

Embedding PECA into MSD programmes – Lessons from ÉLAN RDC

All countries have a combination of universal and specifically domestic aspects, many of which are complex and difficult for outsiders to identify or to comprehend. Good quality political economy and conflict analysis (PECA), fully and explicitly integrated into programme and project design and implementation from the outset, prevents programmes from failing to understand or respond to the key domestic issues as the programme develops. PECA embedded into programme structures and processes ensures that programmes are capable of discerning and responding flexibly and appropriately to political economy and conflict issues as they arise during the life of the programme.

ÉLAN RDC, a Market Systems Development (MSD) programme operating in the highly challenging environment of the Democratic Republic of the Congo (DRC), tested new programme structures from advisory, hiring, information gathering, analysis and sector selection to engage with a private sector that includes multiple and complex risks, much of it related to the country's political economy. These lessons can be followed by other programmes, especially those operating in volatile and post-conflict areas.

Foundations of Political Economy and Conflict Analysis

Political economy and conflict analysis combines elements of political economy analysis (PEA) and conflict analysis to assess complex and volatile environments like the DRC. When building the structures and processes for an MSD programme and to incorporate PECA, programme designers and leaders must first acknowledge three elements of all political economies:

1. Networks are known unknowns. Hidden networks exist beyond what can be seen, even if their structure and details are largely unknown.
2. Undue weight or significance should not be accorded to the visible network nodes in the private or the public sectors simply because they are visible. The invisible may matter more.
3. PECA is ongoing, and oriented to continual learning, often from diverse and unexpected sources.

Lessons in PECA for MSD Programmes

Dedicated Advisor

Development programmes with dedicated PECA advisors are rare. The creation of a dedicated PECA advisor position helps ensure the programme's sensitivity and responsiveness to political economy and conflict issues, improves the capacity of the programme to protect itself and its funders from reputational risk, and gives further weight to the programme's commitment to, and its implementation of, Do No Harm.

While programme managers should be trained in PECA, they should not be expected to be experts. There will also be cases where they are unable, due to timing constraints or potential conflicts of interest, to conduct sufficiently thorough due diligence on potential partners or other stakeholders. In these cases, managers can utilize the advisor to conduct the due diligence.

Multiple academic disciplines can inform the role of PECA advisor, including politics, economics, journalism, history and anthropology. The advisor should ideally have considerable in-country experience and a good existing network of contacts from having previously engaged with business people across numerous economic sectors and with a range of state agents.

Analysis

A PECA checklist, completed in the early stages of developing partnerships, is an effective tool for intervention staff to conduct analyses and move projects forward without constant oversight by a PECA advisor or senior management. A potential risk in having a dedicated PECA advisor is that other members of staff and consultants might consider the box thereby ticked and political economy taken care of without any further input or effort being needed from themselves.

The procedural use of a PECA checklist makes it clear to intervention staff that political economy assessment is part of the partner evaluation process. It is important to make clear that these checklists have their limitations; while the checklist indicates *what* PECA issues have to be covered, it cannot teach staff *how* to cover them. An important part of the ongoing work of the advisor is to work with managers individually on the “how” of PECA.

Team Recruitment

In hiring staff, PECA can help to identify those sector leads and intervention analysts who are most likely to be successful in implementing interventions while minimising reputational risk to the programme and its funders. Intervention managers are also more conscious of the need to carry out their own due diligence on potential partners. Investing time in cultivating a partner, only to learn from the PECA advisor that the partner is politically exposed or otherwise constitutes a risk, can be costly. Appropriate selection and training of managers to give them a strong grounding in PECA can help to avoid this kind of false start.

Candidates for managerial positions should be able to articulate their approach to political economy in general and the country’s political economy in particular and, ideally, have country-specific prior political economy experience.

Information Gathering

Given the diverse sources of potentially “hidden” information needed to undertake thorough PECA assessments, advisory boards of civil society activists, analysts, journalists and researchers are useful. However, group meetings have been shown not to be an appropriate format for discussion of difficult or possibly controversial issues, as this engenders reticence among the group. It is more effective for the PECA Advisor to hold meetings of smaller sub-groups and to have individual conversations with group members. The advisor can commission individual members to conduct bespoke research and assessments; group members can also assist with due diligence investigations and sectoral and regional PECA studies.

Sector Selection

In selecting sectors, programmes gain confidence in how to work in potentially risky sectors as time goes on, allowing impact without introducing undue risk to the funder and the programme. At the beginning of a programme, a conservative approach is generally taken because of the possible reputational risk for the funder arising from the programme’s engagement with the private (and possibly public) sector.

It is understandable for an MSD programme to start with relatively uncontentious market systems, such as, in the DRC’s case, renewable energy. These market systems are often uncontentious, however, precisely because of their distance from the heart of the national economy. Sectors closer to the heart, such as mining, typically carry greater political economy risk. As an MSD programme grows in knowledge and understanding from its ongoing PECA, it can look for ways to engage with these market systems and to mitigate its political economy risk appropriately but creatively while doing so. The lesson from this is that as an MSD programme’s institutional knowledge of, and its confidence in, its PECA grows, its leadership can increase its appetite for political economy risk.