Political economy analysis

Understanding political economy is vital if you want to understand your target group's situation and the opportunities to improve it. Often markets do not work for the poor because current political settlements favour vested interests to the detriment of the poor and most vulnerable.

From analysis to implementation: the practice of political economy approaches to economic reform

Features of political economy-based approaches to policy reform.

Political economy analysis focuses on how power and resources are distributed and contested in different contexts, and the implications for development outcomes. It gets beneath formal structures to reveal underlying interests, incentives and institutions that enable or frustrate change. In addition, it looks at the informal and formal rules that govern behaviour in a market system.

Political economy analysis how-to note

What political economy analysis is and how it can be used successfully.

DFID’s Drivers of Change (DoC) methodology analyses political economy at three levels: structural, institutions, and agents.
DoC methodology advocates focusing the analysis on institutions as they influence agents and broader structures. Asking how policy gets made, for example, may lead to questions of who benefits from that policy.

Drivers of change conceptual model

If you're interested in learning more about useful tools for political economy analysis see the Value Chain Development Wiki on understanding informal regulations.

Tools and methods for understanding informal regulations

Value chain Wiki on the impact of informal rules on value chains.