Guidance notes for institutional analysis in rural development programmes

What does institutional analysis address?

Understanding poor people and their livelihoods

Focusing on results
A realignment of the role governments play in service provision today is opening up exciting opportunities, including greater involvement by the private sector and civil society. However, clear definitions and redress absent the rule of government, social and public institutions. At various levels of service delivery, experience has shown that unless service continuity is supported by clear regulation and proper oversight, there will be little responsiveness to demand, limited downward accountability, and ultimately only minimal scope for change. These concerns lie at the heart of IFAD's core objective, namely that of strengthening the voice and choices of poor rural people through local institutional development.

Institutions have been an enduring concern for the social sciences since time immemorial, especially in the realm of political science. With respect to the challenges of rural and agricultural development, institutions have commonly existed so that poor rural communities cannot be empowered in a sustainable way if they are not taken into account. If for the sake of simplicity we assume that institutions are the rules of the game and organizations are the players, it will become apparent that too long rural development efforts have focused excessively on the players, strengthening their capacities but overlooking the wider context in which these capacities are to be used. This has often diluted the impact of our efforts, especially over the long run.

Guidance notes for institutional analysis in rural development programmes provides a synthesis of the training materials developed as part of the Institutional Analysis (IA) methodology. They propose that we rethink how we conceptualize and promote institutional change, particularly for pro-poor service delivery. They provide a framework and the analytical tools for designing programmes and projects that feature implementation modalities based on some of the core principles of good governance, focusing on “pro-poor governance” and systemic sustainability at the micro and meso levels.

It is our hope that — given current trends such as decentralization, innovation, commodity chain development and public-private partnerships, as well as the harmonization and alignment agenda and the emergence of sector-wide approaches — the IA methodology will make a timely contribution to the set of tools available to the development community. The present methodology has already proven its value during IFAD implementation support missions; it will be increasingly relevant as IFAD moves toward direct supervision and as we strive to further enhance the impact and sustainability of our activities.

I would like to thank all those who contributed: David Kingsbury and Sylvie Marzin, who initiated this effort; Dermot Shields, who carried it further; Rathin Roy and Philip Townsley, the trainers, who also prepared the training materials; Tom Anyonge, the peer reviewers and the Communications Division; and finally the three main authors, Philip Townsley, Alan Cowie and Norman Messer, the latter having also successfully managed the initiative for Mainstreaming Innovation (IMI) project.

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Understanding poor people and their livelihoods

Institutional analysis: an overview

Institutional analysis for rural development should focus on the ways in which institutions influence poverty and the livelihoods of poor people. In order to arrive at such an understanding, we need to understand the poor and recognize that they are not homogeneous but rather an extremely diverse and complex group with different key characteristics. Gender, age, social and economic class, ability, ethnic background, history and geographic location are among the characteristics of different groups of poor people that must be taken into account. In order to understand these, we need to understand not just the structures and capacities of the organizations and agencies that fall into these two categories, but also the quantity and quality of relationships between these institutions and poor people. This initial focus of institutional analysis is clarified in pamphlet 1.

The Sustainable Livelihoods Framework provides a useful framework for understanding the livelihoods of the poor. It focuses on their strengths, capacities and assets and the vulnerabilities they have to deal with, and how these shape their aspirations and their perceptions of opportunities. It seeks to understand how these shape the activities, strategies and the outcomes that people adopt and the outcomes that they achieve.

In pamphlet 2, the Sustainable Livelihoods Framework and Approach, and some of the key elements identified in this first step, are described in more detail.

Focusing on results

Institutional analysis is clarified in pamphlet 3, which provides an overview of the key steps in institutional analysis in the context of rural development programmes. This overview summarizes the key steps in institutional analysis in the context of rural development programmes, thus overview summarizes the key steps in this process.

Understanding institutional analysis

Institutional analysis seeks to understand how institutions affect poor people – their aspirations and their actions. Gender, age, social and economic class, ability, ethnic background, history and geographic location are among the characteristics of different groups of poor people that must be taken into account. As our understanding of poverty has grown more sophisticated, the ways in which institutional factors can affect poverty, both positively and negatively, have become more apparent. However, the main step in examining such institutional factors has often been looking at these factors in isolation, and often assuming that poverty is the result of a lack of resources.

The process set out in these pamphlets, and developed in more detail in A Practitioner’s Guide to Institutional Analysis of Rural Development Programmes, aims to provide development workers with a comprehensive approach for carrying out institutional analysis in the context of rural development programmes.

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Mapping action arenas

The next step in the process is to understand how these various results - whether intended, intended or unintended - are generated. This can often be by taking one or two of the specific actions performed by enabling agencies and service providers that have produced these results. The combination of actions that generate each of these results can be thought of as an action arena. The analysis of these arenas can be carried out both for existing results, to identify what is causing them, and for intended future results, to identify the changes in institutions and processes that could produce them. These arenas are of particular importance because they include many of the features of institutions that are most easily influenced and changed.

The process of mapping these action arenas involves linking each of the actions that make up a particular action arena to:
- the different actors involved in performing these actions;
- their respective roles and responsibilities (per statute);
- their capacity to perform the responsibilities they have been assigned;
- the relationships between these different actions;
- the rules and incentives that influence these different actions as performing the actions leading to the results observed.

Understanding the institutional context

To understand what the agents and people involved are doing, it is necessary to think about the wider context in which these elements are defined and to ask questions about:
- the policy context, including the policies themselves, the way in which these policies are governed, the mechanisms by which they are implemented, the feedback mechanisms that allow us to understand their impact, the degree to which control or harmonization exists between policies in different sectors;
- the legal framework, including the different sorts of laws, rules and regulations that are in place as well as the processes by which those laws are established and revised;
- the accountabilities and incentive structures that support pro-poor investment;
- the power and leverage of different agents and the extent to which institutional processes support the poor or otherwise.

Traditionally many of the elements of the institutional context have been thought of as "given" that could not be addressed or changed by rural development programmes. However, part of the task of an institutional analysis should be to understand these factors in more detail and regard the action arenas as opportunities for influencing and changing them on the way to create a pro-poor institutional context. The processes required in bringing about these changes are often long and complex and may require a more strategic approach, beyond the capacity of a single project, programme or development agency to implement. How these elements can be understood and analysed is dealt with in pamphlet 5.

Understanding power and processes

Behind the policy and legal frameworks presented in pamphlet 3, and often playing a key role in shaping them and determining how they work, are interests and more deeply- rooted processes. These processes may not be reflected in all the formal spheres of policy, law-making and allocation of resources, but they will frequently play an even more important role in determining what actually happens and the power relations between different institutional actors. Pamphlet 6 focuses on these issues. 

Pamphlet 4 provides guidance notes that can be used by agencies and service providers to:
- assess whether the results in their area are consistent with the intended results;
- assess whether the results are consistent with the intended results;
- the extent to which institutional processes support the poor or otherwise;
- the extent to which institutional processes support the poor or otherwise; and
- the extent to which institutional processes support the poor or otherwise.

Developing strategies for institutional change

Developing effective strategies for capturing and maintaining processes of pro-poor institutional change requires:
- focusing on the desired and reached; positive change and the likelihood of outcomes of the poor;
- using knowledge about institutions to design, as accurately as possible, the changes required at different institutional levels to achieve positive change;
- making strategic choices about what can and cannot be achieved;
- strategically defining what needs to be done to achieve changes at different levels, and the actions required to sustain these changes;
- a careful assessment of the capabilities of different institutional actors to lead and participate in the process of pro-poor institutional change.

This is dealt with in more detail in pamphlet 7.

Using Institutional Analysis

Pamphlet 4 discusses the limits of conditions and contexts in which the process of institutional analysis discussed in these guidance notes might be used. Particular reference is made to the kinds of circumstances faced by IFAD as an organization and in the stages of the IFAD programme and project cycle at which institutional analysis can make a contribution.
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