The process of institutional analysis is complex and potentially time- and resource-intensive. While it offers considerable benefits in terms of generating more appropriate and sustainable interventions in support of poor people, it is not a process that can be undertaken lightly. Experienced users might benefit from elements in the analysis in a more abbreviated form, but a commitment to a full institutional analysis in the context of the design of rural development interventions requires careful thought.

Besides the potential resource requirements, the sensitivity of the issues being addressed through an institutional analysis needs to be taken into account in deciding when, where and by whom such an analysis should be carried out.

Who should be involved?

An institutional analysis involves analysing a broad range of features of people’s everyday lives and work. Often, these features will be clearly identified by the “subjects” – the people directly concerned who participate in the institutions being addressed – as elements that merit analysis and discussion. Particularly where institutional “problems” are widely recognized, it can be relatively easy to encourage discussion and debate. But many features of institutions are so “normal” that the people directly involved may not even be aware of them or consider them worth analysing at all. In particular, the way that institutions work and the unwritten “rules of the game” that govern them are often so ingrained that the idea of change may be completely inconceivable for “insiders”.

These features of institutional analysis mean that it is one form of “diagnostic” activity in which the role of an “outsider” – someone who is not a participant in the institutions or mechanisms that are the subject of the analysis – is often not only helpful but necessary. Only someone with an “outsider’s” point of view is likely to be able to step back from the institutions in question and look at them from a perspective that allows them to see issues that “insiders” would probably miss.

At the same time, many of the issues under consideration in an institutional analysis require a detailed knowledge and sensitivity to local practice, history, precedent and culture which an outsider may have little possibility of acquiring, at least in the short term.

Hence the importance of assembling a team of people to carry out an institutional analysis that combines an “outsider’s” perspective with an “insider’s” knowledge. Where the exercise is being led by “outsiders”, there will be a need to identify potential collaborators from within the institutions who can support them and provide them with the kind of intimate knowledge required to make a meaningful analysis. Selecting such people can be problematic, for the reasons already mentioned above: “insiders” are inevitably stakeholders who may have a personal or professional interest in some of the issues being analysed and could therefore be biased. However, “insiders” who have a degree of critical awareness that allows them to “critically” analyse their own environment, can play an effective role even though they are “insiders”. Indeed, from a strategic point of view, these individuals may constitute potential champions for change; if they participate in the analytical process they might contribute to leading change in the future.

When to do institutional analysis

Institutional analysis can play a role at almost any stage in the development of pro-poor interventions but will have particular relevance depending on when it is deployed.

Strategy and programme development

Ideally, the development of a strategy for intervention or a programme of interventions at the country or regional level would include an analysis of the key institutional issues which that strategy or programme seeks to address. Almost by definition, a strategy or programme should be looking to achieve longer-term changes in institutional arrangements and in policies and legal frameworks that would be beyond the reach of individual projects. Institutional analysis can contribute directly to defining the desired changes and how they might be achieved through a series of more specific interventions. In particular, the analysis of linkages between livelihood outcomes of the poor, delivery and governance results and action arenas, together with additional linkages with the institutional context, can help clarify the pathways by which particular interventions at the field level might contribute to wider change at the policy and institutional level.

The deployment of institutional analysis should also help those preparing a country strategy or programme to identify trade-offs between “quick-wins”, or short-term interventions with possible immediate impact that garner support and credibility, and longer-term programmes to inform and influence policy processes and the institutional structures they generate.
Project design
At the level of project design, institutional analysis has an obvious role in generating the specific forms of intervention that might be required to obtain appropriate and sustainable institutional support for the types of activities being promoted by the project. As such, it should always constitute an integral part of the diagnostic process that should precede the design of new activities.

Particular areas of importance are likely to be:
- The identification and design of institutional mechanisms and processes to support interventions in the field, through a detailed knowledge of existing roles, responsibilities, capacities and incentives within key institutions.
- The detailed identification of action arenas that are required to produce desired governance results and delivery results. This information is typically necessary for including it in project implementation (or operations) manuals, which can be updated as implementation experience accumulates.
- The identification of institutional factors that might enhance or inhibit the chances of project sustainability and success.
- Understanding the potential for broadening the coverage and impact of projects through synergies with other institutions and their programmes.

Trouble-shooting, project supervision, monitoring and evaluation
Institutional issues are among the most widespread causes of problems faced by development projects during implementation. The limited attention paid to many institutional issues in the past has often meant that implementing agencies have found themselves unable to effectively perform the tasks expected of them. Their lack of understanding of the broader institutional context has meant that interventions have been subject to very different interpretations by the various institutional actors involved.

It is unlikely that a complete institutional analysis can be performed as part of the supervision or the monitoring and evaluation of an on-going project. However, the approaches suggested can be applied to specific sets of issues or problems that arise in the course of project implementation. The initial suggestion to focus on results in the field, looking at how they are connected to up-stream institutional issues, can be applied to the investigation of particular problems. “Trouble-shooters” can use the approach to focus on key areas of concern, including the action arenas around specific project activities. In particular it can help to analyse the extent to which perceived problems in a project or intervention affect delivery and governance results. Reference to the guiding principles of pro-poor institutional analysis should help to maintain the focus on how interventions ultimately affect the livelihood outcomes of the poor.

There is also potential for using the same approach to better understand the mechanisms behind successful interventions and to identify the critical elements that have contributed to effective institutional change. Often the “reactions” of institutions to particular interventions will not follow the expected patterns and an institutional analysis that begins with the successful outcomes seen in the field can contribute significantly to understanding how these successes were achieved, and to replicating or adapting them elsewhere.