Many of these tools have been widely applied and contribute a rich haul of experiences. Table 4.1 provides a snapshot view of of each tool, through the lens of scope, focus, capabilities and characteristics.

TABLE 4.1: PEA TOOLS AT A GLANCE

	DFID	ODI	PEPR	PGPEA	SGACA	Sida	ABSM	Net-Map
SCOPE								
Macro-level	X		X	X	X	X		X
Sector-level	X	X	X	X		X		X
Problem-level				X		X	X	X
NOTABLE FOCUS								
Stakeholders				X			X	X
Governance & Transparency	X	X		X	X			
CAPABILITIES								
Understand reform dynamics & inform policy process	X	X	X	X	X	X	X	X
Improve stakeholder engagement								X
CHARACTERISTICS								
User-friendly application	X			X				X
User-friendly interpretation	X			X				X
Low cost						X		X
Fine-grained results		X		X		X		X

Choosing a PEA Tool fit-for-purpose

While only one tool (Net-Map) has been applied, to date, to analyze political economy issues in forestry, as Table 4.1 indicates, all are practical and capable of being customized and applied in a variety of situations (including for the forest sector). How then might a forest sector practitioner decide which tool would best suit her needs? One approach to this is by assessing each tool on the basis of attributes that are of key importance for the sector. This section provides such a list.

The proposed attributes are organized under four groups—practicality, relevance, robustness and adaptability-in tables 4.2-4.5. The questions in the tables will have different importance for different projects (or proposed interventions), and not every project will be interested in every question. For example, if the project is aiming to improve benefit sharing, the project will want a tool that identifies stakeholders in detail, including underrepresented groups and subsets of groups. The question about key actors (Table 4.3.A.i) will be particularly important. If the project is aiming to use PEA as a way to document project impacts on, say, stakeholder participation in forest governance, questions about whether the PEA measures things that the project intends to change (Table 4.3.C.i) and whether the PEA produces replicable results (Table 4.4.ii) will be most important.

TABLE 4.2: PRACTICALITY

Attribute	Notes
i. Can the project carry out the PEA at a reasonable cost?	The PEA should fit within the project's budget.
ii. Can the project carry out the PEA reasonably quickly?	The PEA should be compatible with the project's timeline.
iii. Does the project need special capacity to prepare the PEA?	In the forest context, this might include involving people who have detailed knowledge of the political economy of rural societies or of the influence of extra-legal actors.
iv. Will project participants, supporters, and stakeholders need special capacity to understand and apply the results of the PEA?	Key stakeholders might have limited capacity to digest highly technical outputs.

Regarding **practicality** (Table 4.2), the listed factors may conflict, and there will be trade-offs. Some of the tools, such as the three-stage ODI tool, are going to produce highly detailed results but are not going to do it fast or inexpensively. Some, like Net-Map, might be quick but less detailed in their findings.

Tools vary regarding how much theoretical grounding, training, and equipment are needed to use the tool. Some of the tools, like Net-Map and the ODI Sector Level Analysis tool, come with detailed written guidance on how to implement them. Some tools, like the ABSM, recommend training and require access to dedicated computer software. Some of the tools, like the World Bank PEPR, come with little guidance on gathering information and so require some independent understanding of research theory and techniques in order to gather the necessary data. Again, there will be trade-offs. The tools producing more fine-grained results are likely to require a more detailed initial appreciation of theory and technique.

TABLE 4.3.A: RELEVANCE FOR PROJECT PLANNING

Attribute	Notes
i. Does the tool identify and shed light on the roles of key actors and organizations?	To be useful in the forest sector, the tool should cover stakeholders that are often hard to engage: rural and forest-dependent communities, indigenous peoples, minorities, and people using the resource illegally. For many projects, a good tool will be one that not only identifies the key actors but also charts the accountability of decision-makers to the key actors.
ii. Does the tool identify potential bottlenecks that the project should plan to address?	In forest sector projects, these might include implacable opposition to change or persistent conflicts over land tenure that hamper reforms.
iii. Does the tool measure the quality of participation of stakeholders?	Ineffective participation of rural people, forest businesses, or others may indicate a need for the project to improve stakeholder capacity or access to information (transparency).

TABLE 4.3.B: RELEVANCE FOR INFLUENCING STAKEHOLDERS

Attribute	Notes
i. Will applying the tool inform key stakeholders about the sector's PE and encourage them to work together in ways that promote project aims?	This "use" attribute requires that the stakeholders participate in the application of the tool. (Compare the "findings" attribute, immediately below.) In the forest context, the tool should engage isolated rural stakeholders or similar groups that are the intended beneficiaries of the project.
ii. Will the findings of the tool make key stakeholders better informed and more likely to promote project aims?	Even if stakeholders do not participate in the application of the tool, dissemination of the PEA's results can inform and sometimes empower them. This can happen in two ways. First, PEA findings can help stakeholders see the potential for networking, creating new coalitions, or using existing connections and coalitions more effectively. Second, PEA findings can make stakeholders aware of problems they had previously ignored, such as weaknesses in the rule of law. In the forest context, achieving these benefits may require that the findings are accessible to a wide variety of stakeholders.

TABLE 4.3.C: RELEVANCE FOR MONITORING AND EVALUATION OF PROJECT IMPACT

Attribute	Notes
i. Does the PEA track attributes that the particular project aims to reform?	In the forest sector, this might include the increased participation of marginalized stakeholders or the reduced influence of illegal actors.
ii. Is the PEA is credible, replicable, and inexpensive enough to be used for monitoring and evaluation?	These three attributes have implications for all PEA use and are listed separately in Tables 4.1 and 4.3.

A clear **relevance** factor is whether the project intends the PEA to involve and thereby influence stakeholders (Table 4.3.B). If this is the case, the stakeholder-based tools described in Chapter 3 are more appropriate than the tools based on expert analysis in Chapter 2. Another relevant factor is whether the project will use the PEA for monitoring (Table 4.3.C). Perhaps any tool that produces replicable results can be a monitoring tool, however some of the tools, like the SIDA Power Analysis, have been specifically judged to be suitable for comparison over time.

Tools will have specific strengths that may address planning concerns. If equity within the sector is a concern, the World Bank's PEPR is especially designed to highlight equity issues. If understanding the quality of stakeholder participation is a concern, Net-Map may be most appropriate as it is heavily focused on actors. However, if the main concern is to find what intervention would be most effective, that is a question that the DFID's Drivers of Change tool is designed to answer. Net-Map may yield information that helps a planner answer that question, but it will not produce the answer directly.

TABLE 4.4: ROBUSTNESS

Attribute	Notes
i. Will the PEA produce results that are credible, so that the intended audience will be persuaded by the results?	In the forest sector, the audience can be quite a diverse group, including project planners, project funders, project collaborators, project reviewers, or stakeholders generally.
ii. Will the PEA produce results that are replicable?	If the PEA is to be used to monitor and evaluate project impacts, it must produce replicable results, so that changes in the results represent actual changes in the measured political economy.

Robustness (Table 4.4) requires that tools produce results that are credible and replicable, particularly if the PEA is to be used to monitor project impact. Country context can affect credibility. In a highly technocratic country, the tools that rely on expert analysis, such as the SIDA Power Analysis, may carry the most weight among decision-makers. In a highly community-oriented culture, a stakeholder-centered tool like Net-Map might be preferred. As a compromise, a tool like the Agent Based Stakeholder Model, featuring expert analysis of stakeholder interests, might be the most attractive. Some of the tools, like the SIDA Power Analysis, seem intended to be replicable. Some, like the Dutch SGACA, appear to be designed as one-time exercises.

TABLE 4.5: ADAPTABILITY

Attributes	Notes
i. Is the PEA scalable to the needed level?	This might be from local to international, as the project requires.
ii. Will the output of the PEA be fine-grained enough to shed light on small factors or coarse-grained enough to provide a simple "big picture" view of the sector, depending on what the project requires?	For some projects, you may need an analysis that breaks down power with government agencies or forest-dependent communities. For other projects, less detail will suffice.
iii. Is the scope of the PEA broad enough to include actors outside the forest sector?	Actors in other sectors (agriculture, mining, transportation) and other arms of government (treasury, justice, planning, land administration) almost always are part of the political economy of forest management.
iv. Is the PEA easily adaptable to the country context?	Forest sector analyses may need to take into account local languages, land tenure systems, roles of informal governance, and so forth. They may also need to reflect that certain approaches to analysis, such as the use of international experts, may carry extra weight in some contexts.

An **adaptable** tool (Table 4.5) can fit different country contexts. Projects can use them at local, provincial, national, or even international scales, as needed. The tools can weigh actors and influences from other sectors that affect forests, such as agriculture, mining, or transportation. All of the tools presented here are designed to work in varied countries, however they are not all designed to be scalable geographically or to focus on single sectors. The DFID Drivers of Change Tool, despite being described as a country-level analysis, has been used at smaller scales, but it is not designed to be a sector-specific tool. The ODI tool was developed to look at a single sector, but seems to be fixed at the country level. The PGPEA is both scalable geographically and can be sector specific. The SGACA appears not to be designed to be flexible in this fashion: it is a country-level, multi-sector, "big picture" tool.

Finally, given the many considerations that go into the selection of a tool, a project might choose to use more than one tool. For example, it might use stakeholder-based approach to promote stakeholder engagement and an expert-based approach to deliver more detail or quantitative measures. Each tool can cover part of the other tool's weaknesses. If the two produce inconsistent results, the practitioner will know that there is bias or uncertainty and perhaps a need to probe more deeply. Where they concur, the project leader can proceed with enhanced confidence that PEA has produced a true picture of the sector.

Chapter 5. Concluding Observations and Recommendations

Broadly speaking, success in achieving sustainable forest management has had a modest track record. Mismanagement, deforestation, degradation, and illegal logging continue to be significant problems. Failure to weigh political economy considerations has contributed to the lack of success in the implementation of reforms. From a technical standpoint, analysts may diagnose the problems correctly and provide the best advice on necessary reforms. However, success depends upon providing the right incentives to change the behavior of the entire spectrum of stakeholders. The examples from forestry described at the beginning of this report amply demonstrate this. In cases, where stakeholders' power and influence is uneven, stakeholders behave strategically, vested interests get to control the resource, or institutions are weak (or deliberately weakened by the same vested interests), the result is resource plunder, institutional erosion, breakdown of the rule of law, and concentration of wealth in a few hands.

Developing a good understanding of stakeholder motivations, however, is challenging because of the complex nature of the sector and of the potential for strategic behavior by the stakeholders. Nevertheless, if we are to come to grips with the fundamentals determining sustainable forest management, there is a need to develop a good understanding of the complex balance of motivations, of power relationships and of the nature of political economy outcomes, for the forestry sector.[16]

To advance an understanding of political economy equilibrium, development practitioners have developed PEA tools. Most PEA tools focus on the interactions among institutions, organizations (or organizational structures), and stakeholders to develop a deeper understanding of PE issues. Several of the most promising ones have been discussed in Chapters 2 and 3 of this report.

Of the eight approaches considered in this report, all appear suited for application to the forestry sector. Yet each tool is different. Some tools give a broad picture of political economy factors. Some focus on narrower considerations. Some give results in detail. Some present general overviews. Some require a theoretical background to understand fully the potential of the tool. Some produce intuitive outputs that almost any person can grasp.

Using any of these tools comes at a price. The tool will place demands on project budgets, timelines, and capacities. In short, a forest-sector project leader choosing which tool to use will face trade-offs. Often, factors such as inconsistency in the application of PEA analyses can undermine its utility. A report found that political economy guidance was the "least likely to be used by operational (Bank) staff relative to other source material" (Desai 2011). The IEG report suggested that better political economy guidelines are needed. Thus, Chapter 4 of this report provides initial guidance for selecting that PEA approach which would best suit the needs of a would-be user in forestry

16. Where the existing situation is undesirable, in that it results in resource mismanagement and over exploitation, we would look for ways to move it towards a more desirable path-our maintained hypothesis is that there is always room for maneuver, and that the system can be moved to a new, welfare-improving, equilibrium.

The available PEA approaches, by the very nature of the issues they consider, tend to be qualitative and based on informed perceptions. Complementing a PEA with evidence which is more quantitative and which focuses on a more granular issue can improve its utility and sharpen its recommendations (Burgess et al 2012). Often, other actions, by other organizations help create an environment in which a PEA analysis becomes possible when it was not so earlier, and creates a constituency of demand for the findings.[17]

The application of available PEA tools to the forest sector is extremely limited-indeed only one of the eight discussed in this report has a track-record of application to forestry. Yet experience suggests that a PEA can point the route to getting long-lasting impacts in the sector. Thus, the main recommendation of this report is to build up the evidence base on how a PEA for the forest sector contributes to better outcomes for the sector. In addition, it is important to recognize that a PEA for forestry is a public good in that it can improve project results by identifying political-economy-related risks and measures for their mitigation; it can provide guidance on the long-term reform of the sector; and it can exert a virtuous influence on improving governance, rule-of-law and management of other sectors and of the overall economy. Thus, promoting the use of available PEA tools (customized to the needs of forestry) should be undertaken at a corporate level. This will ensure a body of learning which would allow implementation of political economy analyses which are high-impact and cost-effective.

17. In the context of illegal timber trade in the Russian Far East, covert investigation by the Environmental Investigation Agency and a hard-hitting report has paved the way for systematic engagement on political economy issues (comment by a reviewer of this report).

ANNEX A: Political economy factors influencing forest sector reforms in Africa: Evidence from six country case studies

Six countries in Africa—Burkina Faso, Cameroon, Ghana, Kenya, Liberia and Uganda—were selected for an in-depth analysis of their experiences with forest governance reforms with a view to assessing the importance of each of the seven factors in their reform processes. These factors are: (i) Strengthen the political will for action and a leadership role for the State; (ii) Create partnerships, form coalitions and promote participatory processes; (iii) Ensure availability and access to information; (iv) Promote transparency and accountability in the implementation of reforms; (v) Identify and promote "ambassadors for change"; (vi) Harness international initiatives to motivate national reforms; and, (vii) Ensure availability of resources (human, financial, etc.) adequate to the needs of reform

The analysis was carried out by 4 sector experts from the World Bank. This was a purposive sample and guiding criteria for this selection were the availability of current information on reforms in these countries and the experts' familiarity with the countries. Despite this constraint, these countries vary widely in terms of the size and type of forests they have, the extent of large scale commercial exploitation of their forests, export orientation, forest industries, forest dependent local populations, the overall level of economic development, the intensity and breadth of reforms undertaken in the sector, political conditions, stakeholder involvement and donor engagement, etc. Thus, they offer a rich set of experiences and provide enough variability for using the individual findings to support more general conclusions. (An obvious extension of this work would be to add more countries to the selection to enrich the analysis and make the findings more robust).

The basic question that we are trying to answer from our reading of the country data is: what kind of influences have the seven factors had on the forest governance reform processes in the country under scrutiny? We realize that identifying answers to this question is a hugely challenging task. No ready-made quantitative measures are available either of *changes* in the outcome (progress of the governance reform efforts) or of the seven factors hypothesized to make a difference to such progress. Thus, calculation of statistical correlations and testing for causality is not possible.[18]

In the absence of reliable and comparable quantitative data, our approach has adopted the route of a narrative-based assessment of the possible contribution of each of the seven factors in each of the six countries. Narrative-based approaches are susceptible to well-known biases such as those associated with sample selection, researcher perceptions, attribution and cross-country comparability. We have tried to control for some of these by adopting common protocols for assessment and frequent cross-examination and discussion among the experts who completed the scoring.

In our effort to move towards quantification and to help compare our country findings, we have used the narrative-driven assessment to score the contribution of the seven underlying factors into one of five categories: Very Influential, Influential, Somewhat Influential, Not Influential and Uncertain (=Do Not Have Enough Information). Important findings from these assessments are summarized in the table and discussed in the next section below.

18. Given that there are a number of ongoing efforts at quantitative measurement of the quality of forest governance, we hope that quantitative data will become available in the next few years and will allow for rigorous statistical testing in future.

TABLE A.1: EXTENT OF INFLUENCE OF THE SEVEN FACTORS ON FOREST GOVERNANCE REFORMS FOR SIX AFRICAN COUNTRIES.

UNDERLYING FACTORS	VERY INFLUENTIAL	INFLUENTIAL	SOMEWHAT INFLUENTIAL	NOT INFLUENTIAL	UNCERTAIN
Political will and the leadership role of the State	BGCKLU				
Partnerships and participatory processes	K	BCG	LU		
Availability and access to information		GU	BCL	K	
Transparent and accountable implementation		BCGL	KU		
Ambassadors and advocates for change		K	L	CU	BG
Harnessing international initiatives	BCGL	K	U		
Adequacy of resources		BKLU			CG

B=Burkina Faso; C=Cameroon; G=Ghana; K=Kenya; L=Liberia; U=Uganda.

1. Political will and leadership role of the State

This factor clearly stands out as having played a very influential role in the reform processes, in all six countries. The dominant contribution of this factor is also consistent with the survey responses which ranked this factor as being of highest importance in initiating and sustaining reforms. In Burkina Faso, for example, the state has been actively championing reforms directed at improving the use and conservation of its natural resources. A recent initiative by three Ministries–Environment, Agriculture and Livestock–provides a framework document for a unified framework and coordinated actions for rural development, including forests. In Cameroon, the Forest Law of 1994 reflected the politically high-risk strategy of radically overhauling the legislative framework as a means of increasing the efficiency in the sector and community participation in forest management. This could not have been achieved without the political will and full support of the government. In Ghana, broad guiding principles and government policy documents have been relevant and of high quality and have provided the enabling framework. However, the limited success in implementation e.g. reflected in the significant share of illegal logging in the domestic market or the continued relatively high deforestation, point to a resistance rather than lack of capacity and will for reforms.

The commitment and leadership role of the state has varied over the course of reforms and the countries. Our analysis suggests that, broadly, the state has exercised significant positive influence in creating the policy and governance frameworks but may have been less successful in implementing forest sector change. This finding suggests that we take a closer look at the components of "Political will" as an "unbundling" will enable us to better identify interventions that could be undertaken in situations where it is lacking or not strong enough.

One approach at such "unbundling" uses a two-step process. First it is postulated that, for power-holders to become committed to act, they need to want to take a given action, feel confident that they *can* undertake that action and feel that they *must* undertake that action. Second, it is postulated that the political want, political can and political must, depend upon factors which are assorted into four groups *individual, organizational, relational and societal* levels. Personal values and beliefs (of politicians), organizational incentives and rewards, constructive civil society-state relations and public support are examples of the factors at the 4 different levels. At the individual level, beliefs and values determine the extent to which an individual is intrinsically motivated to act and direct advocacy with an individual can serve to shift her priorities, thus influencing political will or behavior (Malena 2009).

Another way for reformers to think about political will is to see that it is not always unified or always directed towards reform, but it may have components that are consistent with reform, and reformers may be able to harness those components. That is to say, the prevailing political will might be largely directed towards attracting foreign investment, or securing more development assistance, or increasing political clout, or enhancing national or personal stature, but some of these aims might be advanced through good governance reforms. In a Cartesian sense, it is as if each of these aims is a vector that has a reform component which reformers could help to strengthen.

This discussion suggests that actionable options exist through which political will may be fostered and strengthened. Thus, development practitioners should explore these before despairing that no progress is possible because of the "lack of political will".

2. Partnerships and participatory processes

This factor assesses the role of partnerships and multistakeholder coalitions as ways to ensure that the best thinking goes into analyzing the reform challenges and the same coalitions generate a momentum for change. The focus is on national processes. The Table A.1 illustrates the varying importance of this factor as it ranges from "Very influential" in Kenya to "Influential" in Burkina, Cameroon and Ghana, to "Somewhat influential" in Liberia and Uganda.

In Kenya, CSOs (e.g., Green Belt Movement, Forest Action Network, Kenya Forest Working Group) have played a critical role in bringing forest issues to the attention of the public and holding the government to account. In addition, the government's commitment to participatory forest management materialized partly as a result of pressures from CSOs including at the sub-national levels. Ghana's 1994 Forest and Wildlife Policy envisaged local community participation with rights to consultation, access and benefits from resource use but this aspect was never effectively implemented. The current legal framework does not provide opportunities for civil society and citizen participation in the allocation of timber rights, which is at the core of the distribution of benefits from forests. Because of the discouraging environment, rural communities have chosen to align themselves with the informal chainsaw milling sector instead of trying to influence policies in the formal sector. In Liberia, while the legislation is conducive to participation and communities and CSOs are supposed to participate in decision making both at policy and implementation levels, the practice is weak. There are concerns, for example, that the concession and social agreements are not thoroughly vetted by the communities that stand to be affected and this will escalate social tensions and conflicts down the road. However, it is clear that multi-stakeholder processes have increasingly become an integral part of the forest sector development processes, especially in countries engaged in VPA negotiations or REDD+ readiness. To what extent they will be able to contribute to a real change in power relations and benefits is yet to be determined.

3. Availability and access to information

To recapitulate, this proposition recognizes the power of high quality, publicly available high-quality information (e.g. open data) on forest governance components in promoting an informed debate and call to action. In the table above, this factor is found to be "Influential" in Ghana and Uganda, "Somewhat influential" in Burkina Faso, Cameroon and Liberia and is assessed as being "Not influential" in Kenya.

In Kenya, the forest service had little reliable information on the status of the resource in terms of quality, quantity, trends in growth, etc., to support forest management planning. In addition, even when good information existed, access for the general public was extremely difficult. Thus, this was not a major factor in the drive for reform. In Uganda, prior

to the sector reform (linked to the overall Economic Recovery Program of the country) around 1987, availability and access to information was poor and was not a driver of the reform processes. However, post 1987, the country's National Forest Authority has developed clear guidelines and practices for sustainable forest management and is using modern technologies such as GIS to gather up-to-date information on forest inventories and using it for policy development and forest management. The internet, mobile phones and ITC in general has dramatically improved access to information and the possibilities for stakeholders to understand and even influence processes (Castrén and Pillai 2011). Forest sector institutions, such as in Ghana, are also increasingly providing documents and information on the web.

4. Transparent and accountable implementation

As mentioned earlier, this factor captures the accountability of the state and other actors in implementation processes and the need for trust among all stakeholders. Devolving the responsibility for monitoring and evaluation (for example) to local stakeholders can contribute much to this trust-building process. This factor is assessed as playing an "Influential" role in four countries (Burkina Faso, Cameroon, Ghana and Liberia) and "Somewhat influential" in the other two (Kenya and Uganda) and in the aggregate it may be considered to influence the reform processes. These assessments from the country analyses are also consistent with the survey's rating of this factor as the third most important to the reform process. For example, in Ghana, lack of accountability and transparency in decision making is a characteristic at all levels. Of the 50 Timber Utilization Contracts granted after 2003, only 6 were granted via competitive bidding! At the level of the District Assemblies and Traditional Councils, lack of accountability and information makes it hard to establish whether any of the revenues collected actually benefit the communities impacted by timber harvesting. In Liberia, accountability actions have played an arguably important role in improving sector governance. The chain-of-custody system, called for in the Forest Reform Law, has increased accountability and transparency in the collection of forest revenues. This has curtailed the diversion of revenues for military purposes, as was the case in the Charles Taylor era. Lack of accountability, especially in relation to financial transparency, is not only characteristic of state institutions but affect also local and traditional authorities as in the case of Ghana. Though the situation is improving in many countries, partly due to information technology and various multi-sector processes, this is strongly linked to development of overall policies and legislation on freedom of information that would force sector institutions to disclose and comply.

5. Ambassadors and advocates for change

Supporting evidence is relatively weak regarding the factor, "Ambassadors and advocates for change", except for Kenya where it is assessed as "Influential". Simply put, the huge contribution of the iconic Waangari Mathai to forestry including social forestry, which was eventually recognized as genuinely apolitical, was a major reason for the influential impact of this factor in Kenya. This was complemented by the contribution of the CSOs in the country. This factor scores a "Somewhat influential" in Liberia, a "Not influential" in Cameroon and Uganda and an "Uncertain" in Burkina Faso and Ghana. The country assessments are broadly consistent with the information compiled from the crowd-sourcing where this factor rates as the second most unimportant.

6. Harnessing international initiatives

Harnessing international initiatives to motivate international reforms is ranked as "Very influential" in four countries (Burkina Faso, Cameroon, Ghana and Liberia) and "Influential" to "Somewhat influential" in the case of Kenya and Uganda respectively. The dominant role of this factor in our sample is in stark contrast to the lowest ranking given to this factor by the crowd-sourcing survey. It may be speculated that the strong contribution in our sample arise from a biased selection where our choice, was influenced strongly by the extent of available literature, which itself is highly correlated with the extent of influence by international programs, external donors and development agencies. However, in many countries such as Ghana, forest sector reforms and policy processes have been initiated through donor supported programs and over time reflect a mix of the evolving global priorities as well as national circumstances and needs. It is also clear that the trade related initiatives such as the VPAs, which directly impact on the economic values, have triggered forest sector reform. Furthermore, it should be noted that this factor received far more "it depends" votes, in the survey, than any other factor, suggesting that its value may vary with context. Clearly the discrepancy between the country based evidence and the opinion of experts needs further checking and exploration, in the context of a larger sample of countries.

7. Adequacy of resources

This factor gets a rating of "influential" for four countries (Burkina Faso, Kenya, Liberia and Uganda) and an "uncertain" in the case of Cameroon and Ghana. Taking the case of Ghana first, it appears that the forest sector, in addition to national budgets, has received significant external support over more than 20 years and consequently has both had resources and built capacity to implement reforms, though it is apparent that the state has not been able to fully capture the revenue potential of the forestry sector. In Cameroon, it seems that "adequate" resources were going into the sector, although it itself was not yielding much by way of taxes and charges. By contrast, for the other four countries, we have reasonably strong evidence that resource constraints (both financial and human) dogged reforms and contributed to a situation of, "good on paper but not on the ground". In Burkina Faso for example, fiscal reforms at the central level have led to improvement in financial flows in terms of timeliness and reliability. However, at the decentralized level the resources of local authorities are limited and unevenly distributed and even were reforms have been undertaken, resource constraints continue to exist. This does not augur well for the sustainability of reforms. The Ugandan evidence also points to the importance of this factor in sustaining the reform efforts. The forest sector in Uganda has always been underfunded by the government. However, before the reform, this inadequate funding definitely crippled the forest department and compromised its ability to deliver on its mandate. During the reform process however, donors provide the funding and therefore enabled many of the reforms to be implemented. Currently, because of widespread mismanagement and corruption, donor funding has dried up and it looks unlikely that reforms will be sustained. Our explorations also suggest that adequacy of resources may not by itself provide the momentum for reforms, but is essential to facilitate the reform process once that gets initiated, i.e., adequate resources are an enabler and not an initiator of forest governance reforms.

In overall terms, of the set of seven core factors, the country case analysis ratings support the importance of all the factors in creating momentum for reforms, to a greater or lesser extent, in all the six countries.

ANNEX B: Application of the Net-Map Approach to the Health Sector

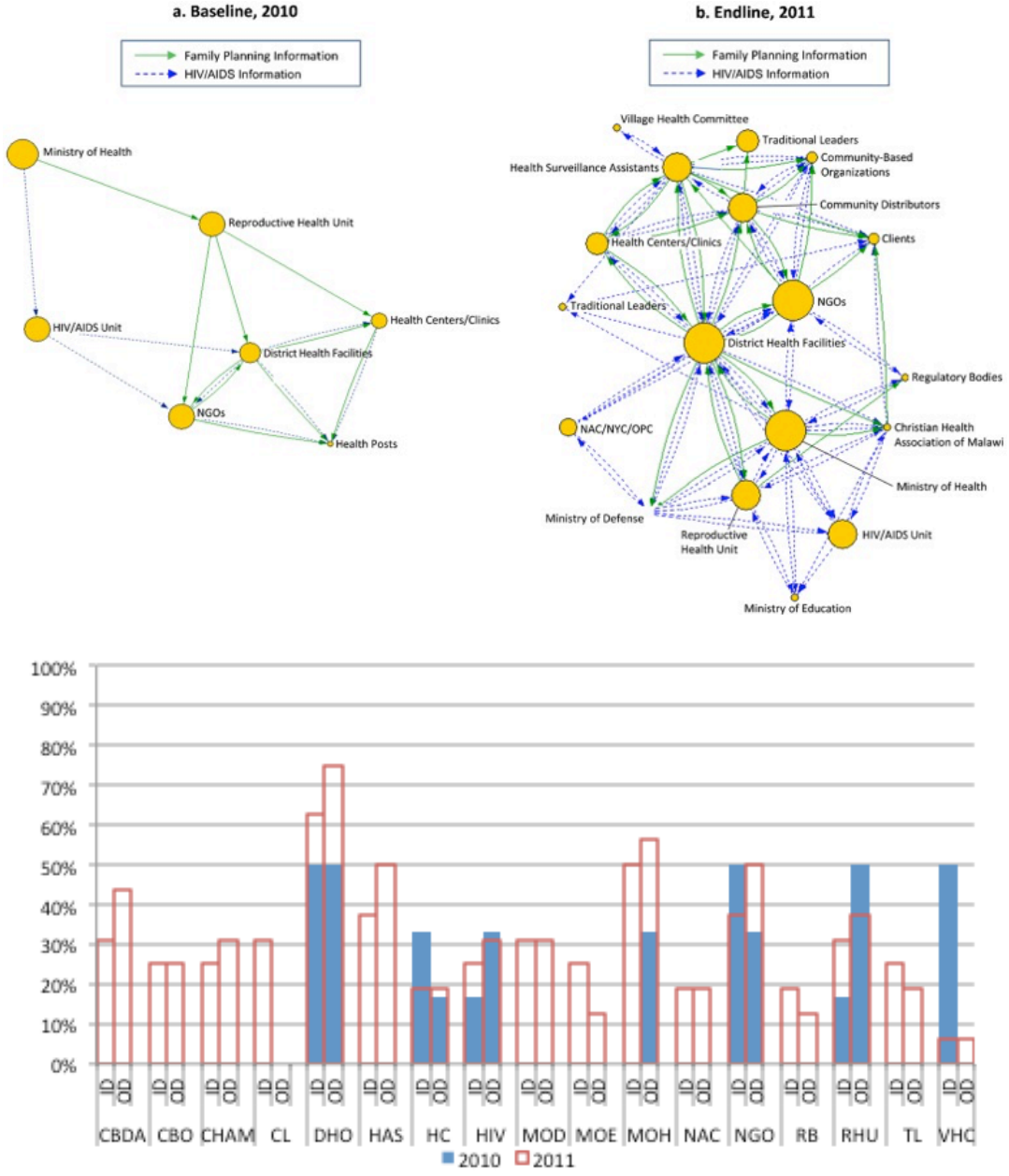
Malawi Knowledge for Health impact assessment project

The following example is taken from the Knowledge for Health (K4Health) piloted in Malawi funded by USAID and implemented by Management Sciences for Health (Bema et al 2011). In response to Malawi's poor performance in the health sector, especially with high fertility rate, high maternal mortality, low contraceptive prevalence and high HIV prevalence; USAID piloted a project to improve information exchange through mobile health intervention, called Knowledge for Health (K4Health). The project aimed to "address gaps in how information on family planning and reproductive health (FP/RH) and HIV/AIDS is generated, shared, and used at all levels of the health system in Malawi". The project identified three key intervention areas at different levels (Campbell et al 2014):

- National level: forming a national knowledge management task force to manage and disseminate FP/RH and HIV/AIDS information.
- District level: support information flows by creating two District Learning centers (DLC) in Salima and Nkhotakota.
- Community level: improvement of knowledge sharing by establishing a mobile phone network between District Health facilities (DHO) and CHWs and supplying this network with essential technical information.

Net-Map was used as an evaluation tool to measure the impact of the Malawi K4Health project. K4Health in Malawi was implemented over an 18-month period from January 2010 to June 2011, and Net-Map stakeholder mapping was conducted at the beginning of the project (on March 2010) and after the conclusion of the project (on June 2011). The baseline and endline network and measurements of Salima and Nkhotakota are displayed below for comparison.

FIGURE B.1 THE 2010 AND 2011 INFORMATION EXCHANGE NETWORK IN SALIMA, MALAWI (CAMPBELL ET AL 2014)



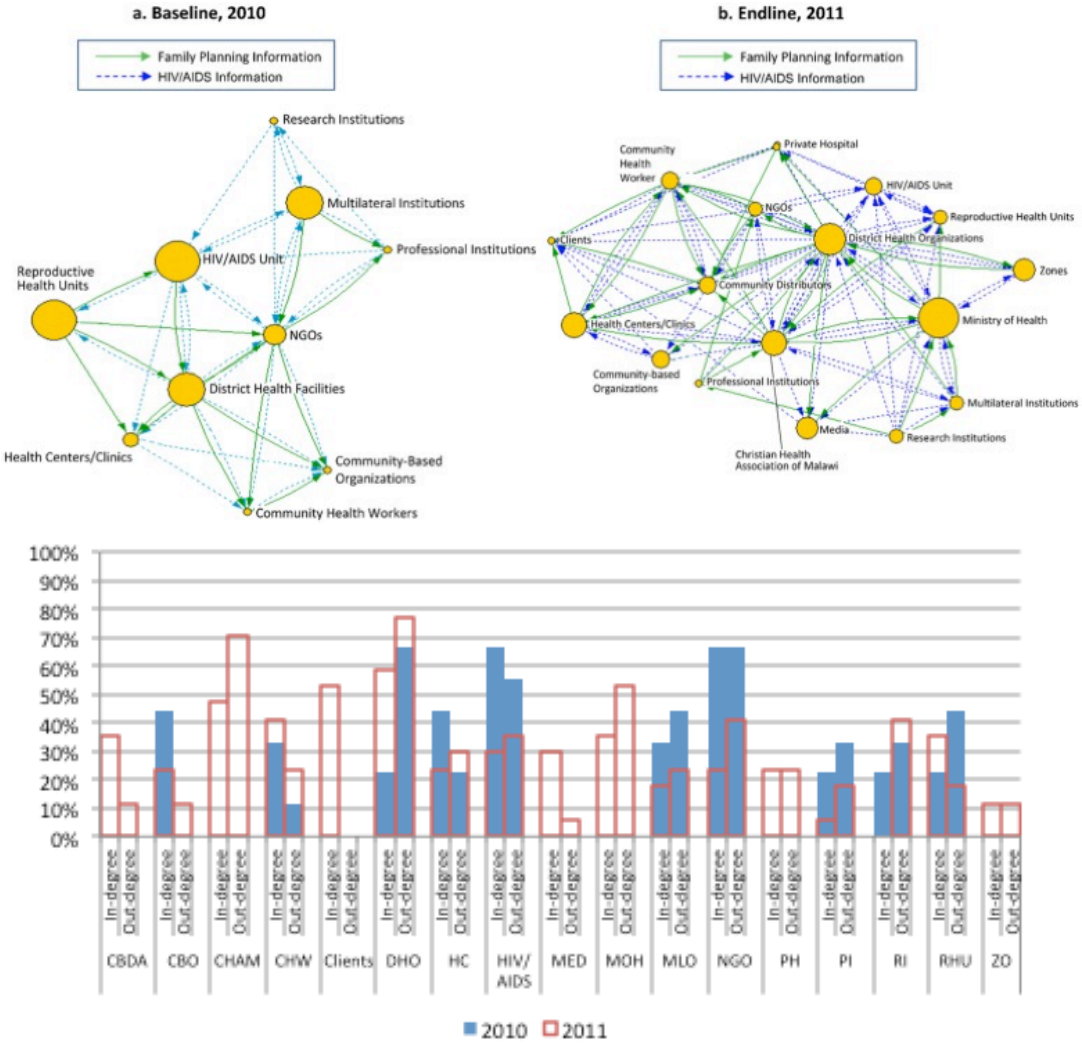
Note: CBDAs, community-based distribution agents; CBOs, community-based organizations; CHAM, Christian Health Association of Malawi; CL, clients; DHO, district health offices; HSAs, health surveillance assistants; HC; health centers; HIV, HIV/AIDS unit; MOD, Ministry of Defense; MOE, Ministry of Education; MOH, Ministry of Health; NAC, National AIDS Commission; NGOs, nongovernmental organizations; RB, regulatory bodies; RHU, Reproductive Health Unit; TL, traditional leaders; VHC, village health center.

The baseline network shows a hierarchical (National level: forming a et al 2014), mostly one directional knowledge sharing, while the after network in 2011 depicts a more diverse and bidirectional information flow. Even though the density of 2011 network is the same with 2010, there is an increase in HIV/AIDS information flow compare to FP/RH information and compare to the before network.

The after network also introduces a variety of new actors: CHWs (CBDAs and HSAs), CHAM, NAC, MOE, MOD, traditional leaders, regulatory bodies. Among these new actors, CHWs, or CBDAs and HSAs are perceived to be highly influential in knowledge exchange. Both of these actors are responsible for receiving and providing FP/RH and HIV/AIDS information.

During the project, key actors were introduced to the network, notably CHAM, the media, and the Ministry of Health. These actors played a central role in broadcasting and relaying information on reproductive health and HIV/AIDS. Also, the importance of community organizations and community health workers - CHWs (community-based distribution agents- CBDAs- and health surveillance assistants - HSAs), along with local health centers, community based organizations – CBOs- is recognized.

FIGURE B.2. THE BEFORE AND AFTER INTRODUCTION OF MOBILE PHONE AND INFORMATION HUB NETWORK IN NKHOTAKOTA, MALAWI HEALTH CARE (CAMPBELL ET AL 2014)



Note: CBDAs, community-based distribution agents; CBOs, community-based organizations; CHAM, Christian Health Association of Malawi; CL, clients; DHO, district health offices; HC; health centers; HIV, HIV/AIDS unit; MED, media; MOH, Ministry of Health; MLO; multilateral organizations; NGOs, nongovernmental organizations; PH; private hospitals; PI, professional institution; RI, research institution; RHU, Reproductive Health Unit; ZO, zones.

After the introduction of mobile phones and dedicated information sharing hubs (managed by the CHWs), the communication network in 2011showed a clear improvement in information sharing, and a diversified network structure. The after network also showed an increased number of stakeholders and increased interaction among stakeholders, thus revealing the participatory nature of the intervention and the success of the project. This success was attributed to the usage of mobile phone which "eliminates geographic distance" and expedites information exchange (Bema et al 2011).

The project is an example of how Net-Map as a tool is flexible in its application and can be used as a project evaluation tool, analyzing a more robust and resilient after network of information exchange.

ANNEX C: Two Additional Net-Map Examples Constructed During a Practitioners Workshop at the World Bank

Who influences the sustainable management of Mount M Area in the Philippines?

The Net-Map was drawn in the context of main streaming climate change in the Philippines. The project leader further narrowed down the question to the sustainable management of mount M area.

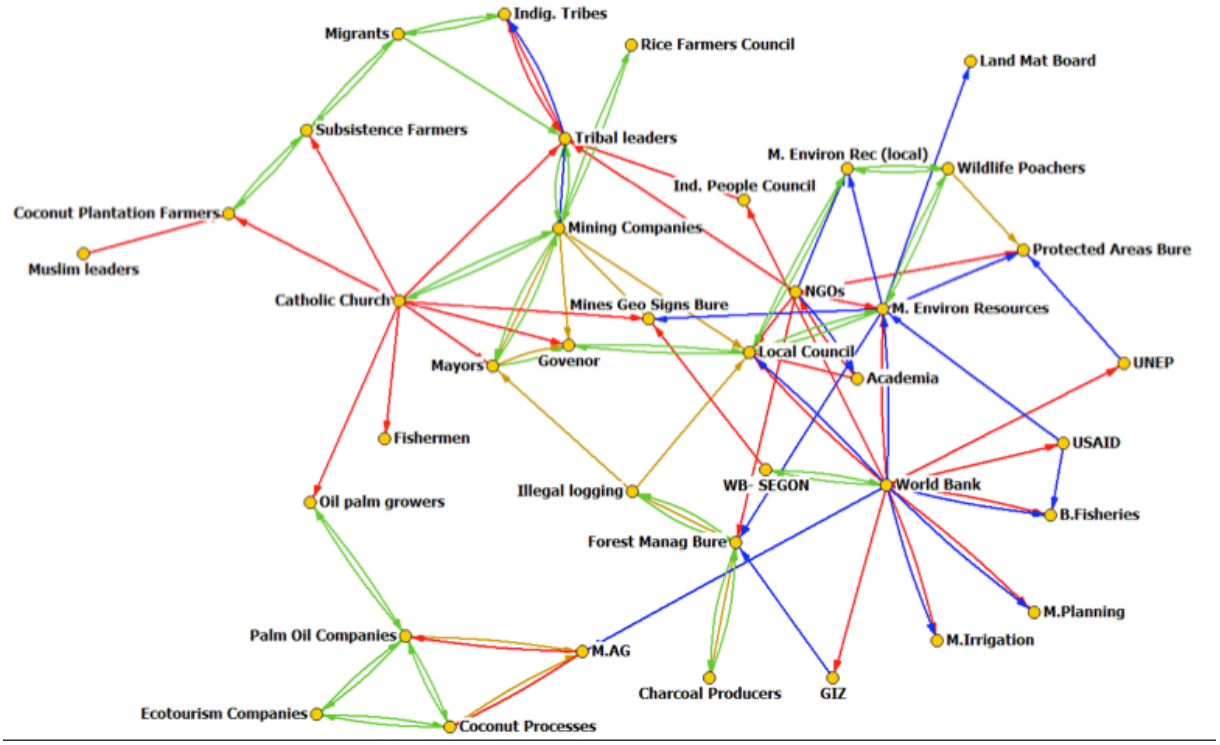
The project leader identified 34 stakeholders, divided into five groups and these stakeholders were connected through four kinds of connections. The stakeholder categories are government, communities, non-government organizations, private sector and others. The four kinds of links studied are advocacy, formal funds, conflict and bribes or nepotism.

There are invaluable lessons and questions by studying the four different connection networks separately.

Within the advocacy network, the high influence actors that contribute positively to the sustainable management are the Catholic Church, the tribal leaders, the Protected areas bureau and the local council; of which the World Bank is only connected to the last group. The network is also fragmented in which the Ministry of Agriculture is only linked to the Palm oil companies and the Coconut processors. Also, the network showed that the Catholic Church plays a brokerage role, in connecting between the negative players (the farmers and government offices against or neural toward sustainable development) and the positive players (NGOs, the international development agencies).

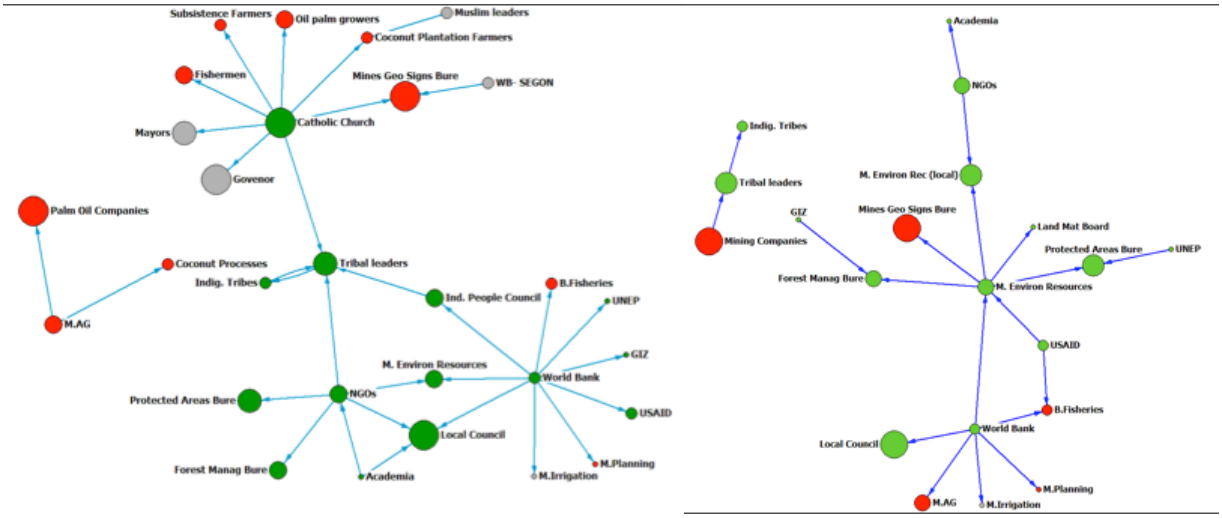
The formal financial network also shows an interesting division, in which the main network does not include mining companies, tribal leaders and indigenous tribes. The network also shows the central positions (despite low perceived influence level) of the Ministry of Environmental resources and the World Bank. Besides financial flow among positive actors, there are also links from positive actors to negative actors, for example from the World Bank (positive actor) to Ministry of Agriculture, Ministry of Planning (negative actors) or second order delivery of development aid money to negative actors in the case of Ministry of Environmental resources receiving money from the World Bank and USAID (positive actor) to finance the Mines Geosciences Bureau (negative actor). This financial flow opposes sustainable development.

FIGURE C.1 WHO INFLUENCES THE SUSTAINABLE MANAGEMENT OF MOUNT M AREA IN THE PHILIPPINES



Formal funds Advocacy Bribe/Nepotism Conflict

FIGURE C.2 NETWORK OF ADVOCACY (LEFT) AND FORMAL MONEY FLOW (RIGHT)



The conflict and bribery networks also brought to light the diversity of the problem, in which formal, informal, positive, negative stakeholders are all involved.

FIGURE C.3 NETWORK OF CONFLICT (LEFT) AND BRIBERY/NEPOTISM (RIGHT)

The exercise was a good indicator of areas of improvement for future detail political economy analysis into the problem. Net-Map was able to point out the advocacy gap (in which the World Bank did not connect directly with the positive and influential stakeholder), the funding relations in which development aid money was directly and indirectly spent on stakeholders which oppose to sustainable development.

Who influences benefit sharing in forests under REDD+ in the Democratic Republic of Congo (Bandundu Province)?

Net-Map was chosen as a political economy analysis tool for this project in exploring the benefit sharing scenery in Bandudu Province in DRC. Similarly to the previous example, this map is mainly based on the perception of the project leader who is familiar with the project and with facilitation from other environmental experts.

The project leader identified 24 stakeholders, belong to five groups and being connected by five different kinds of relationships. The stakeholder categories are Government, Consumers, NGOs, Operators, and International Actors. The kinds of links studied are Financial, Authorization, Product, Corruption, and Technical Assistance.

FIGURE C.4 WHO INFLUENCES BENEFIT SHARING IN FORESTS UNDER REDD IN DRC (BANDUNDU PROVINCE)

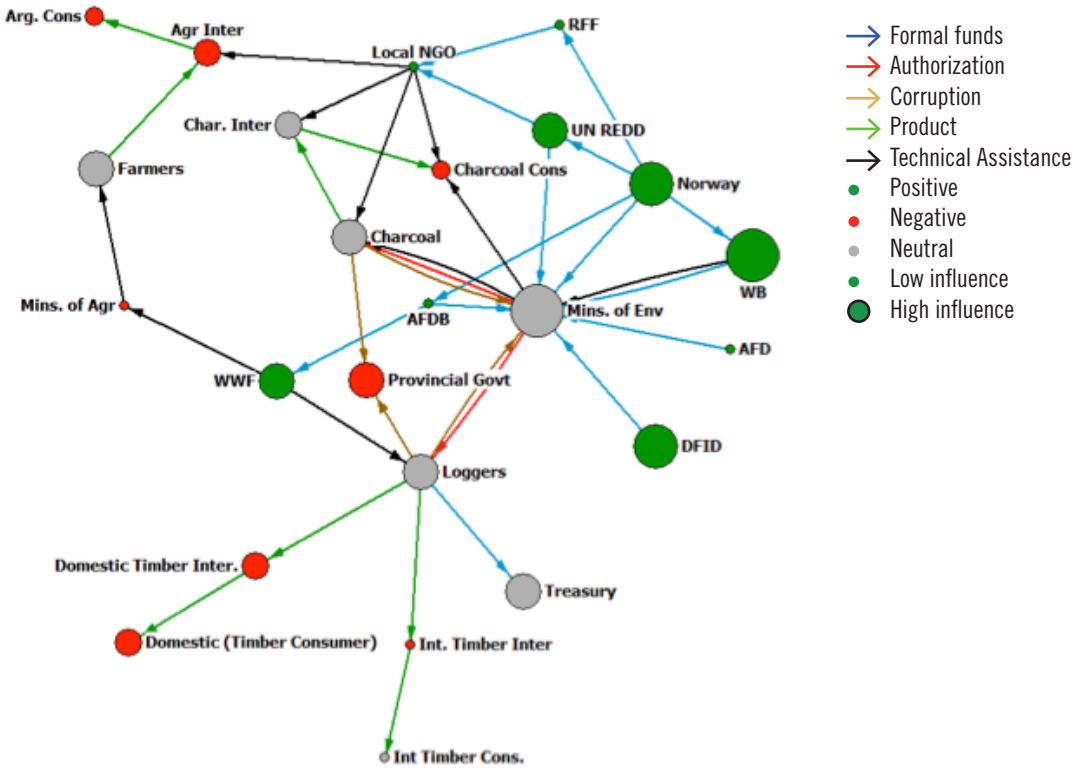
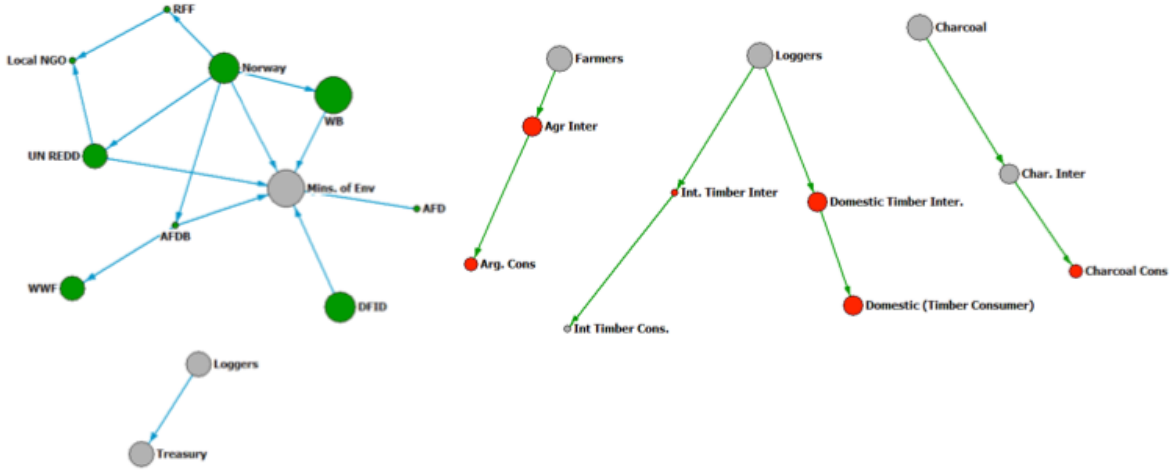


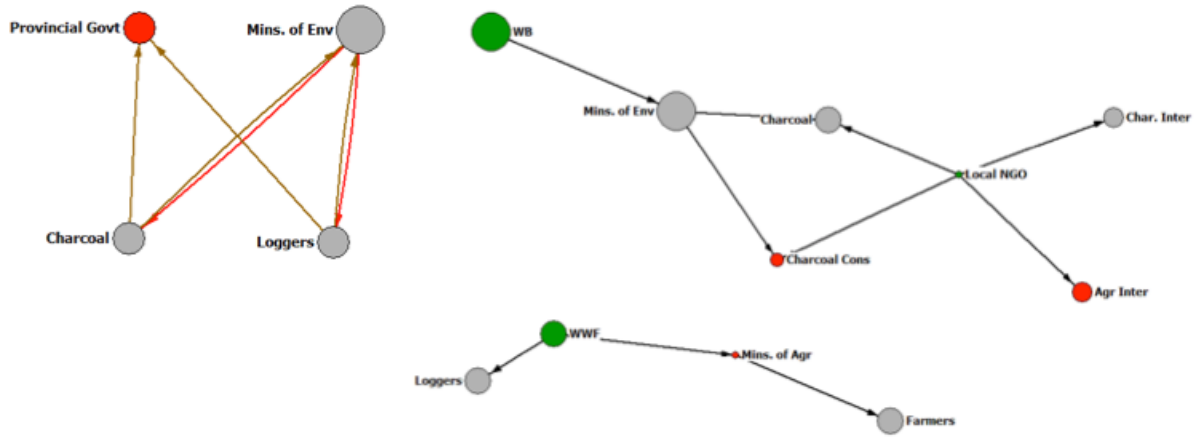
FIGURE C.5 NETWORK OF FORMAL FINANCIAL FLOW (LEFT) AND SUPPLY CHAIN (RIGHT)



Analysis of the formal financial flow reveals that only positive or neutral stakeholders are involved with formal financial transaction. This brings up question for future analysis, whether the negative stakeholders were excluded or due to this financial conflict that they opposed the benefit sharing scheme. Another observation from this financial network is the central stakeholder is the Ministry of Environment, receiving funds from different international development agencies, however, is not considered as a positive but a mixed/neutral stakeholder. This network is also disconnected with other integral stakeholders of REDD such as Loggers and Treasury.

Opposite to the financial network, in the supply chain network, all stakeholders (producers, intermediaries and traders) are negative or mixed. This current perception prompts for a deeper analysis of the cause of this behavior and how to influence or what incentive would fit.

FIGURE C.6 NETWORK OF AUTHORIZATION/CORRUPTION (LEFT) AND TECHNICAL ASSISTANCE (RIGHT)



The network of corruption is quite compact with only four stakeholders, with the most influential and central one being the Ministry of Environment, this corruption from producers to authorizers and oversight agency.

Using Net-Map, the project team was able to identify further questions that would be essential to the operation of REDD:

- Is this view representative of all stakeholders, what additional insights can be generated from a more diverse group?
- What is the role of technical assistance when it originates from positive actors to mixed or negative actors, would additional relationship be sufficient to change the attitude of these actors?

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