Bridging the gap between political economy analysis and critical institutionalism: a framework to help analyse institutional change for sustainable water and sanitation services

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In this presentation I seek to develop a way of bridging recent frameworks for ‘political economy analysis’ (PEA) by international aid donors and work on ‘critical institutionalism’ by academic researchers. Both approaches try to help understand the formation of institutions, especially those for governing natural resources and delivering public services, and the role that external actors can play in influencing institutional change. The framework proposed here has been developed to help analyse the challenges faced in promoting sustainable water and sanitation services in low-income countries, but I hope that the discussion is also relevant to other forms of natural resource management and public services delivery. My aim is to develop an approach which is both sensitive to the complexities of institutional change and ‘legible’ to policy-makers and practitioners, in order to increase the likelihood that such a method might have practical influence.

I firstly explain what I mean by ‘political economy analysis’ (assuming that workshop participants are already familiar with the background to critical institutionalism). The term ‘political economy analysis’ (PEA) refers here to a variety of donor-led approaches that have been developed since 2000, such as DFID’s Drivers of Change and Politics of Development, and the World Bank’s Problem-Driven Governance and Political Economy Analysis. These typically emphasise the roles of structural factors, institutions, agents and their incentives, and suggest that external actors who wish to influence local institutions should ‘go with the grain’ and seek ‘best fit’ rather than ‘best practice’ (Booth 2012; Duncan and Williams 2012; Kelsall 2011; Landell-Mills et al. 2007). Approaches have shifted more recently to focus on particular sectors or problems, rather than analysis of overall national political and economic contexts.

PEA is critiqued in the literature on both theoretical and practical grounds. Firstly, a series of authors argue that most political economy analysis is still based on over-simplified and sanitised understandings of concepts such as politics and development, in the broad belief that consensus can be built towards win-win situations that are beneficial for all parties involved, instead of viewing development as a contested process where there may be some ‘losers’ (e.g. de Haan and Everest-Phillips 2007; Hughes and Hutchison 2010; Hyden 2008; Leftwich 2007). A second area of criticism relates to the basic tension between donors attempting to engage in complex political analysis while at the same time responding to the typical pressures of their own taxpayers and governments to disburse large sums of money and achieve measurable results (Copestake and Williams 2012; de Haan and Everest-Philips 2007; Duncan and Williams 2012; Robison 2010; Unsworth 2009). A combination of these challenges means that as Booth (2012: 92) observes, despite more nuanced studies of each country context, remedies proposed typically “remain well within the terms of the good governance philosophy”.

However, I do not propose the total rejection of such approaches. Instead, I argue that examples of PEA used so far in fact show understandings of institutional change which draw on elements of both ‘mainstream’ and ‘critical’ institutionalism, and therefore that there...
might be productive ways of combining parts of these two areas of work. From the perspective of critical institutionalism, this presentation therefore responds to Cleaver’s (2012) suggestion that one way in which others could build on her work in defining the approach is to assess whether it is useful to synthesise parts of critical institutionalism and mainstream institutionalism. In particular, I suggest that the key areas where critical institutionalism could contribute to PEA are in better understanding i) the formation of institutions and the role of external organisations in influencing institutional change, and ii) factors shaping agents’ behaviour in institutions. In doing this I also respond to key challenges identified for PEA: helping support locally-driven possibilities for change while also recognising their limits, and analysing the incentives and constraints for those working in development agencies themselves (Copestake and Williams 2012).

To illustrate how the framework proposed might be used in practice to help actors analyse their roles in institutional change, I illustrate elements of the approach with examples from the work of the international NGO WaterAid and its partners in Mali in their efforts to promote sustainable financing mechanisms for rural drinking water services. This case study demonstrates the importance of understanding influences at different scales (community, district and national) and how actors and institutions overlap these levels.

I firstly discuss the responses of WaterAid’s partners at community levels to a national policy for financing the recurrent costs of water services that could be described as “unimplementable” (Mosse 2004) in practice. Understanding “why they [development organisations] do what they do” when faced with this challenge (ibid) demands close engagement with development workers themselves to try to appreciate the challenges from their perspective (Mosse 2004; Carr in Simon et al. 2011; Fechter 2012). Copestake and Williams (2012) argue that this “aidnography” literature provides an opportunity to expand on PEA’s emphasis on understanding the agency of different actors to include greater consideration of development agencies themselves. Qualitative research in different villages shows that WaterAid’s partners work with local communities to help develop forms of “institutional bricolage” (Cleaver 2012) which combine some aspects of the challenging national policy with local interpretations in practice. In acknowledging and supporting these practices of bricolage, WaterAid’s partners are adopting elements of a critical institutionalist approach.

However, at local government levels WaterAid’s approach is based more on a mainstream institutionalist view of how decentralised public services can work, rather than a critical institutionalist perspective. WaterAid promotes a model of municipal Technical Units for water and sanitation, composed of one or two local civil servants who aid the planning and implementation of new infrastructure and provide ongoing support to existing community-level water management committees. This approach prioritises formal institutions and decision-making and is reliant on external support (funding for salaries and overheads are financed by WaterAid through a system of direct budget support), rather than building on existing institutions and resources. This issue illustrates the wider challenge of developing institutions for delivering public services where resources and capacity are so low, and acts as a counterpoint to the optimism expressed by Booth (2012) for “practical hybridity” (a similar idea to institutional bricolage but applied more to public services in general rather than natural resource management) to emerge for delivering public services.
NB: For workshop participants interested in a quick overview of PEA approaches and possible future directions I suggest reading Copestake and Williams (2012).


Leftwich, A., 2007. From Drivers of Change to the Politics of Development: Refining the Analytical Framework to understand the politics of the places where we work - Notes of guidance for DFID offices, London: DFID.


