### list of acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADMARC</td>
<td>Agricultural Development and Marketing Corp. (Malawi parastatal organization)</td>
</tr>
<tr>
<td>CBO</td>
<td>community-based organization</td>
</tr>
<tr>
<td>CSO</td>
<td>civil society organization</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
</tr>
<tr>
<td>EURODAD</td>
<td>European Network for Debt and Development (coalition of European NGOs)</td>
</tr>
<tr>
<td>GTZ</td>
<td>German Agency for Technical Cooperation (Germany)</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>INGO</td>
<td>international non-government organization</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>NGO</td>
<td>non-governmental organization</td>
</tr>
<tr>
<td>ODI</td>
<td>Overseas Development Institute (UK NGO)</td>
</tr>
<tr>
<td>PRGF</td>
<td>Poverty Reduction and Growth Facility (IMF)</td>
</tr>
<tr>
<td>PRSC</td>
<td>Poverty Reduction Support Credit (WB)</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper (IMF/WB)</td>
</tr>
<tr>
<td>PSIA</td>
<td>Poverty and Social Impact Analysis</td>
</tr>
<tr>
<td>SEA</td>
<td>strategic environmental assessment</td>
</tr>
<tr>
<td>SIA</td>
<td>social impact assessment</td>
</tr>
<tr>
<td>TIPS</td>
<td>Tools for Institutional, Political and Social Analysis (UNDP/WB)</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNCT</td>
<td>United Nations country team</td>
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“The Wonderful Children of Malawi”
Photography by Karl H. Mueller
Preface

The success or failure of any poverty reduction programme depends crucially on local conditions. But the people who understand such conditions best can be shut out from the programme-design process, which is often dominated by policy-makers who may live outside targeted locales, international specialists and other members of the donor community. This resource guide and toolkit is UNDP’s attempt to redress this imbalance, to help members of civil society participate effectively in policy decisions that affect not only the poorest members of their community but also local economic conditions in general.

One policy-making process in particular is the focus of this guide: the process of undertaking a Poverty and Social Impact Analysis (PSIA). That is because PSIAs, which are used not just by UNDP but also by the World Bank, IMF and many bilateral donors, are becoming a standard means for ‘setting the agenda’ for a targeted locale—arriving at the broad policy prescriptions that influence local development efforts for years. A growing number of programmes and initiatives that gain the support of the international donor community today can be traced to policies that were first formulated in a PSIA. In practical, user-friendly terms, this toolkit describes capacity-building ideas and techniques that members of civil society can use to become engaged in any PSIA process.

Just as the success of any poverty-reduction programme depends on local conditions, so it is with the techniques described in this guide, the first of its kind produced by UNDP. Some tools and ideas may be useful to you; others may not. We at UNDP intend this guide to function as a ‘living document’; subject to change based on feedback we receive from prospective development partners like you. We hope you will share your best practices with us, so that we can include them in future editions and help others benefit from your experiences. The use of an electronic platform (http://www.undp.org/poverty/civsoc.htm) is intended to facilitate the guide’s ability to serve as a living and open document.
Background and acknowledgements

This guide reflects the firsthand experiences of UNDP and its development partners in working with civil society on related topics. It also draws significantly from the desk review that UNDP commissioned titled “Civil Society Engagement in PSIA Processes: A Review”, which was conducted by the Overseas Development Institute (Bird, Busse and Mendizabal, 2007). Centred around three case studies (Armenia, Bolivia and Uganda), the paper presents lessons learned from CSO engagement in PSIA processes. This has provided the foundation for a user friendly guide based on distilling recommendations and presenting information in very practical terms.

The guide focuses on the methodological approaches which are most relevant for promoting civil society’s role in participatory assessments and its empowerment. These include developing citizens’ voice mechanisms in policy processes (for greater responsiveness and accountability to the poor) and determining entry points for lobbying and advocacy efforts to influence policy reform decisions. The scope of the guide does not include specific details on different impact analysis tools, which are too broad for a publication whose principal aim is to determine approaches for strengthening the role of civil society organizations in the PSIA process.

A peer review team (comprising civil society organizations in Africa and Asia, and bilateral and multilateral donors) was instrumental in providing valuable feedback on the drafting of the toolkit. UNDP would like to thank all colleagues and contributors for their very helpful comments and contributions.

A draft of this guide was tested at three trainings at the end of 2007: one in Arusha, Tanzania (October 2007); one in Istanbul, Turkey (26-28 November 2007); and one in Casablanca, Morocco (3-7 December 2007). The purpose of these trainings was to introduce CSO staff in these regions to PSIA and test the overall usefulness of the publication. The guide was redrafted to incorporate comments and experiences from the trainings. We make multiple references to the work done at these trainings and thank all the participants for their helpful comments.

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1 Reviewers included the following individuals: Charles Mutasa, AFRODAD Zimbabwe; Gloria Hamela, Malawi Economic Justice Network; Pat Holden, DFID London; Cornelius Kazoora, SDC Uganda; Sam Chimbuya, Khanya-AICDD; Alison Van Rooy, CIDA; and Estanislao Gacitúa-Marió, Social Analysis and Policy Team, Social Development Department, The World Bank.
What is a PSIA?
A PSIA (Poverty and Social Impact Analysis) is the analysis of intended and unintended consequences of policy interventions (ex ante, during implementation and ex post) on the well-being of different social groups, with a particular focus on the poor and vulnerable.

What is civil society?
Civil society as a sector is distinct from government and business, and is normally concerned with giving voice and promoting public participation. The Centre for Civil Society at London School of Economics (http://www.lse.ac.uk/collections/CCS/) adopted an initial working definition which defines it as: “the arena of uncoerced collective action around shared interests, purposes and values… Civil societies are often populated by organizations such as registered charities, development non-governmental organizations, community groups, women’s organizations, faith-based organizations, professional associations, trades unions, self-help groups, social movements, business associations, coalitions and advocacy groups”. Civil society can have different levels of operation and influence, i.e. local, national, regional, or international.

In terms of civil society organizations, UNDP classifies them as: “non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests” (2001). UNDP collaborates with CSOs whose goals, values and development philosophies accord with its own.

What is a policy?
A policy is a formal statement defining the principles and values underlying a set of activities to be carried out. It tells you what is to be done and within what boundaries. PSIAs focus on ‘written’ policies (policies are not always written down in less formal cases) which emphasize formalized decisions made and actions (but not detailed procedures) to execute such decisions. Usually a good policy is backed by legislation to give it enforcement.

What are some of the main policy issues forming the focus of PSIAs?
The topics have been on a range of areas affected by reforms, namely agriculture, rural development, trade, utilities, tax, public expenditure, macro reform, privatization, decentralization and service delivery.

What have been the main challenges?
Experience has shown that it is easier to analyse specific policies (within a macro framework that is delivering growth and stability) than reforms that underpin the whole of the macro framework. The capacity to cover all possible relevant analysis in PSIAs has been hampered by time constraints (Mozambique) and data availability.

There has been relative success in the extent to which PSIA findings actually affect any changes or have an impact on policy reform. This does not automatically occur as is evidenced by experience. Attempts to situate PSIAs within national policy processes have also not been as successful as anticipated. The tendency is to mainly view the process as part of the domain of donor practices and external researchers rather than as country owned.

What do we mean by ‘impact’?
An impact is considered as an effect, a change, a result which can be attributed to some other action. Impact can be demonstrated through measurement processes, reflection and analysis which provide evidence of causal relationships. It can be intended or unintended, occurring immediately, in the short or long term.
How does a PSIA fit within a country’s development policy process?

In cases where PSIA topics originate from policy priorities, there can be a natural fit with the policy process (such as with PRSPs). PSIs can be integrated into the policy cycle at different stages—whether they are conducted: a) ex ante (before) to analyse the situation and appraise or map policy options; b) during policy implementation for monitoring progress or evaluating outcomes; and/or c) ex post (after) to learn from the lessons. Given the fluid nature of a policy environment, there is not a neat and pre-determined approach for implementing PSIs within the policy process.

What are the main elements of the PSIA process?

There is not a rigid set of steps to be followed in the PSIA process. However there are some key elements. The World Bank’s User’s Guide to PSIs (2003) outlines 10 actions that make for good practice:

- Asking the right questions.
- Identifying stakeholders.
- Understanding transmission channels.
- Assessing institutions.
- Gathering data and information.
- Analysing impacts.
- Contemplating enhancement and compensation measures.
- Assessing risks.
- Monitoring and evaluating impacts.
- Fostering policy debate and feeding back in to policy choice.

What are some of the main steps of a typical PSIA?

While there is no rigid set of steps, it is important to know what some of the most common ones are, especially when considering engagement. They include: Identification of a topic for PSIA consideration: establishment of a Steering Committee to guide the work; writing a concept note and terms of reference for the work; conducting a stakeholder analysis; commissioning the studies; undertaking the studies; drafting and finalizing of reports (with feedback to and from stakeholders ideally); reporting back and continuing dialogue with policy makers; Implementation of findings and continued monitoring of reform progress.

How successful have PSIs been?

A main success of PSIs has been the relatively short period of time in which they can be executed to fill gaps in a policy debate (e.g. in some cases approximately three months). However, PSIs are yet to be systematically applied in policy processes. A comprehensive assessment of the success of the PSIA process does not exist. A review of agriculture-focused PSIs concluded that results influenced policy formulation in varying degrees (IFAD, WB, GTZ 2005). EURODAD (Hayes, 2005) reported that there has been a lack of focus by PSIs on their impact on decision-making and an inadequate dissemination of their results.

Which types of civil society organizations have mainly been engaged in PSIs and what have been their main contributions?

Civil society has had at best only limited experience engaging in PSIs (Bird, Busse & Mendizabal 2007). CSO engagement has mainly been through consultations organized to inform them about the process and in activities to report on and disseminate the findings, using the involvement of watchdog groups, independent experts and the media. In a few cases, national researchers have been part of the PSIA team (e.g. Ghana and Mali). CSOs also have been indirectly involved through related initiatives such the PRSP working group (e.g. Armenia). To date it has not been the norm that CSOs have advocated for space to engage in PSIs. This may be a result of lack of information or interest. Those currently guiding PSIs though generally indicate they would welcome some form of CSO engagement.
Introduction

This guide has been developed to provide guidance on how to determine the entry points and strengthen the role of civil society organizations (CSOs) in the Poverty and Social Impact Analysis (PSIA) process. It provides step-by-step guidance for civil society’s participation in a PSIA. It also explains operationally how civil society can play different roles in the PSIA process and help in enhancing the results.

The guide has been conceived as a user friendly manual that will:

- Promote greater understanding and achievement of PSIA objectives on the part of civil society;
- Encourage more systematic and productive engagement of civil society to strengthen the effectiveness of PSIA processes.

A set of frequently asked questions (FAQs) has been included (pp. 12–13) to provide concise and practical responses to pertinent concerns regarding PSIAs. The present section explains how the PSIA process forms part of the policy process. The contribution and significance of CSO engagement is examined, i.e. why and how should civil society be involved in PSIAs. At the end of this section, an overview of the toolkit contents is provided.

What are PSIAs?

The literature recognizes and describes PSIAs in a similar manner as being a key part of the policy process from start to finish. The main aim of PSIAs has been as ex ante studies to assess likely social and poverty related impacts of a particular policy action at the outset. The definition for PSIA used by the World Bank\(^2\) is: the analysis of intended and unintended consequences of policy interventions (ex ante, during implementation and ex post) on the well-being of different social groups, with a particular focus on the poor and vulnerable. By 2002, the World Bank and the UK Department for International Development (DFID) had supported a pilot phase of 12 PSIAs. IMF, government and other donors have also led PSIA exercises. To date, most PSIAs have focused on reforms in Africa (see Section 5 for web links to lists of PSIAs conducted and topic areas).

The predominant concern of PSIAs has been to analyse the critical consequences of policy interventions, both intended and

unintended, and how these affect the well-being of different groups. The focus is often on how the interventions affect the poor and vulnerable, but they can also be concerned with consequences in general.

The PSIA process was developed in response to criticism, largely from civil society, of key policy reforms and the impact they were having on poor people. As a result of this outcry, the World Bank (WB) and IMF agreed to undertake these assessments.

The rise in the number of PSIAs has been a product of the need to examine the wave of reforms associated with the WB’s Poverty Reduction Support Credit (PRSC) and IMF’s Poverty Reduction and Growth Facility (PRGF). Some advocates of the PSIA process propose that it be institutionalized within the Poverty Reduction Strategy Paper (PRSP) process and be made an integral part of national planning cycles and frameworks.

PSIAs are unique among different analytical frameworks because they attempt to link the analysis to changes in policy options and reforms. At the centre of the PSIA is the desire to assess the potential impacts of different reforms on different stakeholder and income groups, especially the poor. Another important element is the idea of using stakeholder consultation and participation as an integral part of the assessment process—so it provides citizens with a means to take part in examining policy options and for holding their government accountable for policies. While donors often support PSIAs, they should always be owned by the country where they are based to ensure that the process and results achieve the intended impacts on national policy decisions.

Table 1 outlines the main elements of the PSIA approach. They cover the broad areas of moving from selecting topics and participants, to carrying out the assessment and disseminating the results. (Appendix 1 provides an overview of how to run a PSIA from start to finish using the mock country example of Vernile.)

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box02

poverty and social impact analyses (PSIAs)

**Why are they done?**

- to inform policy choice early
- to mitigate actions to form part of identified policy measures before the latter are implemented
- to influence adjustments to policies
- to produce vital information for future policy interventions

**Why should civil society organizations (CSOs) be concerned with PSIAs?**

- As a matter of follow through, since civil society advocacy promoted the development of PSIAs, and to improve the overall process and its outcomes
- They can apply their understanding of poor people’s reality to the PSIA topic to be examined and bring insights to the process
- Concerns that are otherwise unknown or neglected can be brought to the fore by civil society with a pro-poor focus
- They can ensure a more comprehensive identification of stakeholders to be involved when looking at poverty and social impacts
- Their involvement can help to promote country ownership

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3 PRSC and PRGF are lending facilities to support countries with Poverty Reduction Strategy Papers (PRSPs).
### Key Elements of the PSIA Process

<table>
<thead>
<tr>
<th>KEY ELEMENTS</th>
<th>MAIN ACTIVITIES</th>
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<tbody>
<tr>
<td>Asking the right questions</td>
<td>Increasing understanding of underlying problems that a planned reform intends to address. Carry out problem diagnosis or another scoping exercise to map chain of cause and effect from policy objectives to constraints, to choices, to impacts. Make assumptions about outcomes and impacts at this stage.</td>
</tr>
<tr>
<td>Identifying stakeholders</td>
<td>Identifying people, groups and organizations that have an important part in the reform (whether as initiators of change, those who are in a position to influence outcomes, or those who may be positively or negatively affected by the reforms).</td>
</tr>
<tr>
<td>Understanding transmission channels</td>
<td>Identifying the channels through which impacts from a policy reform may occur, namely on employment, prices, access to goods and services, assets, and transfers and taxes. Acknowledging where there are different channels, some transmitting positive impacts and others negative on different groups.</td>
</tr>
<tr>
<td>Assessing institutions</td>
<td>Identifying institutional opportunities and constraints likely to affect the formulation and implementation of policy reforms, considering institutional rules and practices, organizational structures, authorization procedures, etc.</td>
</tr>
<tr>
<td>Gathering data and information</td>
<td>Drawing on existing knowledge and analysis (survey data, poverty assessment data, etc.) and similar experiences in other places. Conducting research using a mixture of methods depending on nature of topic, levels of capacity and availability of data.</td>
</tr>
<tr>
<td>Analysing impacts</td>
<td>Analysing and making assumptions about distributional impacts by taking into consideration long- and short-term impacts, direct or indirect impacts, geographic impacts, effects on institutions on which persons rely (e.g. social programmes and welfare systems) and impacts on different socio-economic, gender and age groups.</td>
</tr>
<tr>
<td>Contemplating enhancement and compensation measures</td>
<td>Considering alternative designs as a result of apparent adverse effects revealed by analysis; considering mechanisms to respond to adverse effects which cannot be avoided; and considering delay or suspension of reforms especially if benefits are much less than the costs to compensate or mitigate their effects.</td>
</tr>
<tr>
<td>Assessing risks</td>
<td>Analysing those risks that could prevent a policy reform from delivering the intended outcomes for poverty reduction (e.g. political risks, institutional risks, acts of nature).</td>
</tr>
<tr>
<td>Monitoring and evaluating impacts</td>
<td>Tracking poverty and social impacts during the introduction of the reform and conducting evaluation to inform policy adjustments.</td>
</tr>
<tr>
<td>Fostering policy debate and feeding back into policy choices</td>
<td>Sharing experience and information on policy to wider stakeholder groups, ensuring that results are discussed as part of policy dialogue processes.</td>
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The principal thematic areas of PSIAs have been related to agricultural issues, including land distribution, subsidies and pricing boards. Other related sub-topics include infrastructure and fiscal and trade reforms. Examples of areas of policy change and transmission channels include:

- **Trade policy reforms**—for example, changes in border prices;
- **Domestic macroeconomic reforms**—for example, tax policy reform;
- **Agricultural sector reforms**—for example, promotion of non-traditional cash crops; and
- **Institutional reforms**—for example, land redistribution or changes in property laws.

Impacts from these and other reforms made at the national level (e.g. changes in import prices) course through different parts of the country (e.g. short-term impact on certain regions, urban and rural areas, etc.) to the household level (e.g. changes in lifestyle to cope, increased or decreased household income, unequal impacts on different household members, such as men and women and the young and old). It is this chain effect of distributional impacts that arise from a reform process which a PSIA attempts to anticipate.

### box03  
**case study: the privatization of ADMARC in Malawi**

In 2002 a PSIA was conducted on the restructuring of the Agricultural Development and Marketing Corporation (ADMARC), a Malawian parastatal that was tasked with promoting food security by ensuring market access for the rural poor. In the 1980s, ADMARC was the main channel for marketing and storing agricultural products and inputs. However, liberalization in the 1990s had significantly reduced its role, and it had become apparent there was a need to improve ADMARC’s financial position. ADMARC had experienced unpredictable financial losses and had handled important maize reserves questionably during the 2001/02 food crisis. It seemed it was time to reform ADMARC.

Any reform to ADMARC could have an insignificant impact on the poor given the dependence on maize and would be politically sensitive. Controversy over the ADMARC reforms, and concerns by civil society and other groups that ADMARC’s important activities would be affected, led to the launch of the PSIA.

The World Bank carried out the PSIA, working with MEPD, local researchers and a consulting firm. Two quantitative studies using econometric techniques were conducted by a World Bank consultant in conjunction with a team from the Centre for Social Research (University of Malawi) and the International Food Policy Research Institute. Qualitative research in 20 rural communities was led by a local research consulting company, which essentially consisted of local researchers from the university.

The PSIA concluded that ADMARC provided valuable support to poor households in remote areas, far from major roads, but that its operations were wasteful. The PSIA recommended that ADMARC be restructured but that government support still be given to marketing in remote areas.

There were different perceptions on the PSIA findings. Nevertheless, ADMARC was turned into a limited company in late 2003 during the initial stages of the country’s privatization programme.

This was one of the first generation PSIAs, and World Bank staff acknowledge the process could have been managed better. Stakeholders were not brought into the dialogue in the early stages and this made the PSIA more controversial. A dissemination workshop was held in December 2003/January 2004, inviting broad participation and the dialogue about how to restructure ADMARC continued with government and donors. The PSIA was successful in that its findings did change the World Bank’s policy advise.

Why should civil society be interested in PSIAs?

Civil society plays a vital role in helping to ensure that resources actually reach the neediest communities and groups. This role is of particular importance for encouraging civil society’s engagement in government processes. Civil society ranging from local, national and international levels can come in at different stages to monitor public policy processes. For example, a national advocacy group can promote awareness of a particular policy issue at a particular time, generate support for a particular action which is contrary to (or in agreement with) what is being put forward by government, and help to hold policy makers accountable.

Civil society often plays significant roles in promoting an understanding of the daily experiences of a society’s poorest and most vulnerable members. This insight helps reveal the impact of programmes and services on the daily lives of those for whom policy actions and services are intended.

In the case of the PSIA process in Armenia, local researchers were used to conduct qualitative research and analysis to assess potential impacts arising from the country’s proposed labor reform. Since the issue was one of the pillars of the PRSP, the research team was included as a member of the related thematic working group established by the Government. The final results of the PSIA were presented to a broader public including NGOs and the media during an open forum which the country organized as part of the PRSP process.

In Ghana CSOs were actively involved in a consultation workshop to identify priority PSIA topics, and were vocal in expressing their priorities. They were also represented in the technical and steering committee responsible for overseeing all stages of the PSIA process. CSOs were also actively engaged in reviewing the draft and the final reports. Some CSO representatives however stated that the extent of participation was low. After completion of the PSIAs no findings were disseminated among civil society and the media.

In Honduras, civil society has only been indirectly involved through Care, an NGO with strong links to CSOs, which was commissioned to carry out participatory assessments. There was some dissemination of the findings during five regional meetings held between government and civil society actors, where PSIA approaches and lessons were shared as part of consultations held on the poverty reduction strategy.

In Sri Lanka, CSOs were considered seriously in the stakeholder analysis for the land reform PSIA as they had vocally opposed the proposed reforms. Indeed, one of the goals of the PSIA was to assist in consensus-building between government and civil society. CSOs were consulted throughout the studies and local consultancies conducted several of the studies.

In Yemen, civil society took part in three workshops on the water reform PSIA. The first workshop was held to discuss the design of the PSIA; the second was to discuss the study’s preliminary findings; and the third workshop was to discuss implementation of the PSIA findings.

(Source: Bird, Busse & Mendizabal 2007.)
Very often the concerns of communities and beneficiaries are not reflected effectively in programmes, as participation is restricted largely to those with traditional access to the planning and policy-making arenas. Through the facilitation of citizen participation, civil society has the potential to gather firsthand information on needs, preferences and local solutions which can be useful in processes of understanding and identifying a reform or change in policy (see Box 4).

This role has led civil society organizations to take on additional responsibilities in different country contexts. In most cases, they have engaged in initiatives that have tended to target the poor. Some CSOs have become major providers of social services,
CSO engagement in PSIAs can ultimately lead to better use of evidence by CSOs and enhance their policy influence. A brief reflection on some of the arguments for how their presence and participation add value to the process is provided in Box 5. However, organizations must understand how the policy process works and have the right mix of expertise and knowledge to be effectively engaged. This guide is an attempt at supporting further development of these skills.

Undoubtedly politics characterize and color a policy process, making it imperative that CSOs build an understanding of the political cycles, recognize power relations and devise engagement strategies that reflect these dynamics. A study of civil society engagement in PSIAs conducted by the Overseas Development Institute concluded that a general lack of awareness about the process and its relevance for CSOs are some of the main barriers for engagement. Some CSOs that are aware of PSIAs may not be interested in engagement, feeling it is yet one more policy dialogue that will take their time and energy and produce little in the way of policy impact. Given the nature of the objectives pursued through PSIAs, there are obvious advantages for having CSOs effectively involved. What is key—and what this resource guide provides—is how to carve out niches that allow civil society actors to positively impact policy processes (see Appendix 2 for an illustration of the policy cycle).

### How should civil society be involved in PSIA processes?

While many in the development community recognize that civil society has a legitimate role in policy processes, many CSOs still need to learn exactly how they can get involved in PSIAs.

One reason the development community views PSIAs favorably is because they are seen as encouraging greater ownership of reform processes and strengthening the evidence base of policies (Schnell et al. 2006). Your organization can contribute to the achievement...
of these and other objectives by being involved in the various dimensions—whether at the design, managing and executing stages of the assessment—and the follow-up associated with the outcomes. Participation depends on capacity, nature of the PSIA topic and the amount of willingness on the part of the organizers to allow direct civil society involvement.

A look at how CSOs can influence policy processes aids us in understanding the entry points for how civil society can be involved in a PSIA. One approach explained by Pollard and Court (2005) is to start by looking at the ways in which civil society uses evidence in different parts of the policy process. CSOs influence agenda setting and the formulation, implementation, monitoring and evaluation of a policy.

Taking the first two parts of the policy process here (agenda setting and formulation) as being the most relevant to a PSIA process, organizations should prioritize how to collect credible evidence and sharpen their skills and techniques in using this information to improve policy formulation. Engagement in a PSIA provides a window of opportunity for civil society to pursue and strengthen these traits. Some civil society organizations have researchers as part of their constituents and staff (think tanks, universities, NGOs, CBOs, professional associations, etc.) who can bring much to—and learn much from—a PSIA process.

The following points should underpin how your organization engages in a PSIA:

- Civil society needs to improve how well-founded evidence is presented and communicated so that it can be successfully used for problem identification, agenda setting and integrated into the PSIA process.

- Another important task is analysing the evidence well, interpreting it in clear and practical policy action terms and outlining the likely impacts on different groups (especially the most vulnerable and poorest citizens).

- It is important that civil society actors understand how to negotiate the different contexts in which they work and apply this to their engagement in PSIAs at different stages of the policy process.

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**Box 07: Different CSO Approaches to Engaging in the Malawi ADMARC PSIA**

Box 4 outlined the process by which the ADMARC PSIA for Malawi was agreed. The privatization of ADMARC was a politically sensitive reform. The PSIA has been criticized by NGOs for not being sufficiently inclusive and transparent. In fact, neither parliamentarians nor local CSOs were aware the study was underway. To redress this imbalance, the Malawi Economic Justice Network has been leading advocacy efforts to disseminate the PSIA results, to monitor the impacts from the privatization of ADMARC on the poor and to promote awareness of the policy reform process.

Oxfam was disappointed in the PSIA process and alarmed at the fact that the privatization of ADMARC was moving ahead before the results of the PSIA were known. So Oxfam decided to commission its own, parallel PSIA. They were invited to present their findings of their study at a dissemination workshop. But the reform moved ahead more or less as planned.

Oxfam welcomed the World Bank’s recognition of the value of its PSIA, but remained concerned and disappointed that ultimately the World Bank ignored the findings of Oxfam’s and their own PSIA. Both studies advised against rapid privatization of agricultural marketing because of the negative impact it would have on poor women and men in Malawi.

These are two examples of how CSOs engaged in a PSIA where they were initially excluded from the process. Had CSOs been engaged from the initiation of the PSIA and had a role in guiding the work, the PSIA findings may have been better applied to the reform and the reform itself may have been less controversial.
CSOs’ contribution should be evidence-based. However it need not be too technical (statistical or academic) and should use fairly simple and straightforward language. It can be based on qualitative and quantitative findings. What is important is for CSOs to focus on results and impacts that are proven by empirical facts. CSOs may avoid exaggerated academic, technical and abstract discussions that experts tend to deal with (and that to a certain extent may be detached from reality).

With these principles in mind, some key contributions that civil society can bring to the PSIA process are listed in Box 8.

### Resource guide and toolkit overview

#### Objectives and intended audience

This publication serves as a resource for practical guidance on how civil society can be more effectively engaged in PSIA processes. It aims to mainly support civil society organizations (CSOs) in understanding the most important and strategic elements of engaging in PSIA process and to provide the appropriate skills to achieve such engagement efficiently and effectively. It targets CSO stakeholders with a variety of interests and skills such as researchers, policy analysts, lobbyists/advocates and community group members. Other target audiences include trainers, development practitioners and researchers falling outside of the realm of civil society.

The guide provides assistance to CSO users on how to create a clear, customized and yet fluid enough process for their effective engagement in PSIAs. It is primarily designed as an instrument for promoting awareness of how to improve practices in PSIAs and encouraging coherence among approaches for working with civil society. Its ultimate objective is to have a greater impact on poverty reduction by seeking to enhance the role of CSOs and providing a formal channel for expressing their interests in the decision-making process.

The guide is designed to be applied and delivered in different contexts and situations, whether as part of improving day-to-day activities or for organizing formal training sessions. Training presentations are to be developed to accompany the toolkit. Eventually other modalities of delivery can be explored, such as via the web or a virtual learning environment.
information. It outlines and describes tools and operational approaches, and how these can be applied in PSIAs to achieve different ends. It presents case studies and practical scenarios to enhance understanding and knowledge on which skills and techniques may be most appropriate for a particular country context. For topics outside the scope of the toolkit, it directs users and readers to a wide repository of related information and resources.

Checklists and assessment matrixes are provided for CSOs to use in order to map out their strategy of engagement. These are intended to help guide the operational activities of CSOs and verify that important points and issues have been included.

**Organization of the guide**

In addition to the introductory material contained in the present section (Section 1), there are four other sections which encompass the core of the guide.

Section 2 presents the main tools, methods and approaches used by actors engaged in PSIA processes, with special emphasis on building civil society’s capacity in relevant areas and ensuring preconditions for engagement. This section recognizes the diverse range and orientations of CSOs in order to understand the varying degrees and types of PSIA engagement that apply. Based on an organization’s characteristics and overarching operating environment, a mix of methods can be used. These are explained in detail and step-by-step guidance is offered on how civil society can adapt them to the specific situation and PSIA process.

Section 3 outlines a framework to support civil society engagement and empowerment throughout the PSIA process. It takes the results and recommendations from previous studies done on CSO engagement in PSIA processes and converts these into operational guidelines, describing the entry points for CSOs to get involved. The section provides clear and practical guidance for how CSOs can interface in meaningful and impactful ways in different parts of the policy processes. The challenges of being a part of the PSIA process also are discussed. The role of power relations, barriers to participation and ways of overcoming them are addressed and appropriate techniques and approaches are presented. The section closes with some operational good practices for carrying out

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activities in relation to participating in PSIA processes.

Section 4 offers some concluding thoughts and briefly summarizes the key points discussed in the previous sections on how CSOs can become more engaged in different activities surrounding each phase of a PSIA.

Section 5 contains a set of resources for further reading, including a list of PSIAs completed to date and a glossary.

The final section contains a set of appendices to assist toolkit users in implementing each of the steps. The appendices contain examples of tool application from the three trainings, additional information on different methodologies and tools as well as examples of a PSIA process, a sample training programme and other guidance for putting the guide into practice.

As new approaches and experiences become available, the guide will be updated to reflect them.
02 tools & approaches for civil society engagement in PSIA processes

Getting started—Some general points & steps
Preparing for effective participation
Tools & methods for engagement
Where to start and what to consider

Civil society capacity
Types of civil society organizations
Actors in PSIA processes
Capacity building—some core areas

Principal tools for civil society organizations
Analytical methods

Partnership as an approach for civil society engagement

“Bolivia/Chili/Paaseiland”
Photography by Martha de Jong-Lantink
02 | tools & approaches for civil society engagement in PSIA processes

This section provides the principal tools and approaches that civil society organizations can use to get involved in conducting PSIAs. Studies have found that CSO participation has been infrequent, inconsistent and constrained (Bird, Busse & Mendizabal, 2007). To overcome these challenges, the guide offers a combination of insights and tools that can foster changes in the level and scope of civil society’s contribution. Which are most applicable will depend on the nature and topic of the PSIA. The section also discusses the various roles to be played by different CSOs in PSIA processes.

The areas addressed are by no means exhaustive. The guide focuses primarily on the methodological approaches which are most relevant for promoting civil society’s profile in participatory assessments and empowering them in the process. The techniques presented aim to promote the voice of citizens in policy processes, ensure greater responsiveness and accountability to the poor, and encourage lobbying and advocacy efforts to influence policy reforms. After completing this section, the toolkit user should better understand which methods, tools and skills are most appropriate for different types of CSOs.6

Getting started—Some general points & steps

Preparing for effective participation
As explained in the introduction (see pp. 18–21), CSOs offer an important contribution to broader policy processes. The capacity of CSOs to generate, collect and apply credible evidence for use in policy decisions is a key strength that should be reflected in their participation in PSIAs. CSOs need to assess their capacity in these areas and prioritize the related organizational and technical dimensions required to effectively fulfill this function. It is often the case that financial sustainability is an overriding concern for CSOs like NGOs, often at the expense of prioritizing and building up the other areas of their operation.

To engage in PSIAs, CSOs must build their capacities in public policy research and analysis as well as learn how to conduct advocacy efforts to utilize the results of their work (see Table 4). CSOs have a great potential for ensuring that the poor, excluded and most vulnerable are taken into account in PSIA-related work, promoting a more transparent and participatory dialogue and fostering more accountable governance. CSOs can bring best practices into the research process to help achieve these ends. It is worth noting that participation in PSIAs itself can serve as a base for CSOs to build up related capacities. For example, involvement in a PSIA may serve as a catalyst for consolidating the efforts of an organization on policy research with other CSOs focusing on related topics (whether upstream or downstream to the process), resulting in the strengthening of their overall capacity for doing this type of work. Furthermore, given the donor community’s interest in PSIA becoming more locally owned and participative, there is an opportunity here for CSOs to identify their needs for capacity building, link these needs to PSIA engagement, and then to seek support from the development community.

At the outset of any engagement effort it is important for CSOs to think about the kinds and levels of capacity such engagement will require, considering the sectoral focus of the PSIA, its different dimensions (as related to poverty and other social, political and economic concerns) and the nature of the policy process. The subsection on ‘Civil society capacity’ below (p. 34) covers the core areas of capacity building for PSIA engagement in more detail.

Tools and methods for engagement
The tools appropriate for a given CSO will vary depending on the type and sectoral focus of the reform that is at the centre of a PSIA (e.g. agricultural market closures in Malawi, a petroleum tax increase in Mozambique and pension reform in Bolivia).

In practice, a range of methods are applied when conducting poverty and social impact analyses. There is no unique formula for conducting PSIAs by means of a standard set of tools; most PSIAs have been characterized by a mixed method approach combining qualitative and quantitative aspects.

That said, one class of analytical tools that has found wide use in PSIAs are those which facilitate the collection of data for
understanding the social situation: what are people’s needs and concerns, what is really happening in their lives and in society, and what are the factors behind these? To answer these questions, PSIA facilitators tend to look for approaches that stress an inclusive process and support the measurement of poverty. For example, a gamut of participatory tools and survey techniques (e.g. household surveys to collect microeconomic data) exist that can be applied for analysing the welfare of vulnerable groups and the poor.

Since the thematic areas of a PSIA are so diverse and dynamic, there is also the need to search for tools that can analyse the institutional and political issues and possible impacts that fall outside the realm of pure poverty and social considerations, such as environmental and economic changes (see Box 9). For example, the analysis of economic benefits and costs can be incorporated into an assessment of the distributional effects from a policy reform. There also are economic models that have been developed to measure ex post the impact of a policy change.7

Apart from substantive concerns of what to assess and how, there is also the ‘process’ side which requires a broader understanding of tools and strategies for engaging in efforts related to awareness raising, access to information and lobbying. Each of these elements is addressed in further detail in the toolkit’s sections and appendices.

Where to start and what issues to consider?

Just as the solution to any problem is dependant on how the problem is posed, so are PSIA results influenced by the way the process is initially formulated. Thus it is important for CSOs (as well as other actors in the process) to consider what are the likely impacts —intended and unintended and direct or indirect—of specific policy reforms from the outset and to help influence the selection of the PSIA topic.

A natural starting point would be to refer to prior analysis done on the topics under consideration (including related themes) and to apply practical knowledge on the issues facing the poor to help influence which priority areas are selected for the PSIA process.

The rapid impact audit checklist (Tool 1) allows for an early scoping of the types of impact expected in order to prepare for a more in-depth

7 Ibid.

box 09

some guidance on tools to support a PSIA process

A number of analytical methods are available to assess the different elements that encompass a PSIA:

1. Analysis of country context
   - Country social analysis
   - Drivers of change
   - Power analysis
   - Governance questionnaire

2. Analysis of reform context
   - Stakeholder analysis
   - Political mapping
   - Network analysis
   - Transaction cost analysis

3. Analysis of policy implementation process
   - Micro-political analysis
   - Force field analysis
   - Static mapping
   - Process tracing
   - Process mapping

4. Analysis of policy reform impacts
   - Vulnerability analysis
   - Sustainable livelihoods analysis
   - Gender analysis
   - Empowerment analysis

examination of the issues using a structured impact analysis.

To make credible contributions, CSOs will need to have clear positions (based on evidence) to put forward when deliberations are taking place to identify policy alternatives and analyse policy options. The impact checklist (Tool 1) aims to assist civil society in enhancing its participation in the selection of the reform or reforms. Information on the anticipated magnitude and nature of impacts from a specific reform can be used to influence and shape

<table>
<thead>
<tr>
<th>tool01</th>
<th>checklist of general types of impact—a rapid audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Impact on quality of service provision: changes in type of service to be provided to specific groups, including infrastructure (dwellings, amenities, etc.).</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on health: changes in well-being, physical capabilities, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on education: changes in access to and/or quality of learning, skills, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on lifestyle and culture: changes in the ways in which individuals, families, communities organize themselves in society, effects on religion, customs, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on employment and income: changes in employment and income opportunities, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on household budget and expenditure patterns: changes in allocations among household members in the products and services consumed and differences in patterns based on income levels.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on food security: changes in opportunity costs for food consumption, nutritional intake, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Impact on environment: changes in quality and access to water, air quality, susceptibility to and prevalence of diseases and disasters, natural resource stocks, etc.</td>
<td></td>
</tr>
<tr>
<td>☐ Other impacts:</td>
<td></td>
</tr>
</tbody>
</table>

NOTES: [checklist of general types of impact—a rapid audit tools & approaches for civil society engagement in PSIA processes]
the thematic focus of a PSIA. At this stage CSOs should be asking: how would a PSIA applied to a specific sector or another bring more substantive, value-added knowledge and greater insights on the expected impacts on the overall context?

To use the checklist, keep in mind the following steps:

- Check the boxes for the areas where impacts are likely expected. The activity should be considered an initial exercise to highlight and prioritize issues to help frame the questions and scope of analysis. The information is to be used to guide more in-depth data collection through field research and other methods.
- Include notes on the nature of the impact, i.e. direct, indirect, short-term, long-term, etc. Make note of any linkages between areas (i.e. ‘knock on’ or ‘cross-over’ effects). Also assess the potential whether the impact may initially be negative and possibly positive over the long term.
- Make a note of specific groups to be affected for each impact to the best of one’s knowledge at this stage. These observations will be tested and validated subsequently through evidence-based research. Also make a note of whether these groups will be ‘winners’ or ‘losers’.
- Be sure to take note of any gaps in information which need to be filled in order to provide evidence on the social impact(s).
- Note that actual impacts can result from both actions made by institutions and responses in behaviour by affected persons/groups. Impacts also can occur early or at a later stage. These observations should be made at this point but left subject to further exploration once the core of the PSIA research and discussions begins.

It is important to acknowledge that the use of this checklist is simply to facilitate an early scoping and identification of any obvious and/or likely impacts and to highlight areas for further investigation during the PSIA. It can also be used to assess current policies and their impacts.

Another starting point for CSOs in the early phases of engaging in a PSIA is to produce a snapshot of poverty in the country or region where the reforms are to occur. This information is extremely useful since it relates to the population that will likely be affected by the specific policy reform which is the focus of the PSIA. Below is a
simple tool for generating a concise poverty diagnosis (Tool 2). It allows for an initial scoping of the poverty dimensions that should be acknowledged and factored into the analysis based on the type of reform under consideration.

To use the poverty diagnosis form:

- Record general poverty data, highlighting constraints on specific groups. This data can be found by looking at relevant information contained in national reports (on the PRSP, Millennium Development Goals [MDGs], human development, different social groups, social indicators) as well as by consulting studies and research done by local universities and think tanks;

- Identify core poverty issues for detailed analysis during the PSIA. To capture the full dimensions of the problem, be sure to include the voices and opinions of different groups, particularly the marginalized and vulnerable.
In order to understand the issues and policy framework, the literature proposes “asking the right questions, setting the agenda and identifying the topic” as the natural starting points. It is at this early stage that civil society needs to bring its knowledge of the problems facing the poorest to bear on the selection of the PSIA topic and structure of the process. This reinforces CSOs’ credibility and adds value from the beginning of their involvement. It also sets the stage for the next critical phase of the PSIA process, which includes identifying policy alternatives and analysing policy options.

CSOs’ understanding of issues can be aided by the poverty diagnosis form presented above, as well as by applying problem analysis tools to probe priority areas and development opportunities. Very early in the process, a problem diagnosis matrix can facilitate the discussion and collection of perspectives on priority problems linked to a specific policy to be introduced or reformed. An example is provided below (Tool 3). See Appendix 3 for other examples of problem diagnosis and problem trees.

**problem diagnosis matrix—an example**

<table>
<thead>
<tr>
<th>POLICY OBJECTIVE / POLICY ACTION</th>
<th>PRIORITY CONCERNS / PROBLEMS ASSOCIATED WITH POLICY</th>
<th>CAUSES AND LIKELY IMPACTS</th>
<th>STRATEGIES FOR COPING</th>
<th>POLICY RECOMMENDATIONS TO ADDRESS CONSTRAINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of user fees in health service provision for greater financial sustainability.</td>
<td>Reduced access for those unable to pay.</td>
<td>Deterioration of health among the poorest.</td>
<td>Selling of assets, multiple jobs.</td>
<td>Targeting of low-income population; special social protection initiatives; exemption schemes.</td>
</tr>
<tr>
<td>Removal of subsidies on kerosene.</td>
<td>Rise in prices make consumption unaffordable for the poor.</td>
<td>Time spent looking for alternatives (wood) and doing related tasks. Environmental degradation and health problems from use of alternative energy options (solid fuels). Changes in household duties and responsibilities. Reading light affected.</td>
<td>Collecting wood for cooking. Lower energy consumption (for cooking, reading, heat, hot water use, etc.). Re-allocation of household members’ time.</td>
<td>Subsidization of electrical access and equipment for poor households.</td>
</tr>
</tbody>
</table>

A problem diagnosis matrix allows users to establish the possible policy constraints and to begin identifying some of the more appropriate responses which should be included in the core of the assessment that a PSIA is to undertake.

By framing the reform and possible problems in this context, civil society (and other actors in the PSIA process) can understand how the issues and responses are linked to achieving relevant targets of the MDGs and other international agreements (such as the human rights treaties). It is important to perceive the MDGs as a criterion for evaluating policies. Assessing the impact of policy changes on the goals should be seen as one of the important dimensions of doing a PSIA. If a policy reform was found to compromise MDG achievement, it would go in direct contradiction to the pledges that country governments made by signing the Millennium Declaration in 2000. For these reasons and more, the MDGs are a strong advocacy and dialogue tool when engaging the PSIA process.

CSOs also need to be proactive in ensuring that they understand the context of the national policy-making process when they begin engaging in a PSIA. Attempts should be made by CSOs to build their own knowledge of the characteristics of the policy cycle within which the PSIA is to be integrated.\(^\text{10}\) There are a number of important and relevant issues to consider when breaking down a policy cycle into its different steps. Some of them include:

- who drives the policy-making and reform process;
- how do negotiations—if any—take place;
- how long will the window of opportunity be open for discussing and setting the policy agenda (how are deadlines determined during periods of policy-making and reforms);
- have CSOs ever successfully participated in the design of previous reforms;
- are official policy monitoring and evaluation mechanisms in place and, if so, how is the monitoring process normally done; and
- what are the challenges for civil society to engage in different stages of the policy cycle.

\(^\text{10}\) Section 3 presents more guidance on how to understand power and political dimensions in the policy process, and strategies for more effective CSO engagement in these contexts.
Armed with these tools to understand better the dimensions of poverty and the impact of policy choices, it is time to make a decision about how to engage in a PSIA. The next step is to determine if there is a PSIA planned for the reform issue in question, or if there are any PSIA planned or underway in your country. Checking the government or World Bank website could be helpful, but it would likely be more informative to make direct personal contact. While ideally PSIAs would be locally owned and executed exercises, World Bank economists should be aware of any PSIA underway or planned. Local or DC-based World Bank staff can be contacted by telephone or email. Locally, the Ministry of Finance, or the Ministry responsible for the PRSP or overall development dialogue, is usually the government body involved or managing PSIAs.

If for some reason this contact is not fruitful, perhaps a colleague working with another CSO may be able to acquire the needed information. Once you know the status, you need to decide if you want to engage in the PSIA, or take part in the dialogue that will lead to the planning of one, or request that a PSIA be planned. If there is no formal process in place, inserted CSO involvement in whatever meeting that would discuss such work would be the next step. CSOs can formalize the process and become part of it. CSO involvement may be spatially limited at this level, so it is essential that the CSO representative communicate effectively and openly with colleagues working with other civil society groups. This communication should inform CSO colleagues as to what is being discussed at these levels, and also result in colleague CSO messages and views being taken back to these meetings.

The dialogue that will identify reforms to be considered by a PSIA will be unique to the local political context. CSO involvement will ideally ensure the dialogue is more transparent, and certainly more inclusive and participative. Some sort of committee will be needed to steer the work of the PSIA. It would be desirable for a CSO to have a place on the PSIA steering committee. Indeed, CSOs might consider CSO involvement at the steering committee level a prerequisite for further CSO engagement. Furthermore, engagement at this level may be considered enough to impact the PSIA positively. This type of involvement would take the least amount of time, and if done well, could have fundamental impact. Engaging further, by undertaking a specific PSIA exercise, without this involvement in the overall policy dialogue, could be seen a foolhardy. No matter how well done the PSIA is, setting out the parameters of the work and following the

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**Box 10: Case Study: The PSIA Process in Bolivia and Uganda**

In Bolivia, there have been three World Bank–led PSIAs in collaboration with the Ministry of Finance and the Economic Analysis Policy unit, analysing the impact of changes in the price of hydrocarbons, the distribution-related incidence of social expenditure and a cost assessment of the country’s pension reform. Despite the existence of a strong and organized civil society, CSOs did not participate in any of the PSIAs, and they were unaware of the processes and findings.

In the case of Uganda, the first PSIA was to analyse the impact of the Strategic Export Initiative. Although a national researcher was a member of the team, the methodology relied on secondary data. Focus group discussions were held with a fishing community. PSIA findings were shared with a cross-section of governmental and civil society representatives but sharing of the final report was limited. Five other PSIAs have been subsequently planned (on land, trade, utilities and taxation) although to date there is no indication of civil society involvement in the selection and design elements of the process.

In Cambodia, the World Bank conducted a PSIA on land reform. Oxfam GB took part of some of the World Bank’s research on landlessness and also conducted their own study as a contribution to the PSIA. This was an experience where the work of a CSO provided a level of information valued by the World Bank and included in their final PSIA findings.

process through to policy design and implementation is far more meaningful.

Where feasible, all groups that will be impacted by the reform in question should be represented on the PSIA steering committee. The government, or donor supporting the PSIA, should compose the steering committee accordingly. A stakeholder analysis (see page x and appendix x) will be conducted early in the PSIA and if through the analysis a stakeholder is identified that is not represented on the steering committee, representation from that group should be solicited. In this way, the stakeholder analysis becomes a tool for CSOs to secure a meaningful seat at the policy discussion table and promote their issues of concern.

Section 03 will consider some skills that will be useful in shepherding the PSIA process. Steering committee representation can just be the first step though to PSIA engagement. The rest of this section will consider capacity building needed to develop the skills needed to use approaches and tools in undertaking the analytical work of the PSIA.

**Civil society capacity**

The effective participation of CSOs in PSIAs depends to a large extent on the capacities and strengths of the particular organizations and of the civil society sector as a whole. Different CSOs have different skills, interests and experiences to lend to different facets of PSIA processes. Partnerships between CSOs and other groups that combine effort and expertise can produce multidisciplinary teams that bring a range of talents to enhance the quality of PSIAs.

The experience of civil society engagement in PSIAs suggests that their involvement has the potential to promote empowerment and to put civil society in the driver’s seat of the process. The actual role of CSOs must be defined and should be one of the outputs during the first stage of a PSIA process. CSOs can formulate their role during the initial discussion process and clarify and gain consensus on their functions.

Civil society has the ability to build the awareness of the general public and policy makers on the priority areas under consideration in a PSIA. CSOs can provide key statistical and analytical data—by drawing on what they know and what is available—to those
who view this information as an impetus for opening up doors to new policy action. CSOs also have the capacity to support and facilitate community input in PSIs, another example of how their contribution leads to empowerment. CSO involvement also promotes transparency and inclusion and improves the overall PSIA process.

However, PSIA processes may be structured in such a way that they do not include CSOs in spite of the potential benefits that they could bring to the process (see boxes 10 and 11). This obstacle is much harder to overcome than simple capacity-building techniques since it requires a change in attitudes and perceptions.

Types of civil society organizations
Table 2 provides a typology of CSOs\(^\text{11}\) and some of the main roles and areas of capacity strengths that they can bring to PSIs. The table does not suggest that specific tools and approaches are exclusive to certain CSOs. For instance, a community-based organization can carry out functions to pressure for improved accountability by public institutions as much as a trade union and a workers’ cooperative can. Additionally, it is not practical to capture the full gamut and description of civil society when it is so diverse. The list should be used as a starting point for identifying the different types and roles that CSOs can play in a PSIA.

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11 Based on an adaptation from RAPID, 2005, and included in the ODI review of Civil Society engagement in PSIA processes (Bird, Busse & Mendizabal, 2007).
### Roles and Responsibilities for PSIA Engagement: A Typology

<table>
<thead>
<tr>
<th>TYPES OF CSOS</th>
<th>ROLE IN PSIA—RELEVANT TOOLS, APPROACHES AND SKILLS</th>
</tr>
</thead>
</table>
| **Think tanks and research institutes** | • Gathering evidence by conducting research, analysing data or providing direct advice and recommendations to policy makers and other decision makers.  
• Providing advice to other CSOs.  
• Established sources of evidence-based information.  
• Position papers on topics related to policy. |
| **Professional associations**       | • Expert knowledge on specific PSIA topics.  
• Advocacy on legal and regulatory framework issues (especially laws and policies affecting their activities).  
• Promoting dialogue between corporate sector and policy makers on issues of concern to association members. |
| **Advocacy bodies and other promotional groups** | • Campaigning for policy alternatives and dissemination of PSIA studies.  
• Strengthening local capacity for collecting and disseminating data, and generating research and policy options.  
• Promoting pro-democracy and rights issues through awareness-building initiatives, mass campaigns and other ‘voice’ mechanisms.  
12 |
| **Foundations and other philanthropic bodies** | • Commission research on the impacts of policy reforms on the poor.  
• Providing support to other CSOs (e.g. funding).  
• Policy briefs13 based on information generation to promote policy-relevant knowledge among policy makers & others regarding reforms  
• Sponsorship of forums for policy dialogue. |
| **Trade unions and workers cooperatives** | • Expert knowledge on specific PSIA topics.  
• Forming alliances, mobilizing members to speak out and challenging positions of more influential groups. |
| **Media/journalist societies**      | • Disseminating information about the PSIA and policy options.  
• Challenging public policies in the public domain in order to provide a key monitoring function.  
• Local media’s role in collecting firsthand data from communities, publicizing opinions and disseminating information in debates around policies. |
| **Community-based organizations**   | • Bringing grass-roots evidence or experiential knowledge into the PSIA process.  
• Monitoring processes and outcomes.  
• Participatory methods of assembling citizens’ voice and gathering information such as through:  
  - action research; community profiles; community household level questionnaires; and community resource mapping. |
| **Faith-based organizations**       | • Bringing grass-roots evidence (e.g. seasonal fluctuations of pricing in locally grown commodities, average acreage of small landholders, proportion of earnings used for school fees versus. total household income, etc.) or experiential knowledge into the PSIA process.  
• Promoting awareness and action through involvement in social service delivery and policy implementation. |
| **Cross-national policy dialogue groups** | • Bringing advocacy role to the selection of topics and identifying and lobbying for appropriate policy options, access to and dissemination of results and the monitoring outcomes.  
• Creating the space for dialogue between different policy makers, donors and other civil society stakeholders on poverty and policy considerations.  
• Policy briefs to promote policy-relevant knowledge among policy makers and others regarding reforms.  
• Bringing disparate groups together around common issues (e.g. women’s movements).  
• Analysing policies and budgets based on support for poverty reduction. |

Adapted from RAPID, 2005, and Bird, Busse & Mendizabal, 2007.

12 See the glossary for description of ‘voice’.
13 An outline which is focused, concise and evidence-based stating rationale for particular policy choice to convince decision makers and other audiences.
Actors in PSIA processes

CSOs seeking a role for themselves in a PSIA will find it useful to take a broad view of the process: By understanding the functions of other actors one can discern what capacities are required at each point and phase of engagement. A PSIA process relies on individuals that can take on the role of commissioners, practitioners and facilitators (see Table 3). Commissioners tend to be responsible for identifying reform areas, practitioners analyse impact and play active roles in the actual execution of PSIA activities and facilitators can participate in varying levels to help promote dialogue and monitor the process, among other tasks. Within the current PSIA process, CSOs fall mainly into the categories of practitioners and facilitators, suggesting the existence of potentially more active roles (see Table 3). As suggested previously, securing a role as commissioner is ideal and should possibly be considered as a precondition for taking on other roles in the PSIA as it is only in this role that a CSO can impact the overall direction and quality of the PSIA process.

<table>
<thead>
<tr>
<th>COMMISSIONERS</th>
<th>PRACTITIONERS</th>
<th>FACILITATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSSIBLE CANDIDATES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ideally governments but this has rarely been the case.</td>
<td>• National research or policy institutions.</td>
<td>• Aid agencies.</td>
</tr>
<tr>
<td>• Donors mainly to date.</td>
<td>• External expertise is often brought in and may be used to lead the process.</td>
<td>• Critics of poor governance (e.g. NGOs).</td>
</tr>
<tr>
<td>• Civil society organizations less often.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POSSIBLE ROLES AND RESPONSIBILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ensure an appropriate choice of policy reform.</td>
<td>• Carry out actual analysis.</td>
<td>• Facilitate and promote good practice and principles for stakeholder participation.</td>
</tr>
<tr>
<td>• Establish TORs and the reporting structure.</td>
<td>• Understand policy scenarios and options.</td>
<td>• Support capacity building when possible.</td>
</tr>
<tr>
<td>• Ensure an effective and transparent communication strategy.</td>
<td>• Develop a research methodology.</td>
<td>• Support use of evidence-based policy-making.</td>
</tr>
<tr>
<td>• Where necessary support/plan training and capacity building.</td>
<td>• Link research with communication strategy.</td>
<td></td>
</tr>
</tbody>
</table>
encouraging the responsiveness of policy makers and public institutions to the views, concerns and real-life challenges of citizens;

making sure that these dimensions are taken into consideration when choosing the desired policy and formulating the PSIA process;

ensuring the accountability and responsiveness of public institutions to the above concerns by implementing and designing policies based on the PSIA results.  

The recommended areas for capacity building are proposed along these lines in Table 4.

capacity building for CSO engagement in the PSIA process

<table>
<thead>
<tr>
<th>LEVELS OF POLICY ENGAGEMENT — CSO INVOLVEMENT IN PSIАS</th>
<th>POSSIBLE AREAS FOR CAPACITY BUILDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agenda setting and topic identification</td>
<td>• Problem analysis—drawing heavily on the knowledge of challenges facing the poorest.</td>
</tr>
<tr>
<td></td>
<td>• Poverty analysis (e.g. participatory poverty assessments).</td>
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<tr>
<td></td>
<td>• Social impact assessment.</td>
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<tr>
<td></td>
<td>• Strategic thinking and planning.</td>
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<td></td>
<td>• Communication strategies (e.g. poverty hearings/town hall meetings such as in South Africa; shortwave radio adverts such as in Mali).</td>
</tr>
<tr>
<td></td>
<td>• Techniques for bridging ordinary people’s access to the policy decision-making level (e.g. forms of participatory methodology).</td>
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<tr>
<td></td>
<td>• Policy cycle awareness.</td>
</tr>
<tr>
<td>Policy selection and formulation</td>
<td>• Leadership development.</td>
</tr>
<tr>
<td></td>
<td>• Mediation and consensus building skills.</td>
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<tr>
<td></td>
<td>• Policy advocacy skills and formulation techniques</td>
</tr>
<tr>
<td></td>
<td>• Knowledge of econometrical, statistical capacity and literacy methods.</td>
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<tr>
<td></td>
<td>• Networking skills (e.g. how to formulate coalitions to mobilize support and influence).</td>
</tr>
<tr>
<td></td>
<td>• Assessing the political context and reform process (e.g. political analysis, power analysis, factors driving change, etc.).</td>
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<tr>
<td></td>
<td>• Framing arguments and positions to align with objectives of public institutions (e.g. reviewing line budgets with PRSPs to ensure that fiscal allocations are affordable and institutional capacity of services exist).</td>
</tr>
<tr>
<td></td>
<td>• Interpreting data and feeding it into policy options.</td>
</tr>
<tr>
<td></td>
<td>• Research writing, documentation, analysis and perspective building.</td>
</tr>
<tr>
<td></td>
<td>• Policy cycle awareness (e.g. dates for publishing data, budgetary process timelines, dates for legislative sessions, etc.).</td>
</tr>
<tr>
<td>Policy implementation</td>
<td>• Communication skills (e.g. sharing PSIA results, lobbying for adjustment to policy, etc.).</td>
</tr>
<tr>
<td></td>
<td>• Monitoring and evaluation (e.g. impact evaluation, participatory approaches etc.).</td>
</tr>
<tr>
<td></td>
<td>• Using media for communication on service delivery standards and performance.</td>
</tr>
<tr>
<td></td>
<td>• Policy cycle awareness (e.g. dates for publishing data, budgetary process timelines, dates for legislative sessions, etc.).</td>
</tr>
</tbody>
</table>

14 Ideas on these three areas (voice, responsiveness and accountability) are built around ‘Bringing Citizen Voices & Client Focus into Service Delivery’, Goetz and Gaventa, 2001.

15 “Context assessments” are elaborated in the “Tools for Institutional, Political & Social Analysis of Policy Reform: A Sourcebook for Development Practitioners. A Sourcebook” (WB & DFID, 2007) and discussed in “Policy Enagagement: How civil society can be more effective” (Court, Mendizabal, Osbourne, Young, 2006).
Below are some factors for consideration when planning engagement strategies for CSOs in PSIAs:

- Sometimes CSOs are unable to participate in a particular PSIA because of their unfamiliarity with the approach used (e.g. the econometric methodologies used in the Bolivia PSIA created a de facto limitation on organizations’ ability to engage in spite of a fairly vibrant civil society sector). However, this can be modified by pressuring the practitioners and commissioners to include dimensions that can allow for civil society’s active participation.

- A CSO’s capacity to present robust evidence in a convincing enough manner to influence decision makers is extremely important when identifying policy alternatives. Alliances among CSOs—such as with respected research and advocacy groups—can add greatly to their credibility.

- Research linked to PSIAs has been mainly conducted by international consultants and donor representatives due to the lack of local research and analytical capacity. Part of engaging in PSIAs requires that CSOs focus on strengthening these capacities. As mentioned above, the formation of networks and partnerships can help in this process (see Box 11). Also it is important to find areas where CSOs can contribute qualitatively and quantitatively and through less formalized findings.

- CSOs may find it challenging to function effectively within the political context in which PSIAs and policy-making occur, impeding their policy-influencing capacity. (Section 3 discusses ways for enhancing this capacity.) CSOs can be seen to have their own agendas and some may want to use this fact to write off their contributions. Professionalism and focusing on the analysis at hand will go a long way toward neutralizing this problem. When considering skills to develop or improve, it is important to be realistic. There may be no need to develop a skill already being covered by another actor. CSOs should not assume they need to do economometric modeling to be taken seriously. The skills many CSOs have are extremely useful and should be valued and enhanced. In the Istanbul training the group asked themselves, “Why should we develop someone else’s strength?”

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**Box 11: Case Study: The Environmental Foundation Ltd. in Sri Lanka**

The Environmental Foundation Limited (EFL) is a CSO comprised mainly of lawyers working on environmental policy issues in Sri Lanka. EFL uses three types of methods to influence policy: participation, representational roles and, most importantly, litigation. Participation includes CSOs being asked to contribute to policy-making committees or working groups. Representation is provided by volunteer groups when it is known that a policy is being drafted or under discussion, but there has not been a demand seen by policy makers. EFL resorts to litigation where policy changes are sought by seeking action through the judiciary process. While litigation is seen as a last resort, it is used as part of the larger package of tools to influence policy. Litigation is mostly used when a policy exists. But even when there is none, legal action can serve to secure court orders that can influence future policy formulation. For example, one legal challenge introduced evidence regarding the effects of the proposed patenting of indigenous plants and micro-organisms under the WTO’s Trade Related Intellectual Property Rights (TRIPs). The Sri Lankan government used this evidence to develop an alternative position on this issue.

Principal tools for civil society organizations

A combination of social and economic tools is typically used for PSIA. The topic often dictates the selection of specific tools that are applicable to limited contexts. CSOs rely on broader sets of tools in their day-to-day contributions to economic, political and social development in the countries and communities where they work. Some of the broad classes of tools, such as participatory tools in particular, may be useful and applicable for their engagement in PSIA processes.

The following table lists possible tools for CSOs to use at different stages in the PSIA process. (For more details, see appendices 4, 5 and 6.) CSOs—like other actors in PSIA processes—are not expected to use or know every method and tool.

There is no a blueprint for how to select and apply tools. It depends on making rational decisions about the most applicable tools given the topic area and context in which the PSIA process will take place. It should not be assumed that the tools will produce straightforward results that can quickly be fed back into the PSIA. It is important to recognize that there are broader institutional and political factors at play impacting on research processes and the findings they produce. In selecting the appropriate tool(s), country context and organizational capacity must be taken into account.

In addition to this list, toolkit users will find guidance on potentially relevant tools elsewhere in the present section, in particular in the CSO typology provided in Table 2. There also is a large body of literature on participatory development tools; some of this literature is listed in Section 5. CSOs are encouraged to refer to all of these as a resource when making decisions about what tools and techniques to apply.

17 See also the subsections ‘Tools and methods for engagement’ (p.27) and ‘Where to start and what issues to consider?’ (p.28). In addition, a set of social, institutional and political analytical tools are presented in Box 7, which have been adopted from a sourcebook that is designed mainly for practitioners and commissioners in PSIA processes. For more information, see RAPID Tools for Policy Impact (an online toolkit at http://wwwodi.org.uk/rapid/tools/Toolkits/Policy_Impact/Tools.html).
## tools & approaches for civil society engagement in PSIA processes

### principal tools for civil society engagement in PSIAs

<table>
<thead>
<tr>
<th>Name of Tool</th>
<th>Main Use</th>
<th>Relevance to PSIA Stages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Analysis</td>
<td>Simple process of identifying the major stakeholder groups, determining their importance, influence and capacities.</td>
<td>Used at an initial stage (such as agenda setting/topic identification) so that interests, capabilities and those who are excluded can be factored in.</td>
</tr>
<tr>
<td>Institutional Analysis</td>
<td>Assessing constraints within institutions, rules and power relations that can undermine policy effectiveness.</td>
<td>Can be done at an initial stage and to shape the policy selection. Also applicable as part of process of assessing effectiveness of policy implementation.</td>
</tr>
<tr>
<td>Household Questionnaires (surveys)</td>
<td>Collecting information on daily experiences and conditions at a micro-level based on pre-determined questions and response categories.</td>
<td>Especially useful during the stage of monitoring and evaluation. Also applicable for measuring distribution of well-being to help frame arguments at the agenda-setting stage.</td>
</tr>
<tr>
<td>Participatory Research and Development Tools (numerous techniques exist; some are listed below)</td>
<td>Means of consulting the poor directly and in an interactive way, to deepen understanding of characteristics of poverty and convey the priorities of the poor. These tools can help to generate effective participation and ownership.</td>
<td>Flexibility in the sequencing of different participatory tools for different purposes is encouraged. Useful in helping to: a) generate data for initial stages of setting the agenda and identifying policy alternatives; b) analyse data during the examination of policy options; c) frame indicators of well-being and impact for M&amp;E.</td>
</tr>
<tr>
<td>- Venn Diagrams</td>
<td>A way of visualizing institutions, people/groups, places, their interrelations and importance within a dynamic system.</td>
<td></td>
</tr>
<tr>
<td>- Key Informant Interview</td>
<td>Structured interview with some amount of flexibility (open-ended) to gather firsthand information.</td>
<td></td>
</tr>
<tr>
<td>- Seasonal Calendar</td>
<td>A means of mapping changes in people’s activities during different seasons by highlighting any periods of increased risks and vulnerability.</td>
<td></td>
</tr>
<tr>
<td>- SWOT (Strengths; Weaknesses; Opportunities; Threats)</td>
<td>A process of analysing strengths and weaknesses of a programme, policy, or process, and identifying opportunities and threats.</td>
<td></td>
</tr>
<tr>
<td>- Focus Group Discussion</td>
<td>Allows open group discussion of particular topic or issues based on a moderated pre-determined interview structure.</td>
<td></td>
</tr>
<tr>
<td>- Wealth Ranking Exercise</td>
<td>A means of identifying people’s perceptions on indicators of wealth (assets, resources) and well-being.</td>
<td></td>
</tr>
<tr>
<td>- Transect Walks</td>
<td>Stakeholders walking through a project area or affected area to observe local realities including things that are not mentioned up front</td>
<td></td>
</tr>
</tbody>
</table>
Social Impact Assessment (SIA)
- Measurement of social impact involving a range of analytical tools and strategies (some are listed in Table 4).
- SIAs should begin with a clear understanding of why the PSIA policy reform area was chosen and what impacts are sought.
- An SIA is concerned with assessing the social consequences that are likely to flow from specific policy reforms and provides a useful process for analysing impacts on the human environment.
- There is no standard set of issues and elements which must be in a SIA. (See Appendix 8 for more details on SIAs.)

Poverty Analysis
- Assesses the extent and causes of poverty in a country or community (incorporates some methods mentioned in Table 4).
- Applies standard poverty measurements and assessment tools (quantitative and qualitative) and uses aggregate information for analysing the multifaceted nature of poverty (i.e. macro-, meso- and micro-levels) and its different dimensions (i.e. economic, social, environmental, cultural and political).
- Includes an analysis of vulnerability and poverty trends.
- Serves as an integral step in the process of formulating a poverty reduction strategy.
- Highlights areas in need of further analysis and appraises poverty reduction policies and strategies.
- The results are relevant for informing changes in policy design or the recommendations offered for policy alternatives. Both can be fed into SIAs and used to help shape PSIA results. (See Appendix 9 for details on poverty analysis processes.)

Livelihoods Analysis
- The starting point is to focus on people’s strengths and how these can contribute to positive changes and outcomes in their livelihoods (see Box 10).
- Analysis is completed at the country or community level.
- Can be used to help understand the impacts of policy change on people’s assets (i.e. physical, natural, financial, social and human).
- The results demonstrate who is vulnerable to particular sorts of external shocks (e.g. shock arising from a change in policy).

Analytical methods
In selecting which analytical method to use, CSOs should consider which approach will best ensure that the views and interests of the poorest and most vulnerable are represented. Regardless of the method chosen, demographic differences across socioeconomic groups and geographical areas should be integrated and appropriately reflected. Table 6 describes some of the many different methods available for understanding and assessing impacts on the welfare of the poor by group and subgroup.

As part of a PSIA, a livelihoods analysis can be conducted to assess the wider development issues and to highlight the impact on the poor’s capabilities and assets (e.g. natural resources such as crops and physical capital such as houses or livestock). The example of a change in agricultural subsidies is assessed using this method in Box 10.
tools & approaches for civil society engagement in PSIA processes

box12

conducting a livelihoods analysis in a PSIA

This analytical tool provides a useful approach for understanding the linkages between the impact of a policy and its effect on citizens’ livelihoods. A primary focus of the analysis is to demonstrate how the policy affects the capabilities and assets of individuals, households and communities. For example, does it provide opportunities for enhancing livelihoods? An initial poverty diagnosis can be conducted to determine a baseline for measuring these changes over time.

For a PSIA focusing on a new agricultural subsidy, a livelihoods analysis could be structured to:

- **Analyse the causes of vulnerability**—Treat the introduction of the new subsidy as a shock and stress, i.e. how does the change in prices affect household income, etc.? Are changes in the growing season expected? How will these be impacted in the midst of the falling prices brought on by the new subsidy?

- **Analyse the assets and capabilities of individuals, households and communities**—What are the forms of capital and resources used to build people’s livelihoods: human (e.g. education, health, skills), physical (e.g. housing, water supply, access to information, etc.), social (e.g. relationships of trust, social networks), natural (e.g. land, forests, erosion protection) and financial (e.g. savings, credit, insurance)? How will they be negatively and/or positively affected by the new agricultural subsidy and other resulting changes? Are there likely to be small family farms unable to compete? Will they experience reduced inflows of money (financial capital) due to the overproduction by larger farmers and low world prices for agricultural goods? Is it possible that some families will be unable to send children to school regularly? Is asset ownership by men and women affected differently?

- **Assess structures and processes**—What are the other policies, existing programmes, rules and regulations which shape people’s livelihoods and enable or impede access to assets (e.g. land use policies, accessible credit organizations, cultural beliefs and class barriers)? Are there political processes which are affecting people’s rights and the delivery of services to the poor?

- **Analyse livelihoods strategies**—What are the livelihood activities being practiced and how might the new subsidy affect these? Are there limited livelihood choices? Can falling prices lead farmers, especially the poorest, to shift out of production? Or will they continue unsustainable and unprofitable farming? Are poor rural people likely to rely more on the natural resource base (e.g. non-timber forest products).

- **Analyse livelihood outcomes**—What are the results from practicing the livelihood strategies above—e.g. more income and increased food security? What is producing these outcomes?

A livelihoods analysis can be conducted at both the national and community level. One should avoid making untested assumptions about people and their livelihoods and the potential impacts. Participatory methodologies can be used to generate facts and firsthand information from stakeholders. To complement the PSIA research, modeling exercises can be used to predict effects of agricultural subsidies on poverty. The livelihoods analysis approach allows you to make links between a policy area and livelihood changes. It facilitates the search for the best entry points for helping to build up people’s assets considering the conditions created by the new subsidy. Data should be aggregated, interpreted and summarized to present key findings. This should add to the broader PSIA research and analysis being done to raise awareness of the policy implications.

Other useful analytical frameworks include using a gender analysis and strategic environmental assessment (SEA).18 Which—or both—of these to use will be highly dependent on the nature of the policy

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18 Organization for Economic Co-operation and Development (OECD) is leading the work on the strategic environmental assessment across organizations. For more information, See http://www.oecd.org/department/0,2688,en_2649_34421_1_1_1_1_1,00.html and http://www.seataskteam.net/
area and the kinds of impact anticipated. Generally, a gender analysis may be applied to a broad range of topics. CSOs should be capable of applying a gender analysis to their activities in order to ensure that it is engaging with women, men and children in bringing their concerns to the policy dialogue in a PSIA. (See Appendix 7 for more information on how to conduct a gender analysis.)

**Partnership as an approach for civil society engagement**

CSOs can use partnerships to bring their comparative advantage to PSIA processes. The following are some areas of guidance on how to use networking to help organizations consolidate their efforts to influence policy.

- Decide why, when and how to partner with others.
- Look for actors (including outside of civil society) who share common interests and possibly policy perspectives. These may include members of parliament, political leaders (from the opposition or official party) and businessmen.
- Assess your capabilities and core competencies within the context of helping to meet the objectives of the PSIA process (e.g. what is to your advantage that has allowed you to be successful as an organization and actor?).
- Look for ways to work with others who are involved in a PSIA process, including how to integrate your areas of research and other expertise into collaborative, multidisciplinary approaches.
- Concentrate on ensuring good communication and building trust with partner organizations.

Box 13 provides a brief overview of some of the key functions that CSO networks can take on in a PSIA process.

This idea of partnership should be applied beyond the CSO community. For instance, World Bank consultants currently undertake much of the analytical work of a PSIA. By advocating the use of partnership, CSOs could become part of a team with these consultants. This in itself would be an excellent way to identify skills one might like to develop as well as enhancing current skills.

**Box 13**

**The functions of CSO networks**

Within the different phases of a PSIA, CSO networks can align their efforts in order to strengthen their position vis-à-vis other actors. This positioning often allows them to take on additional duties in the process, including serving as:

- **Conveners**—to bring together people or groups of people in discussions, meetings and activities.
- **Filters**—to decide what information to bring into the PSIA process and what to exclude.
- **Amplifiers**—to help take little-known or poorly understood ideas and make them more widely accessible and understandable.
- **Facilitators**—to help members carry out their activities more efficiently and effectively by providing them with guidance, know-how, lessons learned and good practices.
- **Community builders**—Networks help to promote and sustain the values and standards of the individuals or organizations that compose them.
- **Investors and Providers**—Networks can offer members the sources they need to carry out their main activities and centralize access to them.

03
a framework for civil society engagement & empowerment

Presenting a framework for PSIA processes
Key questions to ask
Overcoming challenges
The political side of engagement—A look at power relationships
Guidance on carrying out PSIA activities

“Uganda”
Photography by Muzungu
The tools and skills covered in the previous section relate to the technical know-how required for PSIA engagement. However, effective engagement also requires understanding the dynamics of the PSIA process itself. This section provides a framework for understanding such process-oriented factors as power relations and political space, and the impact such factors have throughout the PSIA process.

The framework reflects the results, recommendations and experiences of CSO engagement in past PSIA processes and converts these into operational guidelines for getting involved (see Diagram 1). The guidelines are intended to help CSOs negotiate the social, political and institutional challenges present at different levels. This section also describes in more detail the meaningful ways that CSOs can interface both in PSIAs and country policy processes. Finally, this section examines the challenges that arise when a CSO becomes part of a PSIA process. Here the emphasis is on power relations, barriers to participation and ways of overcoming them—as well as the techniques and approaches for addressing them.

Presenting a framework for PSIA processes

Within the development community there is wide recognition of the need for CSOs to play a more integral and active role in PSIAs. Many studies have shown that CSOs have a limited understanding of the PSIA process. A framework for engagement should help to overcome this gap by outlining the priority areas, processes and practices. This part of the toolkit examines how CSOs can systematically get involved and add value to the PSIA process and the achievement of its goals.

The framework breaks down the different components of the PSIA process to reveal the entry points for promoting and mainstreaming CSO participation. Having already outlined the principal technical capacities and traits, the framework identifies what core

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competencies are needed at different stages. It also brings together all the various elements involved, while recognizing that policy processes in reality are not linear and their phases tend to blur.

Diagram 1 presents the framework and identifies the underlying goals and priority areas for CSO engagement in the different parts of the process: (1) setting the agenda, (2) identifying and analysing policy alternatives and selecting policy options, (3) policy implementation and (4) monitoring and evaluation. For each of the four components, a brief overview is provided of the value added from CSO involvement and the ways organizations and actors can contribute to the process.

The framework should serve as a simplified model for assisting users to understand the dynamics at play while also recognizing some underlying assumptions about engaging in a PSIA, including:

- Other actors have a role to play in helping to facilitate greater access by CSOs to the PSIA process. For example, policy makers need to open up policy debates to civil society if CSOs are to have the space to provide inputs for helping to set the agenda;
- This engagement takes place in a changing environment and political context that may alter the rules of the game and nature of CSO contributions;
- Different CSOs have different comparative advantages and strengths at varying stages, and partnerships and networking are necessary at all stages;
- A two-way relationship exists between CSOs who engage directly in PSIA processes and the communities and groups whose views, needs and challenges they represent;
- A variety of tools and approaches (in the second tier) are relevant for producing the inputs that CSOs can use for engaging in a PSIA process (in the third tier). At each step, a gamut of processes takes place (as reflected by the upward arrows in the diagram);
- Data gathering and assessments—which start at the agenda setting stage—continue into analysing policy alternatives and selecting policy options. The two are not mutually independent.

Appendix 1 provides an overview of a PSIA process, using a hypothetical case study to outline the entry points for CSO engagement at different steps and stages.
Key components of the PSIA process (as part of policy process)

- **Setting the agenda**
  - What: CSOs contributing to aggregating and presenting voices of the poor into in dialogue with other actors on selecting PSIA topics by being a member of the steering committee.
  - How: Gaining an understanding of issues and priorities by using: problem analysis, poverty diagnosis, partnership building, stakeholder inputs, and good communication and presentation of policy messages.

- **Identifying and analysing policy alternatives and selecting policy options**
  - What: CSOs contributing to analysing (directly and indirectly) impacts (on poverty and the distributional consequences) and advocating for these and other priorities in favor of the poor.
  - How: Using analytical tools and methods (SIA, poverty analysis), campaigning, disseminating research on policy options, communicating evidence to support choices, advocating for policy influence, contributing to the design of policies that have greater pro-poor impacts.

- **Policy implementation**
  - What: CSOs contributing to mechanisms for holding government accountable for whether—and how—policy is implemented.
  - How: Advocacy and publicity on policy issues and what policy should be doing to help the poor and excluded, promoting CSO participation in policy implementation, service as service providers to influence policy.

- **Monitoring & Evaluation**
  - What: CSOs contributing to integration of poverty-focused indicators and measures for the PSIA in order to use results for policy reformulations.
  - How: Engaging in M&E processes prior, during and after implementation of PSIA-led reforms.

**ACTORS**
- Communities, groups, other CSOs lobbying on similar issues
- Policy makers helping to facilitate CSO engagement
- Political contextual factors

**GOALS**
- Improved research effectiveness and impact on policy and practices
- Improved responsiveness of policy and public institutions to the needs and challenges of the poor
- Delivery of services which have pro-poor impact and fulfil public accountability
- Established systems for evaluating impact of policies and feedback into policy process

(a) Other actors: donors, bureaucrats, policy makers.
(b) Policy makers and bodies effecting reforms can make the process more open for CSOs to engage.
An interactive process involves dialogue, mutual learning and sharing, partnership efforts, analysis and impact assessment.
Key questions to ask

The framework described here offers a model for explaining relationships and outcomes of a PSIA process. Applying this model, as with any such framework, requires first verifying that the model reflects the actual conditions on the ground. In this case, background work will be required to trace out the principal features that characterize the policy environment and process: who are the main decision makers; what are the degree and types of interactions occurring between the state, private sector and civil society; what is the level of political space available; and what is the nature of the structures and institutions that are involved, among other questions.

In addition to this initial set of queries, there are other secondary concerns that need to be captured to help define how to apply the framework in practice. Below are some key questions to ask before getting started on the activities that have been proposed:

- Is the PSIA integrated into the national policy process? If not, is it likely to become institutionalized in a poverty reduction strategy process? What are the chances that it will become a standard part of the national planning and policy-making framework?
- How accessible are the commissioners of the PSIA who are likely to take the lead in identifying the reform area? How can you and your organization make a direct link with them? What are the strategies at the disposal of your organization or other CSOs to persuade the policy makers?
- How familiar and comfortable is your organization with a particular issue? What contributions can be made towards leveraging this knowledge when selecting a topic for the PSIA? Can your organization provide any substantial information on other key problems? Can it suggest realistic policy options?
- Does your organization or other CSOs in the country—whether at the national or local level—conduct work that represents the interests of the poor? Which organizations are considered to be the ‘official’ representatives of these groups? Is your CSO one of them? Does it work with some of them? How does the public perceive their efforts?
- Does your organization have experience producing grass-roots evidence that could be used in the policy process? Or, are its strengths in the areas of conducting research and analysing data?
The answers to the foregoing questions will condition how your organization will position itself within the PSIA process and in its discussions with other CSOs and partners. For example, if a CSO has worked fairly closely on issues of water service and delivery in communities, these skills would be transferable to a PSIA process aimed at assessing the reform of public services. Similarly, if an organization has worked in designing or conducting household surveys, it would be very well positioned for feeding in grass-roots evidence as well as undertaking related initiatives during the PSIA process.

Overcoming challenges

Beside the challenges of developing sufficient technical capacity to contribute to a PSIA (see Section 2, tables 4 and 5), CSOs face other challenges that are purely process-related. Table 7 outlines some of the activities that CSOs can undertake when the operating environment—rather than an organization’s capacity—makes engagement a difficult endeavor. The list should serve as starting point to think about more specific responses that best fit with a particular organization’s areas of work and the particular country context. (Appendix 1 includes a step-by-step description of some of the activities presented in Table 7 to show how a CSO might participate in a PSIA process.)

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### Table 07

<table>
<thead>
<tr>
<th>EXAMPLES OF ACTIVITIES IN THE PSIA PROCESS</th>
<th>ENTRY POINT(S)</th>
<th>CHALLENGES</th>
<th>STRATEGIES FOR OVERCOMING THEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning a PSIA</td>
<td>Dialogue, encourage and persuade the government to carry out a PSIA as part of planned reforms.</td>
<td>Lack of basic political freedoms and space for dialogue. Isolation from key and influential networks. Insufficient knowledge on PSIA. Lack of technical knowledge and know-how (e.g., how to conduct surveys, understand and use statistics, cost impacts). Limited access to evidence and information about policy impacts on the poor to use for shaping the PSIA.</td>
<td>Gain knowledge about PSIA and how they can be used. Improve understanding of policy processes through context assessments. Develop strategies to get access to information on policy issues. Insist that government/donors set up a multi-stakeholder PSIA steering committee involving CSO representatives.</td>
</tr>
<tr>
<td>Selecting topics</td>
<td>Participate in discussions on topic selection and make sure that relevant topics are included. Provide inputs to help set the agenda.</td>
<td>No access to the policy debate. Lack of technical knowledge and know-how. Limited access to evidence and information about policy impacts on the poor to use for shaping the PSIA.</td>
<td>Get information on planned policy reforms that are likely to have an impact on the poor. Develop a dialogue and exchange with other organizations—both within and outside the country—on how to insert issues into the agenda.</td>
</tr>
<tr>
<td>Identifying priority areas for analysing/ selecting stakeholders</td>
<td>Use local knowledge and proximity to community to contribute to research. Channel resources and expertise into the policy process.</td>
<td>No access to the leaders of the process. Lack of technical knowledge. Limited access to evidence and information about policy impacts on the poor to use for shaping the PSIA.</td>
<td>Promote and encourage cooperation between international/national researchers and community-based organizations.</td>
</tr>
<tr>
<td>Gathering data and analysing impacts</td>
<td>Conduct or participate in research. Participate in analysis (e.g., be part of the research team).</td>
<td>Limited or inappropriate research skills and resources. No networks or partnerships with think tanks or research centres. Low credibility of CSOs as sources of evidence.</td>
<td>Network with universities, research institutes and NGOs/INGOs to build research capacity and/or promote access to data.</td>
</tr>
<tr>
<td>Contemplating policy alternatives or mitigation policies</td>
<td>Give views and preferences on the policy options to be recommended by the PSIA. Ensure that different policy alternatives are considered. Propose alternative policy options.</td>
<td>Limited capacity to influence the opinions of decision makers. No access to robust evidence to support alternative policy options.</td>
<td>Network with universities, research institutes and NGOs/INGOs to promote and gain access to data. Campaign for policy alternatives. Network with partners and similar groups to leverage existing capacities.</td>
</tr>
</tbody>
</table>
### Examples of Activities in the PSIA Process

**Entry Point(s)**

**Challenges**

**Strategies for Overcoming Them**

### Monitoring and 'Evaluating Impacts'

- Monitor the implementation of PSIA recommendations.
- Follow up on implementation and press government into action if implementation progress is not satisfactory.
- Look for ways to maximize role of media (in monitoring).

- Limited or no monitoring and evaluation skills.
- Low credibility as evaluators.
- Weak links to those affected by policies.

- Train community-based monitors.
- Use participatory surveys to gather feedback on policies.

### Fostering Policy Debate and Feeding Back Results into Decision-Making

- Be informed about the results of the PSIA.
- Discuss draft reports.
- Disseminate findings.
- Use findings to press for alternative policy options.
- Give views/preferences for the policy options to be recommended by the PSIA.

- Lack of communication skills.
- No access to the PSIA reports and recommendations.

- Identify communication channels (e.g. political parties, media).
- Develop effective communication strategies.
- Strengthen credibility with policy makers through consultations with different government institutions.
- Put pressure on governments to get access to research findings and reports.
- Ensure that outcomes of the analysis are used to shape policy decisions.

(Adapted from: Bird, Busse & Mendizabal, Civil Society Organization Engagement in PSIA: A Review, 2007.)

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### The Political Side of Engagement—A Look at Power Relationships

Constraints posed by a given political context—that is, a country’s political institutions and practices—can be formidable (see p. 36, ‘Capacity building—some core areas’). CSOs may find it difficult to function within the political context even when they have the skills needed to contribute to a PSIA because the gaps caused by the lack of dialogue and partnership are too great. This section examines how CSOs can overcome such constraints to achieve the space needed to apply the tools, methods and approaches—and therefore actually engage—in a PSIA process.

Political context is one of the defining factors for understanding how and which process elements condition CSO engagement. Various approaches are available for CSOs to assess the space available for engagement. One option is to consider the different spaces and dimensions along which power operates, which can be depicted...
as a ‘power cube’ (see Diagram 2). This approach assesses how power—characterized as visible, hidden and invisible—is distributed by places (global, national and local) and is based on spaces (closed, invited, claimed). Regardless of the method used, the outcome of the assessment should be the same: an understanding of how CSOs can better maximize the space available for engaging in policy processes. If CSOs understand the forms and interplay of the political space, they will be better positioned to be invited by the different players into decisions and to carve out creatively more areas for engagement.

The model presented in Diagram 2 can be useful for explaining power relationships in a PSIA based on the interaction between the three elements of power, space and place:

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21 For more details, see Gaventa, 2005.
22 See Luttrell, Quiroz and Scrutton, 2007.
23 Adapted from Gaventa, 2005; Luttrell, Quiroz and Scrutton, 2007.
1. **Place**: PSIAs normally occur at the national level given the scale that reforms tend to take.

2. **Space**: This dimension can be divided into three classifications:
   - **Closed/provided space**: A PSIA is conducted by a donor, civil society does not participate and the results remain unpublished.
   - **Invited space**: Due to external pressure (e.g. by donors), CSOs may be invited to assume more consultative or logistical roles as part of PSIA workshops that have been organized. However the consultative processes are limited at best and at worst ineffective at influencing the agenda.
   - **Claimed space**: CSOs can put pressure on the commissioners and practitioners to use the PSIA process to assess policy reforms that are likely to have an impact on the poor.

When the processes are led by bureaucrats and donors, the decisions on PSIA topics tend to take place in closed environments or uninvited spaces. PSIA processes also can occur in invited spaces within an otherwise closed policy process. Using this as an entry point, CSOs can use strategies (networking, advocacy campaigning, mediating, consensus building techniques, etc.) to solidify and formalize their roles and activities. As a result, invited participation might actually lead to the space becoming ‘claimed’ or ‘created’ for CSO actors.

3. **Power**: It is assumed that priorities are decided and contested based on three types of power:
   - **Visible power**: Characteristics include practices, actions and habits that demonstrate outwardly the power of an individual or group. For example, this might take the form of legislation passed by the government which regulates or restricts civil society engagement in policy processes.
   - **Hidden power**: While the objective is for a PSIA to be country-owned, donors often determine the policies that are up for assessment. CSOs may have little or no influence over which topics or reforms are selected.
   - **Invisible power**: Perceptions and actions may undermine the ability of CSOs to engage in policy decisions even when the spaces and channels are available for participation. CSOs might perceive that their involvement will have no impact and
decide to opt out of the process.

These power dynamics often represent barriers to CSOs participating in PSIAs and making their priorities known. Feelings of exclusion and related conflicts may occur. Even when there is space to engage, CSOs may be disinclined if previous barriers (visible and hidden power) have led to a lack of faith in being effective (invisible power).

Using the power cube to consider PSIA dynamics is not only helpful in understanding the current context in which PSIAs are undertaken, but also to help articulate advocacy for improving the context. PSIAs may take place in one part of the power cube, but ultimately CSOs want it to take place in another. Visualizing this will help develop a more effective and targeted advocacy agenda.

Understanding how power, space and place impact actions is just one technique for assessing the possibilities for CSO engagement and empowerment. This and other models can be used to help organizations look for ways of building alliances across spaces with different partners (civil society, government and business) and deciding where best to focus their efforts on engagement. Another example of a power analysis tool is provided in Appendix 10, which can be used along with the power cube exercises to understand how and where power exists—and how it impacts civil society’s choices and actions.

**Guidance on carrying out PSIA activities**

The knowledge of a country’s political space and dynamics allows CSOs to have a broader grasp of the opportunities and entry points for getting engaged in the PSIA process. To carry out related activities, the following tips can be used as a guide for getting started and continuing the work. They draw on good practice examples and provide some key operational hints that bring together the technical and process elements at play when discussing CSO participation in PSIAs.

- To prepare for PSIA involvement, CSOs should convene workshops to raise awareness about the relevant issues and to set the stage for active involvement in future discussions on the agenda and topic. Wider participation including those interested in effecting policy change should be encouraged. (See the sample workshop agenda provided in Appendix 11.)
Consultations on the thematic area also should be organized with think tanks and research institutions. Such organizations can play an integral part in disseminating evidenced-based information for use in a PSIA. If your organization is not one of these types of CSOs, then partnering with them in discussions can be useful, particularly if the topic is an area where you have previously done work.

In order to prepare for discussions on the topic’s selection, organizations—as networks and/or individually—should begin to frame arguments and develop clear messages and strategies for advocating for these ideas and choices.

Organizations should work to establish mechanisms that can support monitoring and evaluation activities as part of the PSIA process, building on existing systems whenever possible.

 Constituents should receive reports on the PSIA process (how it is evolving, entry points for engagement, etc.). To aid these efforts, CSOs should publish results (jointly or independently—depending on what is required) using platforms and channels that make the information easily accessible to a broad base of members. Options include traditional pamphlets and briefs as well as blogs, group emails and electronic versions of documents.

CSOs should stick with the issues even after the PSIA has been completed. This will help organizations build up technical and/or thematic competencies and strengthen their collaborative work with related partner organizations. One essential dimension is sustaining advocacy efforts to support changes and actions that have been recommended by the PSIA.

Organizations should leverage the potential value of the overall PSIA process. This can involve developing practices that promote the sharing of knowledge on PSIA experiences. While this tactic involves questions of process, it also relies on having the technical know-how to codify and disseminate the lessons learned.

Another area to advance is building the organization’s capacity to support poverty-focused impact assessments of macroeconomic, structural and other types of policy reforms. Whether for a national development strategy or sectoral plan on education, these skills are always in high demand and provide organizations with increasing opportunities to work with other stakeholders and be engaged in policy processes.
The toolkit provides a case study for how to follow the guidance in this section using the concrete example of land management reform (see Appendix 12). The exercise looks at how an organization might get involved in a PSIA—whether they have or have not been invited to participate. It walks the user through some of the questions, issues and considerations that CSOs should think about when planning their strategy for engagement.
conclusions: finding a way forward

"Water Pipeline in Honduras"
Photography by WaterPartners International
As organizations and individual actors, civil society has a larger role to play in PSIs than has been carried out to date. This guide presents a range of ideas and suggestions as to how this space can be enhanced to realize the intended objectives of the PSIA process: to promote evidence-based policy choices and debate by analysing the distributional impacts of policy reforms on the well-being or welfare of different groups, particularly the poorest.

With more than a half-decade of work done on PSIs, there is significant scope for sharing experiences among countries and their citizens on the skills and entry points available to promote CSO engagement and empowerment. This guide can not cover all the issues, since each country context will condition the operating environment. As has been stressed, cultural and political factors will inevitably play a role in determining the exact nature of the process and the challenges involved.

However, what this toolkit has offered is a framework for encouraging CSOs to be more proactive in overcoming the obstacles that limit their engagement. The skills, knowledge and lessons learned which have been covered in the toolkit are transferable and help in promoting a better understanding of general policy processes. The tools that have been profiled—such as a problem diagnosis matrix and poverty assessment questionnaire—are useful in different circumstances for strengthening civil society’s participation. By getting citizens more engaged in policy decisions, country ownership over the development process will be enhanced—on the MDGs and beyond.

Each of the sections of the guide has focused on what your organization needs to know to get and stay engaged. A key component of engagement involves developing CSO capacity in areas that are relevant for the PSIA process: data collection and analysis, strategic thinking, communication and advocacy, budgeting, and monitoring and evaluation. More specific technical guidance on the topics is offered in the readings and resources found in Section 5 as well as the materials that are included in the

appendices, which provide a range of activities and analytical tools to use and adapt.

How and where an organization works will determine which of these skills needs to be strengthened when participating in a PSIA. Based on this information, CSOs can then map out a strategy of engagement and deal with some of the more operational concerns. The toolkit has addressed these issues by looking at ways that CSOs can formally and informally work together and with other stakeholders to strengthen their positions and combine their skill sets.

While the policy space afforded for these actions is a determining factor, the principal components of a PSIA process provide organizations with multiple chances for having their voices heard. To ensure that PSIAs are truly about selecting policies that positively impact poverty and improve livelihoods, organizations must find ways to leverage these power relationships and dynamics and identify opportunities for guaranteeing that their interests are represented in the decision-making process.
The following is a list of recommended readings and resources for finding out more about CSO engagement in PSIAs, including guidance that should help CSOs acquire the necessary technical know-how. In addition to primary materials, information is provided on the work that partner organizations are doing on PSIAs and the countries where these processes have occurred.


Department for International Development (DFID), Gender Mainstreaming Key-sheets, DFID, London. Available at: http://www.keysheets.org/red_4_gender_mainstreaming.html


ODI (Overseas Development Institute) and RAPID (Research & Policy in Development), Policy Impact Online Toolkit. Available at: http://www.odi.org.uk/rapid/tools/Toolkits/Policy_Impact/Index.html

Available at: http://www2.gtz.de/dokumente/bib/06-1183.pdf

UNDP Strategic Environmental Assessment.
Available at: http://www2.gtz.de/dokumente/bib/06-1183.pdf

Available at: http://www.worldbank.org/operations/dpl/GPNonPSIA9204.pdf

______, Integrating Gender into PSIA.


Available at: http://www.worldbank.org/socialanalysissourcebook/


Available at: www.worldbank.org/psia

List of PSIAs conducted

For a list of World Bank PSIAs

Also see the World Bank website at

For a complete list (as of 2006)
www.eurodad.org/uploadedFiles/Whats_New/News/Eurodad%20Copy%20of%20PSIAconsolidated.xls

Argentina
Cape Verde
Colombia
Congo
Croatia
Egypt
El Salvador
Ethiopia
Guatemala
India
Kenya
Lao
Mauritania
Madagascar
Mexico
Mozambique
Namibia
Pakistan
Sierra Leone
Sri Lanka
Sudan
Tanzania
Uganda
Uruguay
Vietnam
Yemen
**Glossary**

**Accountability**
Holding individuals and organizations responsible for performance. Ideally, accountability should be based on performance measures that are objective as possible. Accountability stands on three integral pillars: financial, political and administrative. It includes being open about what is being done (e.g. delivery of services) and the results which are being achieved. There is a relationship between those who are responsible for carrying out the action towards achieving a certain result and those who are the recipients and beneficiaries. Roles, responsibilities and expectations are clarified in this relationship.

Also: The requirement that officials answer to stakeholders on the disposal of their powers and duties, act on criticisms or requirements made of them and accept (some) responsibility for failure, incompetence or deceit. Accountability requires freedom of information, stakeholders who are able to organize and the rule of law.25

**Action research**
An ongoing process of collecting and analysing data during actual day-to-day situations and operations. It involves people solving problems and learning from the process. It focuses on learning by doing. Different tools, mainly qualitative research methods, are usually used.

**Actors (see Stakeholder)**

**Advocacy**
The promotion of activities or policies in the interests of a particular group.

Also involves developing strategies and taking actions to influence decision-making and changes. Causes and arguments are defended in the process.

**Capacity**
The ability of individuals, institutions and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner.

**Civil society**
Individuals and groups, organized or unorganized, who interact in the social, political and economic domains and who are regulated by formal and informal rules and laws. Civil society offers a dynamic, multilayered wealth of perspectives and values, seeking expression in the public sphere.26

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Civil society organizations
CSOs are non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests. UNDP collaborates with CSOs whose goals, values and development philosophies accord with its own.

Also: the multitude of associations around which society voluntarily organizes itself and which can represent a wide range of interests and ties, from ethnicity and religion, through shared professional, developmental and leisure pursuits, to issues such as environmental protection or human rights. Civil society organizations are commonly exemplified by non-governmental and community-based developmental organizations, but also include a wide range of other groups including sports clubs, interest groups, trade unions, etc.27

Empowerment
A process in which individuals learn by their own actions to become fully engaged in shaping their development potential. The process is necessarily self-led, but benefits from facilitation by supporting actors.

Engagement
Active, continued and sustained involvement in a programme, policy, activity or effort.

Livelihoods
The means by which an individual or household obtains assets for survival and self-development. Livelihood assets are the tools (skills, objects, rights, knowledge, social capital) applied to enacting the livelihood.28

Millennium Development Goals (MDGs)
The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world's main development challenges. The MDGs are drawn from the actions and targets contained in the Millennium Declaration that was adopted by 189 nations and signed by 147 heads of state and governments during the UN Millennium Summit in September 2000. The Goals are: 1) eradicate extreme poverty and hunger; 2) achieve universal primary education; 3) promote gender equality and empower women; 4) reduce child mortality; 5) improve maternal health; 6) combat HIV/AIDS, malaria and other diseases; 7) ensure environmental sustainability; 8) develop a global partnership for development.

Participation
Literally, taking part. The question for people concerned with governance issues is whether participation is effective. Effective participation occurs when group members have an adequate and equal opportunity to place questions on the agenda and to express their preferences about the final outcome during decision-making. Participation can occur directly or through legitimate representatives.29

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Policy cycle and policy process
The interconnected steps through which a policy is created, developed, implemented and reviewed. The process of steps, not necessarily flowing coherently, involves agenda setting, policy formulation, implementation, budgeting and evaluation. The policy cycle gives some order to understanding the policy process.

Poverty and Social Impact Analysis (PSIA)
Analysis of intended and unintended consequences of policy interventions (ex ante, during implementation and ex post) on the well-being of different social groups, with a particular focus on the poor and vulnerable.30

Poverty Reduction Strategy Paper (PRSP)
National strategies prepared by governments in low-income countries through a participatory process involving domestic stakeholders and external development partners, including the IMF and the World Bank. A PRSP describes the macroeconomic, structural and social policies and programmes that a country will pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and the associated sources of financing.31

A number of stakeholders are involved in the development and implementation of PRSPs. The PRSP was developed by the World Bank and International Monetary Fund in 1999.

Power
Capacity to effect change. There are different types and degrees of power (coercive power, persuasive power, etc.) used for different ends.

Responsiveness
The taking into account of citizens’ aspirations and needs. The term is predominantly used to refer to the public sector’s receptivity to these needs and aspirations of the public, and the actual use of public finances to benefit the poor.

Stakeholder
People, groups or entities that have a role and interest in the objectives and implementation of a programme or project. They include the community whose situation the programme seeks to change; national or local government, legislative or administrative bodies; donors and other decision makers who decide the course of action related to the programme; and supporters, critics and other persons who influence the programme environment.

Bibliography


London School of Economics, Centre for Civil Society home page. http://www.lse.ac.uk/collections/CCS/


appendices

"Furaha Washing"
Photography by Julien Harneis
APPENDIX 01: Rapid Impact Audit Checklist: An example from Morocco

STRATEGY HIGHLIGHT: Using this tool is a helpful first step in examining the possible impacts of a proposed policy reform. CSOs considering PSIA engagement should use this tool to help get into the PSIA mindset, asking the types of questions PSIA practitioners do.

APPENDIX 02: Poverty Diagnosis Form: Taking a snapshot of the situation

STRATEGY HIGHLIGHT: This is also a helpful first step in PSIA engagement and frames thinking into a PSIA user-friendly way.

APPENDIX 03: Problem diagnosis: Using a problem tree

STRATEGY HIGHLIGHT: A cause-and-effect problem tree is an important means of providing inputs to a PSIA process; CSOs can benefit by understanding how this tool works and refer back to it usefully throughout their engagement in the PSIA.

APPENDIX 04: Stakeholder analysis

STRATEGY HIGHLIGHT: Here is a primer on how stakeholders are typically defined and assessed in the context of a PSIA. This is an excellent starting point for securing CSO representation on the PSIA steering committee.

APPENDIX 05: Gender analysis

STRATEGY HIGHLIGHT: A good PSIA will include a gender analysis. Developing expertise in conducting gender analysis offers another means for CSOs to provide valuable inputs to a PSIA.

APPENDIX 06: Institutional Analysis

STRATEGY HIGHLIGHT: This is an effective tool not only for PSIA engagement but also for networking. CSOs can learn essential lessons about how to successfully advocate change by undertaking an Institutional Analysis.

APPENDIX 07: Power analysis

STRATEGY HIGHLIGHT: Power analysis typically begins with stakeholder analysis (Appendix 4) and extends that approach by probing the social and political contexts in which stakeholders operate. The goal is to assess how policy prescriptions are likely to be received within a targeted locale, in an effort to stress those with a realistic chance for success.

APPENDIX 08: The Sustainable Livelihoods Framework: An example from the Tanzania Training
APPENDIX 09: Participatory research tools

STRATEGY HIGHLIGHT: Participating in research is a key means through which CSOs can provide inputs to a PSIA process. This appendix lists some of the principles for promoting participatory methodology to PSIA practitioners, as well as resources for finding tools relevant to your situation.

APPENDIX 10: Social impact assessment

STRATEGY HIGHLIGHT: Focusing on potential effects outside the scope of an economic impact assessment, a social impact assessment provides key inputs into a PSIA and is often conducted in conjunction with poverty analysis.

APPENDIX 11: Poverty analysis

STRATEGY HIGHLIGHT: A poverty analysis ideally combines several research methodologies in order to provide a comprehensive picture of the situation; here are a few of them.

APPENDIX 12: Quantitative methods—A summary

STRATEGY HIGHLIGHT: CSOs can benefit from understanding how quantitative methods differ from and complement other means of measuring economic and social conditions.

APPENDIX 13: The policy cycle: A diagram of key components and actors

STRATEGY HIGHLIGHT: Here is an illustration of the various players in a PSIA process, showing how CSOs can fit in

APPENDIX 14: CSO Action on PSIA: A diagram from Tanzania

APPENDIX 15: A case study of Vernile: CSO engagement in a hypothetical country PSIA process

STRATEGY HIGHLIGHT: CSOs team with academic and business groups to participate in PSIA research; CSOs promote public debate that pressures Government to be responsive to concerns of civil society.

APPENDIX 16: Case study exercise on CSO engagement in a PSIA

STRATEGY HIGHLIGHT: This exercise is intended to demonstrate how a CSO representative can 'pick and choose' from among the various techniques described in this toolkit to find those most relevant to a given situation.

APPENDIX 17: Running a workshop: A sample agenda

STRATEGY HIGHLIGHT: Here is a suggested format for a five-day workshop on the ideas and techniques described in this toolkit.
APPENDIX 01

Rapid Impact Audit Checklist:
An example from Morocco

The first element of a PSIA is asking the right questions (see Section 01, page 13). Tools One, Two and Three help do just that. Section 02 (see page x) thoroughly covered the usefulness of the Rapid Impact Audit Checklist and how to use it. As explained, it allows for an early scoping of the types of impacts a proposed policy reform might have, indicating which issues should be studied more closely in a PSIA. This tool is particularly useful in developing the concept note and the terms of reference for the PSIA. If a CSO decides to engage in a PSIA, and positions itself on the steering committee guiding the study, this is a useful tool with which to be familiar.

At the Morocco workshop (3-7 December 2007) testing this resource guide and toolkit, the participants applied the Rapid Impact Audit Checklist to reforms in the Moroccan water sector. The group found the tool helpful in teasing out some of the pertinent issues that needed further study. These were the findings:
### Impact on quality of service provision: changes in type of service to be provided to specific groups, including infrastructure (dwellings, amenities, etc.).

**NOTES:** Access to water and cost of water will be impacted. This is key to study this reform.

### Impact on health: changes in well-being, physical capabilities, etc.

**NOTES:** Health is impacted. Types of illnesses and associated costs should be considered.

**COMMENT:** It is difficult to know how to comment on the impact on well-being. It would be useful to set out some criteria against which to consider well-being.

### Impact on education: changes in access to and/or quality of learning, skills, etc.

**NOTES:** There is no direct impact on access to or quality of education. But a health impact can lead to an education impact. Education can be considered as people being aware of their rights to potable, affordable water.

### Impact on lifestyle and culture: changes in the ways in which individuals, families, communities organize themselves in society, effects on religion, customs, etc.

**NOTES:** Changes to access to and affordability of water can have serious impacts on lifestyle. Better access to water can free water collectors to do other things. This can change family dynamics.

### Impact on employment and income: changes in employment and income opportunities, etc.

**NOTES:** Better access to water again can free up time to do other things, perhaps be employed. Increased water costs can have a negative impact on the family budget. But improved health resulting from safer water can compensate for that. Better health resulting from safer water can improve ability to keep employment.

### Impact on household budget and expenditure patterns: changes in allocations among household members in the products and services consumed and differences in patterns based on income levels.

**NOTES:** Similar to above. If households have to spend more on water, they will make choices on where to cut costs. Focus group discussions can help tease out some of the details of these decisions.

### Impact on food security: changes in opportunity costs for food consumption, nutritional intake, etc.

**NOTES:** The ability to prepare food more safely due to safer water is a positive impact. But if water costs more, expenditures on foods might be negatively impacted.

### Impact on environment: changes in quality and access to water, air quality, susceptibility to and prevalence of diseases and disasters, natural resource stocks, etc.

**NOTES:** There could be a positive change to quality and access to water and health. However, more costly water can negatively impact access to water.

### Other impacts:
APPENDIX 02

Poverty Diagnosis Form:
Taking a snapshot of the situation

Using this tool is another very basic first step to take in PSIA engagement. This tool can be used to state in easily consumable terms what the PSIA status is and to highlight some core poverty issues to consider.

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<table>
<thead>
<tr>
<th>PSIA topic (if known at this time):</th>
<th>____________________________________________________________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector or core issues of the PSIA:</td>
<td>____________________________________________________________________________</td>
</tr>
<tr>
<td>Is the PSIA part of the national policy process?</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Is the PSIA linked to a PRS process?</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Is the PSIA ___ ex ante, ___ during the policy implementation, or ___ ex post  (only include whichever ones are relevant)?</td>
<td></td>
</tr>
<tr>
<td>Is there information available from a recent poverty analysis done?</td>
<td>Yes / No</td>
</tr>
<tr>
<td>If yes, state the date when it was carried out:</td>
<td>____________________________________________________________________________</td>
</tr>
<tr>
<td>List any major characteristics of poverty, vulnerability and social exclusion as they relate to the population to be affected by the policy reform and new policy. Consider such aspects as: levels of deprivation, lack of rights, access to services and assets (including social, economic, natural resources, information), particular threats to certain groups (including the disabled, older persons, children, persons with HIV/AIDS, etc.).</td>
<td>____________________________________________________________________________</td>
</tr>
<tr>
<td>List the main challenges for the poor, and if possible, how these challenges relate to the area to be focused on in the PSIA.</td>
<td>____________________________________________________________________________</td>
</tr>
</tbody>
</table>

Section 02 gave some guidance on how one would go about finding the answers to the first six questions on the form (see page x). Websites and direct communication with government and World Bank or other staff should help fill in this form, and also starts one on the road to networking and engaging in the PSIA process. Using this form helps frame the questions one should ask in this engagement (Element One of a PSIA).
Problem Diagnosis: Using a Problem Tree

Section 02 presented a problem diagnosis tool – the problem diagnosis matrix.

<table>
<thead>
<tr>
<th>POLICY OBJECTIVE/ POLICY ACTION</th>
<th>PRIORITY CONCERNS/ PROBLEMS ASSOCIATED WITH POLICY</th>
<th>CAUSES AND LIKELY IMPACTS</th>
<th>STRATEGIES FOR COPING</th>
<th>POLICY RECOMMENDATIONS TO ADDRESS CONSTRAINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of user fees in health service provision for greater financial sustainability.</td>
<td>Reduced access for those unable to pay.</td>
<td>Deterioration of health among the poorest.</td>
<td>Selling of assets, multiple jobs.</td>
<td>Targeting of low-income population; special social protection initiatives; exemption schemes.</td>
</tr>
<tr>
<td>Removal of subsidies on kerosene.</td>
<td>Rise in prices make consumption unaffordable for the poor.</td>
<td>Time spent looking for alternatives (wood) and doing related tasks. Environmental degradation and health problems from use of alternative energy options (solid fuels). Changes in household duties and responsibilities. Reading light affected.</td>
<td>Collecting wood for cooking. Lower energy consumption (for cooking, reading, heat, hot water use, etc.). Re-allocation of household members’ time.</td>
<td>Subsidization of electrical access and equipment for poor households.</td>
</tr>
</tbody>
</table>

Using this matrix helps users consider possible policy constraints a PSIA should investigate.

At the training in Casablanca, Morocco, the participants again considered reforms in the water sector using this tool, and developed the following Problem Tree. Diagramming the issues related to the water sector in this way helped focus the conversation and gave a helpful reference for continuing discussions for the remainder of the training. For CSOs to be able to demonstrate to others engaged in the PSIA that they use analytical tools like this will also increase their credibility.
Water waste by users

Missing or disabled network connections

Low standard of living

Scarcity of water (drought, pollution)

Privatization and disengagement of

Poor management and governance by operators and poor perspective

Water is expensive, limited access for

Illness and pollution

Social tensions

Accentuation of poverty

Marginalization, instability, social

Blockage of processes of

Decline in standard of living for women and girls

Central Problem

Decline in standard of living for women and girls

Accentuation of poverty

Blockage of processes of
APPENDIX 04

Stakeholder Analysis

At the training in Tanzania in October 2008, participants conducted a thorough stakeholder analysis of the agricultural sector in Tanzania. The group first created a table that explained the different roles of stakeholders at the national, provincial, district, local and community levels, and then explored the many stakeholders within these levels. The group chose not to use the classification of primary, secondary and external. Their exercise demonstrates well how tools should be adapted to local needs. The tables are found below for illustration.

Stakeholders; roles and responsibilities

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>ROLE AND RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Level</td>
<td>National are the policy makers. They are providing strategic direction, redistribution of resources and oversight, and how responsive this is to micro and meso-level realities depends on how the lower levels interpret and ensure implementation to the letter of the policy. National level tends to react to global pressures and interaction as well as country level interaction</td>
</tr>
<tr>
<td>Provincial Level</td>
<td>Provincial are the policy interpreters and oversee implementation. At this level officials are supportive and supervising the level below and contribute to the strategic direction for implementation</td>
</tr>
<tr>
<td>District Level</td>
<td>Districts are the policy implementers. The services are facilitated, provided or promoted effectively and responsively, coordinated and held accountable; They deconstruct policy so people at lower level can understand.</td>
</tr>
<tr>
<td>Local Level</td>
<td>They implement policy and see the impact of policy directly as they interact with communities</td>
</tr>
<tr>
<td>Community Level</td>
<td>Communities are policy beneficiaries. They are the recipient of policy and its impact is direct on their livelihoods.</td>
</tr>
</tbody>
</table>

The summary of stakeholder analysis done in Tanzania.

**NATIONAL LEVEL**

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>WHAT IS THEIR INTEREST IN AGRIC POLICY</th>
<th>WHAT IS THE POTENTIAL IMPACT OF POLICY ON THEM</th>
<th>HOW IMPORTANT ARE THEY IN DECISION MAKING</th>
<th>WHAT IS THEIR INFLUENCE (POWER) TO CHANGE POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political leaders</td>
<td>They use policy in elections manifesto to win the elections</td>
<td>They will be forced to ensure the policies are implemented</td>
<td>They are owners of the policy</td>
<td>They have both political &amp; government power to change</td>
</tr>
<tr>
<td>National farmers associations</td>
<td>They are leaders to uplift the living standards/income of their members( farmers)</td>
<td>They will have power to dialogue with the government</td>
<td>They have big number of people who cannot be ignored</td>
<td>They have capacity to influence their member to change policy</td>
</tr>
<tr>
<td>Investors</td>
<td>To maximize their income</td>
<td>They will be assured with security of their investments</td>
<td>They have capital that government needs</td>
<td>They have a capacity to lobby for change and withdraw their investments</td>
</tr>
<tr>
<td>Ministry Bureaucrats</td>
<td>They retain their jobs</td>
<td>They will be accountable for implementing the policy</td>
<td>They are technical advisors &amp; implementers</td>
<td>They have a technical capacity to influence convince for change</td>
</tr>
</tbody>
</table>
### Regional Level

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>What is their interest in agric policy</th>
<th>What is the potential impact of policy on them</th>
<th>How important are they in decision making</th>
<th>What is their influence (power) to change policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>To improve the agriculture production</td>
<td>Poverty eradication and sustainable livelihoods</td>
<td>Supervision and implementation</td>
<td>Consultation in policy development</td>
</tr>
<tr>
<td>Private</td>
<td>Land and market access</td>
<td>Poverty eradication and sustainable livelihoods</td>
<td>Mobilization L &amp; A and implementation</td>
<td>Consultation L &amp; A and monitoring</td>
</tr>
<tr>
<td>CSO’s</td>
<td>Good production and marketing environment</td>
<td>Poverty eradication and sustainable livelihoods</td>
<td>CSO’s lobbying and advocacy</td>
<td>Policy monitoring consultation</td>
</tr>
</tbody>
</table>

### District Level

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>What is their interest in agric policy</th>
<th>What is the potential impact of policy on them</th>
<th>How important are they in decision making</th>
<th>What is their influence (power) to change policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Agriculture officers</td>
<td>They want to see Agriculture policy impact the people positively in order to improve their livelihoods</td>
<td>If the policy succeeds they get the credit if it fails they face the fire</td>
<td>They provide the technical advice</td>
<td>They provide feedback to and from the central government through reports</td>
</tr>
<tr>
<td>District commissioners</td>
<td></td>
<td></td>
<td>CSO networks are watch dogs</td>
<td>Mp’s can influence policy change through legislation</td>
</tr>
<tr>
<td>District Ex Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSO’s networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District co-ops society</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of the Parliament</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Local Level

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>What is their interest in agric policy</th>
<th>What is the potential impact of policy on them</th>
<th>How important are they in decision making</th>
<th>What is their influence (power) to change policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community members</td>
<td>• Access of farm inputs • Market their products • Extension services</td>
<td>• Increase productivity • Availability of good markets • Improve social services</td>
<td>They are implementers of the policy</td>
<td>They have powers to change policy makers through elections</td>
</tr>
<tr>
<td>Community based organizations</td>
<td>Improve on people life standards</td>
<td>Involvement of CBO’s in implementation &amp; monitoring policy stated clearly in policy document</td>
<td>Involved in local planning process</td>
<td>Through lobbying and advocacy</td>
</tr>
<tr>
<td>Politicians ward councilors</td>
<td>• Access of farm inputs • Ext services</td>
<td>If the policy is well implemented they have assurance to be re-elected or not elected for the second time around</td>
<td>They are representative of people in decision making bodies at local level</td>
<td>They are key policy makers</td>
</tr>
<tr>
<td>Village chairperson</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 05

Gender analysis

Gender analysis focuses on differences in gender roles (men and women, boys and girls) as well as needs and opportunities. It is a necessary and good practice to include a gender analysis throughout the PSIA process. At the stages of problem identification and topic selection, it is very important that attention be paid to any barriers or potential opportunities for gender equality.

Gender equality is described as “recognizing that men and women often have different needs and priorities, face different constraints, have different aspirations and contribute to development in different ways” (DFID, Gender Manual, 2002).

Gender equality can also be thought of as a concept that all human beings, both men and women, are free to develop their personal abilities and make choices without the limitations set by stereotypes, rigid gender roles, or prejudices. Gender equality means that the different behaviours, aspirations and needs of women and men are considered, valued and favored equally. It does not mean that women and men have to become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born male or female.32

Gender issues need to be looked at different levels:

- Macro—e.g. any impact on the legal and regulatory framework which will affect men, women, boys and girls differently; any budget changes that will impact on men and women (gender budget analysis);
- Micro—e.g. impacts occurring at the household level which will affect men and women differently. For instance, a change in agricultural policy may affect the amount of time spent by women as opposed to men on agricultural tasks.

It must be acknowledged that a gender analysis should focus on gender roles and relationships rather than on women only.

A gender analysis provides the basis for gender mainstreaming which is the strategy for achieving gender equality. Gender mainstreaming involves incorporating a gender equality perspective in policies, strategies and programmes—and at all of the PSIA stages (diagnosis, appraisal, design, implementation, M&E, etc.).

Based on good practice experiences, the following areas can be recommended for gender analysis and mainstreaming:

- In conducting research linked to a PSIA, a gender analysis should be incorporated in the process by means of data that has been collected and disaggregated by gender (quantitative statistical information on differences and inequalities between women and men).33 This includes understanding how poverty, literacy, education and life expectancy rates differ for males and females in a society or community;
- A gender-sensitive stakeholder analysis should be completed and included in the assessment to capture the differences in active participation by women and men in processes related to the PSIA;

---

Based on gender-sensitive research, recommendations and strategies to promote the goal of gender equality should be included as part of the PSIA results. A PSIA may highlight that new economic opportunities to be generated by a policy reform are likely to be more available to men than to women. A policy response to this could be to take measures to ensure that gender equality issues are reflected in actions.

Useful resources for completing a gender analysis include:

- Integrating Gender into PSIAs, at http://poverty2.forumone.com/files/15133_psia_integrating_gender.pdf
- OECD, DAC Guidelines for Gender Equality and Women’s Empowerment in Development Co-operation, 1998
- Siyanda, online database of resources on gender, at http://www.genie.ids.ac.uk/
APPENDIX 06

Institutional Analysis

Element 4 of a PSIA is assessing institutions (see Section 01, page 13). An Institutional Analysis does just this and is often conducted in conjunction with a Stakeholder Analysis. An Institutional Analysis is a qualitative tool used to understand, or unpack, the details of decision making and policy implementation at the local level. An Institutional Analysis is revealing when considering any policy reform, but especially one that involves institutional reforms, such as decentralization of services or a reform of a utility, like water or electricity.

In carrying out an Institutional Analysis, one identifies government agencies and others responsible for carrying out a reform and then examines their characteristics, motivations and relationships with other actors. The key is to understand what institutions are responsible for what, and how they make decisions about making certain changes. Part of this work is about understanding the formal system of decision making and action, and then there is an essential level of teasing out the underlying, informal rules that impact their behavior.

This is a useful analysis for CSOs to undertake for several reasons. For one it is a qualitative approach that is essentially focused on the world in which CSOs operate. Many CSOs want to promote some policy change, and through an Institutional Analysis they will come to understand better how they might do this. This exercise can be a real empowering and learning tool for CSOs.

Another excellent reason for CSOs to consider undertaking this analysis is simply for networking. Much of the work of an Institutional Analysis involves interviewing government staff in detail to understand what they do, how they do it, and why they do it. So again, the learning resulting from this work is useful, and also getting to know the subjects is as well.
APPENDIX 07

Power analysis

Power takes different forms in the context of government, civil society and the private sector. Sometimes obvious, sometimes subtle, these differences come into play in PSIA processes where decisions are taken about what actions should be implemented and for whom. A stakeholder analysis (see Appendix 4) is usually a good starting point for understanding the types of power that bear upon a PSIA and how these are exerted by different groups.

However, there are specific techniques for assessing power’s unique dynamics. The ODI/RAPID tool for policy impact describes a power analysis as a tool:

“used to understand and analyse power relations at the macro level. Based on secondary literature reviews and interviews, power analysis focuses on formal and informal power relations and structures, and how these factors affect and are affected by development policies. Actors, interest groups and structures are analysed to determine where the real power in a country lies and how that power is distributed geographically, institutionally and socially. It may also identify what type of power is being used and by whom, and how it is understood and perceived.”

In engaging in PSIA processes within the policy cycle, CSOs must find ways to access the policy-making domain and influence decisions. A power analysis can provide them with some knowledge of the characteristics of power in the country and highlight barriers that are the result of these power structures. This heightened awareness provides insight into opportunities for more strategic engagement.

A power analysis tool developed by the Swedish International Development Agency (SIDA) is explained here as an example of possible techniques for understanding and analysing power at the macro level.

Such an analysis can be approached at the beginning of a PSIA activity by answering three basic questions:

1. Who sets the policy agenda?
2. Who gets what, when and how?
3. Who knows whom, why and how?

A stakeholder analysis can serve as a useful starting point to provide essential information on these areas. A deepening of the analysis through other methodologies such as a power analysis can lead to a broader understanding of the social and political contexts in which policies for poverty reduction are made (how does this actually occur). A power analysis entails a review of secondary literature and interviews with key informants. There are parallel analyses that need to be done such as a “drivers of change analysis” and a “country social analysis”, which can also be conducted to build awareness of social and political structures.

34 See http://www.odi.org.uk/rapid/tools/Toolkits/Policy_Impact/Power_analysis.html
What does power analysis actually tell us? The analysis of actors, interest groups and structures attempts to uncover where the real power in a society lies and how power is distributed geographically, institutionally and socially. It may also point to what kind of power is being exercised and how—as well as how this is understood or perceived, and by whom.

Issues that should be covered include the actors, structures, processes, relations and hierarchies involved.

Other key areas that could be addressed include:

- a basic country analysis (e.g. social, political, economic and institutional factors affecting dynamics and possibilities for change);
- medium-term dynamics of change (e.g. incentives and capacities of agents operating within particular institutional domains—i.e. policy processes);
- the role of external forces (e.g. donor actions, aid modalities and influencing strategies on these processes);
- links between change and poverty reduction (e.g. how expected changes will affect poverty, when and what are the implications);
- operational implications (e.g. how to translate understanding into strategies/ actions); and
- how donors or funding institutions work (e.g. organizational incentives for staff to acquire and retain a deeper knowledge of country context).

Further suggested reading includes:


38 Ibid.
A Sustainable Livelihoods Framework provides an analytical approach to considering the impacts of a policy on livelihoods. The approach uses qualitative analysis and participatory research tools (see Appendix x) to analyse people’s livelihood strategies in reaction to policies, institutions and processes that affect their lives. The analysis of livelihood strategies considers the investment or use of a range of assets held by different income groups, especially the very poor in the context of a PSIA. Here is a useful visual representation of this framework:

In Section 2, Box x, this resource guide presented suggestions for using a Sustainable Livelihoods Framework. At the Tanzania training in October 2007, participants considered the case of Tanzania. This is a helpful example for the application of this approach. The following table was produced at the training, and examines different types of assets held by different income groups.

### HUMAN ASSETS

<table>
<thead>
<tr>
<th><strong>Very Poor</strong></th>
<th><strong>Not So Poor</strong></th>
<th><strong>Rich</strong></th>
<th><strong>Very Rich</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>High knowledge of environment governance</em>&lt;br&gt;<em>Family &amp; community level</em>&lt;br&gt;<em>Low access to technological information</em></td>
<td><em>Skills in entrepreneurship</em>&lt;br&gt;<em>Skills in teaching</em>&lt;br&gt;<em>Skills in medical (Nurse)</em>&lt;br&gt;<em>Form IV level</em>&lt;br&gt;<em>Certificates/diploma in teaching, mechanical</em>&lt;br&gt;<em>Extension officer</em></td>
<td><em>Education in technical skills</em>&lt;br&gt;<em>Professionals skills</em>&lt;br&gt;<em>Engineers gynecologist accountants, member of the parliament</em>&lt;br&gt;<em>Service providers</em>&lt;br&gt;<em>Small factories</em>&lt;br&gt;<em>Management consultants</em></td>
<td><em>Quality knowledge on ITC</em>&lt;br&gt;<em>Business knowledge</em>&lt;br&gt;<em>Quality education BSc degrees’ PHD’s</em>&lt;br&gt;<em>Good heath and ahev access to family doctors</em>&lt;br&gt;<em>Balanced diet</em>&lt;br&gt;<em>Private hospitals</em></td>
</tr>
</tbody>
</table>
## FINANCIAL ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Poor</th>
<th>Not So Poor</th>
<th>Rich</th>
<th>Very Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Income from harvest 15,000 Tsh</td>
<td>Salary 84,000 Tsh</td>
<td>Profit of 1.20 million p/a</td>
<td>High savings 100 billions</td>
</tr>
<tr>
<td></td>
<td>Wages 50,000 Tsh</td>
<td>Income from small business</td>
<td>Access to 500 million loans</td>
<td>High income generating 500 M</td>
</tr>
<tr>
<td></td>
<td>Micro finance</td>
<td>Tsh 50,000 monthly</td>
<td>Bond treasury bills</td>
<td>High access to loans (billions)</td>
</tr>
<tr>
<td></td>
<td>Credit of 20,000 Tsh</td>
<td></td>
<td>High salaries</td>
<td>High investments in big companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Consulting fees</td>
<td>High big shares</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Personal savings where they gain interest</td>
<td>Employing of 500 or more staff in their</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>on savings</td>
<td>organisations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Return n investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Income on unit trust</td>
<td></td>
</tr>
</tbody>
</table>

## NATURAL ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Poor</th>
<th>Not So Poor</th>
<th>Rich</th>
<th>Very Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>¼ acre</td>
<td>Land</td>
<td>10 acres for food crops</td>
<td>Land 1500 hectares</td>
</tr>
<tr>
<td></td>
<td>3 chickens</td>
<td>Own plots in high density area</td>
<td>Land 2 acres</td>
<td>Big estate/Plantations 10,000 ha</td>
</tr>
<tr>
<td></td>
<td>1 dog</td>
<td>Own less than 3 hectares</td>
<td>50 acres sugar cane</td>
<td>Mining sites (at least 10 or more)</td>
</tr>
<tr>
<td></td>
<td>1 goat</td>
<td>Have less access to clean water and safe</td>
<td>10 acres of paddy</td>
<td>Hunting sites and hunting licences.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>water</td>
<td>Rubies sales 200 m p/a</td>
<td>Access to forests and forestry products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have access to public water collecting</td>
<td>Small commercial businessmen or have won</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>points which are more than 400mt</td>
<td>fish selling business</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have illegal access to minerals</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to 2 bags of charcoal per month</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Most of them are local fisherman</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## PHYSICAL ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Poor</th>
<th>Not So Poor</th>
<th>Rich</th>
<th>Very Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>House</td>
<td>Grass thatched</td>
<td>Houses can afford to rent for less than 15 000 tsh per month</td>
<td>1 acre of residential area</td>
<td>Bungalows/Plaza 50p</td>
</tr>
<tr>
<td></td>
<td>Mud hut</td>
<td>Facilities</td>
<td>Plot wealth 5 ml Tsh</td>
<td>Vehicles for renting 500+</td>
</tr>
<tr>
<td></td>
<td>Clay cooking pots</td>
<td>TV 14 inch</td>
<td>Family cars (two)</td>
<td>Luxury cars (20 executives)</td>
</tr>
<tr>
<td></td>
<td>Traditional beds (cow hides and banana leaves)</td>
<td>Radio less than 100,000</td>
<td>House of 100 million Tsh</td>
<td>Planes (private)</td>
</tr>
<tr>
<td></td>
<td>Blankets</td>
<td>Bicycle (one)</td>
<td>Fruit processing factory of 300m tshs</td>
<td>Air strips</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Furniture less than 75,000 tsh</td>
<td>10 Buses worth 25m each</td>
<td>Paved roads</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Attend govt schools only primary and secondary</td>
<td>Guest houses hotels</td>
<td>Tar in residential areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to roads</td>
<td>100 millions p.a</td>
<td>Ships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telephones</td>
<td>10 tractors worth 200 millions</td>
<td>Supermarkets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can afford the handset less than 50,000 tsh</td>
<td></td>
<td>Private hospitals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Private schools</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Big industries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Media institutions</td>
</tr>
<tr>
<td></td>
<td>Social Assets</td>
<td></td>
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<td>--------------------------</td>
<td>---------------------------------------------------</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Very Poor</strong></td>
<td>• 2 wives</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• 12 children</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Extended family to support</td>
<td></td>
<td></td>
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<tr>
<td><strong>Not So Poor</strong></td>
<td>• More than 8 persons per house</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Limited access to networks such as trade unions,</td>
<td></td>
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<tr>
<td></td>
<td>religious, tribal associations,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rich</strong></td>
<td>• Members of Tanzania chamber of commerce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Members of Confederation of Tanzania industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Members of Rotary Clubs</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Members of rich and extended family which is</td>
<td></td>
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<tr>
<td></td>
<td>supportive</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Members of famous religion and access to assets</td>
<td></td>
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<tr>
<td></td>
<td>through the church</td>
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<tr>
<td><strong>Very Rich</strong></td>
<td>• Members of Entertainment groups,</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Social clubs, Recreation sites and Sport clubs.</td>
<td></td>
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<tr>
<td></td>
<td>• Support few relatives</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Have High influence in society,</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>• Have a voice in the society</td>
<td></td>
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<tr>
<td></td>
<td>• Well networked at every level in the society.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>• Access to high quality legal services</td>
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</table>

Detailed information like this can then be utilized to consider how policy change might affect peoples’ use of their assets. See the training report for more on the group’s consideration of the usefulness of this approach.
APPENDIX 09

Participatory research tools

A range of tools that are useful to conducting PSIAs are presented in Section 2 of the toolkit (see Table 2). Some of these tools facilitate the collection of data designed to aid understanding of social context; this so-called social data offers insight into such topics as stakeholders' needs and concerns; what is really happening in people's lives and in society; and the factors behind each of these. The findings also can be used to support efforts to better measure and understand poverty (see Table 4).

A gamut of participatory approaches and survey techniques (e.g. household surveys to collect microeconomic data) can be applied for analysing the welfare of vulnerable groups and the poor. The tools in the preceding appendices (1-4) fall under this category of research tools.

Participatory approaches to research have been pursued mainly to gain valuable information and insights which are not easily captured through standard quantitative and analytical methods. Development practitioners and other researchers have applied participatory research at various stages of the PSIA process, from the initial stages of setting the agenda to framing indicators of well-being and assessing the impact of policies. CSOs engaging in a PSIA process can also draw on participatory approaches as part of their lobbying and advocacy activities for getting priorities on the PSIA agenda and factored into policy actions.

Below are some core principles for using participatory methodology in PSIAs and other processes:

- People must be put first. The use of the tool should be a process in which the poor and marginalized (including women and children, the disabled, etc.) are able to participate whether it be planning, monitoring, evaluating and/or making decisions about their own lives;
- The facilitator should not dominate the process but rather, be a good listener and be receptive to new ideas. S/he should be aware of any persons among the group who discourage the participation of others;
- The participatory process which is involved should respect diversity among stakeholders and participants;
- The participatory process should be interactive and open, yet sensitive to confidentiality concerns and prejudices. Researchers should ensure that participants feel comfortable enough to become an active part of the process;
- The results (diagrams, etc.) of a process are considered as being the property of the persons who generated them through their participation—and not the researcher;
- Important data generated from the use of the tool(s) should be triangulated, i.e. validated or verified against other sources of information.

Participatory approaches have formed a part of some PRSP development processes. In Ghana, the PRSP was informed by a participatory poverty analysis involving local level communities. Through applying participatory tools, a number of priorities were identified by communities such as measures to ensure equal rights to
women and small scale irrigation schemes.39

Below is a list of resources providing additional information on participatory research tools, which can help readers assess which ones might be suitable for a particular PSIA.

- Consultative Group on International Agricultural Research (CGIAR) website on *Program on Participatory Research and Gender Analysis*, at http://www.prgaprogram.org/
- FAO’s wide range of resources on Participation in Development including Rapid or Participatory Rural Appraisal, at http://www.fao.org/participation/
- International Water & Sanitation Centre, *Methodology for Participatory Assessment (MPA)*. http://www.irc.nl/page/4130

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APPENDIX 10

Social impact assessment

A social impact assessment (SIA) is basically a process of assessing the social consequences of a policy or programme. The SIA emerged in an effort to capture the socio-economic dimensions within the economic impact assessment (EIA). The SIA can be considered as a component of social analysis involving the use of different instruments to assess the social consequences of policies and programmes. It has an integral role to play in PSIAs and is often integrated into work on poverty analysis.

SIA focuses on the use of data collection instruments and analysis for:

• assessing the impact on the well-being of those who are intended to be affected (through benefits or otherwise), recognizing that there are assumptions to be taken into consideration;
• identifying as part of the above assessment the impacts on different stakeholder groups (secondary and primary, external, etc.) and making recommendations to counteract these;
• assessing the social and other related risks associated with the policy area (namely, unemployment, loss of property and other assets, lack of rights, etc.);
• drawing out the policy implications.

Some general steps in a SIA are:

• scoping and involving groups to be affected from a potential policy change or a new policy;
• identifying and investigating probable impacts and highlighting equity issues based on those who are likely to come out as winners and losers;
• recommending changes in proposed policy action;
• developing a monitoring programme to track actual impacts against what has been projected.

Useful resources for completing a gender analysis include:

Poverty analysis

Approaches to analysing poverty require various indicators and measures, and a combination of instruments. A poverty analysis, sufficiently rigorous in execution, represents a key aid to understanding a particular instance of poverty (characteristics, patterns of disaggregation among different groups, vulnerability context, risks, underlying causes of poverty, etc.). It also provides key findings intended to improve the policy-making process and the monitoring and evaluation of poverty. A poverty analysis highlights indicators of well-being (such as income and consumption) and the quality of and access to health, education and other services. Inequality and social exclusion are some of the other main considerations of a poverty analysis, due to their influence on poverty levels.

Ideally, a poverty analysis should combine various methodologies, in order to produce a comprehensive picture of a situation. Some main ways of measuring and understanding poverty include:

- setting poverty line measures (i.e. a monetary measure based on minimum level of income deemed necessary to ensure that basic needs are adequately met and an adequate standard of living achieved);
- conducting a participatory poverty assessment;\(^{40}\)
- completing a poverty mapping (national and/or sub-national);\(^{41}\)
- measuring inequality using the Gini coefficient;\(^{42}\)
- analysing vulnerability.\(^{43}\)

For additional guidance, see:


APPENDIX 12

Quantitative methods—A summary

Numbers and statistics often prove to be more convincing to policy makers than the 'softer' results yielded by household surveys, focus group sessions, interviews and other qualitative research methods (some covered in other appendices). For this reason, many PSIA practitioners rely on methodologies that emphasize quantitative elements to complement qualitative data. Whereas CBOs and other civil society groups tend to rely on survey research at the household level as a core part of their activities, think tanks and research institutions are likely to have stronger expertise in certain fields of quantitative methodology, e.g. econometrics, economic modelling, regressions and multivariate models.

To ensure a good balance, CSOs with skills in other areas, specifically qualitative methods, could seek to partner with those CSOs with strengths in conducting quantitative research. In either case, there must be a collection of comprehensive information on household characteristics, education, household income, employment, ownership of assets and access to services, among other areas.

Quantitative approaches can be useful in this process. For instance, modelling can be integrated with participatory processes as part of interactive stakeholder sessions to generate and impart information. Likewise, focus group interviews can be used alongside survey questionnaires to see if similar conclusions emerge.

Generally, it is useful for CSOs and other participants in PSIA processes to have an understanding of the basic methods and quantitative research skills so that they can participate constructively in the discussions to decide options and apply general findings. The World Bank User's Guide on PSIA (www.worldbank.org/psia) provides details on a number of methodologies involving statistics, sampling, questionnaire development, data collection, data analysis and interpretation, and survey research methods.

Both qualitative and quantitative methods provide opportunities to measure and understand the degree of changes on the livelihoods and living standards of the poor from economic and other policy changes. Since each of these research methods have their limitations, it is helpful to fully understand which is best suited for different contexts during a PSIA.

A key reference document for understanding how to measure the impact of economic policies is:


Other useful resources on quantitative approaches for evaluating poverty and distributional impacts are:

APPENDIX 13

The policy cycle
A diagram of key components and actors

Below is a diagram illustrating the dynamic among different players at each stage of the PSIA process. Please note that this is a fluid diagram; the actors in the outside do not correspond with the stages they are next to.

Source: ODI (Overseas Development Institute) and RAPID (Research & Policy in Development), 'Policy Engagement: How Civil Society Can Be More Effective', 2006.
APPENDIX 14

CSO Action on PSIA: A diagram from Tanzania

At the Tanzania training, participants discussed how to practically involve themselves in a PSIA using the research tools they explored. Below is the flow chart they developed. This chart describes how CSO input can fit into the ten key elements of a PSIA process (see chart on page xx). This chart is particular to the context of and the particular tools discussed at the Tanzania training. However, developing a similar chart would be a useful process for any CSO considering PSIA engagement.
APPENDIX 15

A case study of Vernile:
CSO engagement in a hypothetical country PSIA process

Background
The country of Vernile is facing considerable fiscal constraints. Public-sector debt issued in the past 12 years totals 120.6% of annual GDP and the overall fiscal balance stands at 14.7% of GDP. Despite the country’s middle income status, approximately 43% of Vernile’s inhabitants live below the income poverty line. Despite these constraints, the Government is planning to introduce a variety of structural reforms that it hopes will boost public-sector revenues. A major planned measure is to raise direct taxes. There is some concern about how this will impact the poor. The Government (Ministry of Economic Affairs) is taking the lead in commissioning a Poverty and Social Impact Analysis (PSIA) with encouragement and financial support from a bilateral donor. Some members of the private sector question whether the Government has adequately explored alternative revenue-raising measures before settling on its current plans. Some civil society organizations (CSOs) that participate on the national economic and social task force (NESTF)—a multisectoral body comprising public sector, civil society and private sector organizations with responsibility for advising on poverty planning and programmes—are concerned that the tax reform will have serious repercussions on the poorest and most vulnerable. These CSOs believe the Government’s analysis has been weak; they are calling for measures to be put in place to ensure that poverty is not exacerbated if the tax increase is passed. Their call for alternative policies has given them an advantage in the discussions and provided CSOs with the space to engage in further policy dialogues.

Preparations—Asking the right questions and selecting the topic
The terms of reference (TOR) for the PSIA were being prepared by the Ministry of Economic Affairs, with input from the Ministry of Social Development. Since the announcement of the proposed rise in direct taxes, the Government has not engaged in any public debate on the measure; what public debate there has been has occurred mostly through the media. The consultative process has been mostly a closed affair between the Government and the funding donor. Representatives of two CSOs from the NESTF—the Outward Movement Coalition and the Vernile Social Rehabilitation—contacted the Ministry of Social Development to request a meeting with the PSIA planning team. Citing the NESTF mandate to “engage in policy discussions and influence formulation of policy with much broader poverty reduction impact”, the two expressed their interest in participating in the PSIA on behalf of NESTF. The individuals involved possessed a range of skills, including presentation, mediation, and research and writing skills (mainly qualitative). They prepared a presentation on poverty and vulnerability in the north of Vernile based on their access to information from the very latest poverty mapping data aggregated by another donor in collaboration with the Statistics Department. The evidence-based advocacy persuaded the organizers/commissioners of the PSIA to revise the scope of the PSIA terms of reference to include: “to identify specific socio-economic groups, distinct livelihoods and livelihood strategies; consider social group inequalities; and assess the impacts from a rise in taxes on these groups and any effects on outcomes at the household level.” The CSOs sought these changes to make the PSIA less macro in focus and to open space for the CSOs to provide insights to enrich the impact assessment. The
main argument put forth by the CSOs during the scoping exercise was that the increased vulnerability evident in the north of Vernile warranted a more focused and rigorous assessment of what was actually occurring in people’s lives. Changing social conditions were not being adequately captured, such as the impact from the previous year’s floods and the continued contraction in employment which had been mainly affecting the north (as demonstrated by a labor market survey conducted two years before).

Opening up the PSIA process
The CSOs had a fair amount of experience working within the policy process, having been actively involved in a poverty assessment that was conducted to help shape the development of the National Poverty Plan.

With this comparative advantage, they decided to team with the University of Vernile’s Research Institute and the Vernile Export Association in proposing a team of practitioners to assist in conducting the PSIA. They used their position as members of the NESTF (who had been approved by the Cabinet) to make a strong case for participating in the planned research and the committee that had been organized to discuss and agree on the findings. As part of their ongoing media campaign to disseminate information on poverty, the CSOs prepared bulletins on poverty and taxation to be aired on a public discussion programme. The Government was not able to ignore their efforts and did not object to CSO participation in the PSIA research. The CSOs coordinated a set of focused group discussions on the anticipated tax increase and how this would affect the distribution of income within households. The CSOs were also interested in monitoring the rolling out of the PSIA and made suggestions for the inclusion of specific stakeholders. This list of recommended actors was devised following a stakeholder analysis which was supported by community-based organizations working in some of the poorest regions of Vernile. At the same time, the CSOs did not ignore the benefits to be derived from using tax policy and public expenditure to tackle poverty.

Gathering data and analysing impact
A multidisciplinary team comprising statisticians, economists and social scientists formed the core of the PSIA research team. Data was gathered by means of different methodologies as follows:

- The latest household expenditure survey data was analysed and household expenditure was used to measure individual welfare.
- A desk study was commissioned on tax collection data and national income accounts.
- Changes in income distribution were calculated using the Lorenz Curve and then applying the Gini coefficient\(^4\) to measure changes in the distribution of tax burdens.
- An institutional analysis was conducted to analyse the impact of private markets on revenues and macroeconomic policies on income distribution. Also included in this analysis was a consideration of some of the special circumstances surrounding tax payments and the informal sector, as well as the tax credits that offshore companies received.

\(^4\) The Lorenz Curve shows a country’s income distribution on a graph. Gini coefficient is used to measure inequality. It shows the difference between a country’s income distribution and a totally equal distribution of income.
The team was able to construct tax and benefit incidence analysis from most of the above activities. Evaluation of the fairness of tax outcomes was conducted with contributions by civil society (mainly the think tank representative from the NESTF).

Additionally, semi-structured interviews with low-income households were conducted to assess the distributional impact of tax policy changes. The impact assessment took into account tax payments, income and how it was used and gender inequalities in power and influence in the household. The CSOs and Ministry of Social Development led the work and subsequently analysed the data. They brought into the analysis their previous work on the characteristics of poverty and the priorities highlighted by the poor.

Policy messages and proposals to mitigate impact
The results included the following recommendations on how to ease the burden of taxation on the poor. To get the Government to take some of the recommendations into consideration, the CSOs launched an advocacy campaign with an international NGO that had longstanding experience in policy advocacy and the donor that had funded the poverty map. Some of the main messages included:

• Levying lower marginal tax rates on low-income households, making special arrangements for special categories of the poor where taxes on labor income and on consumption are concerned (e.g. low-income households with children and older persons).

• Developing a programme to enhance access of the poor to assets, markets and income, integrated with a coherent social protection strategy (to be funded from resources already earmarked by a multilateral donor for a three-year support programme to Vernile). The initiative would draw on evidence of livelihood strategies used by the poor and assess their vulnerability to shocks (e.g. homelessness due to last year’s floods, loss of employment, etc.).

• Channelling gains from fiscal reforms into public spending that improved human capital of the poor, based on a new poverty reduction targeting strategy.

The CSOs presented these three recommendations at the internal PSIA discussion organized on the findings and also prepared written policy briefs. They also wanted to use other communication channels (e.g. media) but this was disallowed by the PSIA organizers.

Follow-up
The CSOs, with the backing of the rest of the task force, advocated for more PSIA exercises focusing on the other fiscal policy measures that were being proposed to lower the public-debt-to-GDP ratio.

Plans for at least one additional PSIA were subsequently confirmed in the short term, with the hopes that others would be considered in the medium term. The CSOs were also instrumental in ensuring that the PSIA results were disseminated widely and transparently.

The Government indicated that the recommendation to lower marginal tax rates on low incomes would definitely be taken into consideration and special arrange-

45 See also Direct Impact Analysis tools (Tax Incidence and Benefit Incidence analysis) in Tools and Methods for PSIA, World Bank. See http://go.worldbank.org/EHV99W87W0
## CSO participation in Vernile Tax PSIA—process road map

<table>
<thead>
<tr>
<th>Preparation—Setting the agenda (a)</th>
<th>Information gathering; initial analysis based on latest poverty map; interviews with stakeholders—lead focused group discussions; engage media; develop presentation for PSIA commissioners, etc.</th>
<th>Capacity assessment of needs, especially in area of quantitative skills suitable for research and analysis on income and tax.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PSIA terms of reference with stronger pro-poor focus.</td>
<td>Creation of research team (comprising members from the academic and professional sector).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gathering data and information (evidence)</th>
<th>Draw on existing background information and analysis (poverty assessment, poverty map, household surveys, results from participatory research from different sources, etc.).</th>
<th>Prepare questionnaire—structured with open-ended questions; prepare guides and manuals on how to conduct research.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prepare questionnaire—structured with open-ended questions; prepare guides and manuals on how to conduct research.</td>
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</table>

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Data cleaning and aggregation.</th>
<th>Peer review findings; validate workshops.</th>
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<tbody>
<tr>
<td></td>
<td>Extract primary data—compile issues, highlight opportunities, threats, identify transmission channels through which impacts occur.(b)</td>
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<tr>
<td></td>
<td>Build a picture. Cross-check with quantitative research results on distributional impacts, etc.</td>
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</table>

<table>
<thead>
<tr>
<th>Policy Advocacy</th>
<th>Develop policy options based on analysis.</th>
<th>Feedback results to communities, etc. (e.g. dissemination workshops).</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Design an advocacy and communication plan.</td>
<td>Participate in workshop(s) to share results on impacts and communicate policy messages. Lobby for adoption of special measures to protect poor.</td>
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</table>

(Process stages adapted from: An initial workshop on organizing CSO policy monitoring in three pilot Southern African countries and research process map for Mozambique prepared with CSOs as part of a UNDP-sponsored process).

Notes:
(a) involves understanding issues and priorities, diagnosis and scoping, partnership building and stakeholder contribution.
(b) frame questions (around tax, income, gender, vulnerability, etc.) based on existing information, background knowledge and partner contributions.
(c) Data relating to livelihoods (assets, capabilities), well-being, inequality, social exclusion, rights, vulnerability, institutions, etc.
ments put in place for certain vulnerable and poor groups based on a rigorous targeting mechanism.

Using the task force as the main institutional driver of change, the CSOs are currently putting pressure on the Government to ensure that this commitment is fulfilled. Other CSOs have since joined efforts to hold the Government to account as well. The Statistics Department has raised the fact that a monitoring and evaluation system for tracking the policy implementation and its impacts is not in place and steps need to be taken to address this at an early stage.

Below is a diagram outlining the process of CSO engagement at different phases of the PSIA done on Vernile’s proposed tax reform.
APPENDIX 16

A case study exercise
CSO engagement in a PSIA

In this case study exercise you will practice participating in a Poverty and Social Impact Analysis (PSIA) process as a representative of your civil society organization (CSO). This exercise will provide you with an opportunity to apply different tools and explore activities for different entry points and stages of the PSIA process.

Context:
Put yourself in the role of a director of an NGO working in the field of rights and empowerment of the poor in the rural areas of a low-income country. You are a member of a national umbrella group of NGOs and other civil society organizations. Your NGO has only been involved in stakeholder workshops involving general programme and policy discussions but has not been included in major debates to agree on policy direction and finalization. The skills base is mainly in the field of rights awareness, advocacy on rights and rural livelihoods. Your NGO has partnerships with a number of CBOs working at the local level.

The Government is planning to do a PSIA on a new land use policy to promote more sustainable land management. There have been pressures to make new special arrangements for infrastructure, specifically in the areas of residential housing and new road networks. In rural areas, there are vast numbers of landless people due to natural disasters, increase in commercial farming and land degradation. The rise in female headed households and increased poverty rates are of particular concern.

Your NGO is focused on the following issues:
- Secure access to land as a key to sustainable rural development;
- Equal and new opportunities, especially for the rural poor;
- Rights to resources (forests, water);
- Measures which complement or are consistent with rural development policies in agriculture, forest management and livelihoods.

Instructions:
As a member of a team of CSOs prepare an overall strategy for engaging in the country’s PSIA. Base this plan around the fact that your NGO has not been involved in any of the PSIA preparation discussions to date. Among the team, your NGO has taken the lead on this process.

In mapping out the strategy, consider the following points:

1. Objective: why do you wish to engage? Present clear and practical statements of your intent in your strategy.

2. How do you envision your role and what contributions can you make (refer to ‘Key Questions to Ask’, p. 49; and the points raised in ‘How should civil society be involved’, p. 20 of the toolkit)? Consider your strengths. Do you possess the required capacities to engage in this policy area or do you need to develop specific competencies and/or partner with other institutions?

46 Not based on an actual PSIA.
Explain. Consider building alliances and where best to focus your efforts for engagement.

3. What are the overriding issues in land use especially as they affect the poor? Use a tool to conduct a problem diagnosis and develop an overview based on initial assumptions and evidence. Demonstrate awareness of the need to achieve the MDGs and the contribution to be made by the new land use policy.

4. Refer to Table 1 of the toolkit and present key activities in your strategy for engaging in no less than four stages of the PSIA process. Also refer to Diagram 1 and Table 7 for guidance.

5. Considering that you haven’t been invited to participate in the PSIA, include in your strategy key actions to create space for your participation. Include a stakeholder analysis (consider government representatives, aid agencies, community-based organizations, rural workers, women’s groups, indigenous peoples, fisher folk, producer associations) and acknowledge power relationships.

6. Propose your methodology—outline tools and approaches for your participation in the PSIA research. Present these in the form of a plan and how you envision them being integrated into the overall PSIA research and their contribution to the results.

7. Propose an advocacy and communication campaign for the sharing of finding and for influencing the policy formulation.

8. Draw upon your own experiences and also apply new ways of approaching issues based on the toolkit guidance on engaging in PSIAs.
APPENDIX 17

Running a workshop
A sample agenda

This is a suggested format for running a workshop that is structured around the content of the toolkit.47

AUDIENCE: Civil society organizations (primary target), other actors interested in PSIA engagement.

PURPOSE: To promote the role and effective engagement of CSOs in the Poverty and Social Impact Analysis (PSIA) process.

DURATION: Five days48

Note: While the training is structured for five days, the different components of the training could be reduced based on the interest and skills of participants. For example, some of the working group activities could be dropped and the sections condensed. Also, the topic of ‘Providing the Skills’ could be restructured, including the elimination of the modules on ‘Getting the knowledge’.

Agenda:
The sample agenda is divided into five days. The first day will provide an introductory overview of what a PSIA is, its goals and how it is linked to the policy cycle and development concepts (the MDGs, human development and the human rights–based approach to poverty). It will review the main elements of a PSIA process, highlighting some of the priorities for effective engagement by different types of civil society organizations.

An additional session will cover the main concepts and terms used in the context of PSIA (including all areas in Box 1: Frequently Asked Questions). The content from Section 1 of the toolkit will be the principal source for structuring the presentations.

The second day will focus on reviewing the tools and methods that can be used to promote engagement. It will be organized around at least two country case studies to show when and how certain tools were used and the benefits and challenges of their application. References will be made to the respective tools covered in the PSIA Sourcebook to highlight their main features and lessons learned. A particular focus will be given to the stakeholder analysis, livelihoods analysis, poverty diagnosis and a rapid audit. Members of the core training team will make presentations on the use of the respective tools in the PSIA process (and highlighting the key roles played by commissioners, practitioners, facilitators with special references to civil society involvement or lack of it).

Two activities also will be organized around conducting an impact assessment and stakeholder analysis. The impact assessment exercise is based on collating data on poverty and making linkages with a specific policy reform. The exercise introduces the use of the sustainable livelihoods framework49 to capture a multi-

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47 It is intended that the toolkit can be put into practice in training session as well as used in the field as an operational reference.
48 While five days is the recommended duration, the timeline and duration should be adapted to the particular country context. However, given the range and technical nature of the documents, UNDP recommend that the workshop should last a minimum of three (3) days.
49 Can be replaced by different analytical tools such as vulnerability analysis and poverty diagnosis.
dimensional picture of people’s assets, livelihoods and the factors behind them. Participants in this exercise will discuss the difference in livelihoods of different groups and make inferences about how policies impact them. Credible correlations based on an analysis of the data provided will be stressed in the exercise. General approaches consistent with tools 1 and 2 of the toolkit will be applied in this exercise.

The third day starts with a discussion of how to design a household survey (quantitative and qualitative aspects) to capture poor people’s realities. The exercise involves preparing information for dissemination to commissioners who are likely to select the topic and policy, stressing the use of communication techniques, framing of evidence-based arguments and awareness of the policy cycle. A working group activity is included to walk participants through a mock country case study of a PSIA process.

The second part of the day looks at the key components and challenges for CSO engagement in the PSIA process (based on tables 3 and 4)—and how to overcome the obstacles. An exercise is also included to look at two of the components of a PSIA as set out in Diagram 1 of the toolkit. Participants will discuss the specific benefits and actions of CSOs to ensure engagement. Practical suggestions for working with government and getting maximum attention are discussed.

The fourth day reviews the components of a PSIA process and case studies (Sri Lanka, Uganda and Bolivia). A working group activity involves going through the steps for conducting gender and power analyses. Moving from this base, the afternoon sessions review the key tools that can be used in each stage of the PSIA process to get CSOs engaged in the process (Table 7). Emphasis is on identifying clear and practical actions and the actors and their roles as these relate to CSO engagement.

The fifth day is dedicated to providing skills to identify the different tools needed for macro-, meso- and micro-level analysis. Also stressed are how to understand development indicators and apply them for improved policy-making.

The final part of the day is reserved for country consultations with representative groups to map out the obstacles and an implementation strategy to overcome them.
day 1
Topic: Human Development, MDGs & CSO Engagement in the PSIA Process (1 Day)

9:00 am—11:30 am
• What are the MDGs?
• What is human development?
• What is the role of CSOs in the development (using the human rights–based approach)?
• How does the PSIA link to improving the policy process?

PART 1: PSIAs—Role of civil society
Introduction: Overview of the main concepts:

11:30 am—5:30 pm (including breaks and lunch)
An introduction to PSIAs (based on content of Section 1 of the toolkit)
• What are a PSIA and its goals?
• What distinguishes a PSIA from other policy instruments?
• What are the main concepts and terms used in the context of a PSIA?
• What are the main elements of the PSIA process?
• What are the priorities for effective engagement?
• What are specific skills that CSOs need?
• How can different types of CSOs contribute to the PSIA process?

day 2
Topic: Tools, Applications and Practical Experience

PART 2: Conducting PSIAs—Main tools and approaches (1 to 1.5 Days)

9:00 am—12:30 pm (including breaks)
Tools and methods for engagement (based on content of Section 2 of the toolkit)
• Presentation of two country case studies
  — Focus: when and how certain tools were used and the benefits and challenges of their application.
• Presentations on the use of the respective tools in the PSIA process
  — Focus on stakeholder analysis, livelihoods analysis, poverty diagnosis and a rapid audit.
  — Key roles played by different players—policy makers, ministry officials, practitioners, facilitators and CSOs—and the (lack of the) involvement of civil society actors.

1:30 pm—5:30 pm (including breaks)
Tools and methods for engagement (cont’d)
• Conducting an impact assessment exercise
• How to collect data on poverty and make the linkages with a specific policy reform.
• Introduce and apply the sustainable livelihoods framework to capture a multidimensional picture of
people’s assets, livelihoods and the factors
• How to form credible correlations based on the analysis of data provided.

Working Group Activity: conducting a stakeholder analysis

day 3
Topics: Tools, Applications and Practical Experience (cont’d)
Defining a Role for CSOs in PSIAs

PART 2: Conducting PSIAs—Main tools and approaches (cont’d)

9:00 am—12:30 pm (including breaks)

Tools and methods for engagement (cont’d)
• Designing a mini household survey
  — Exercise focuses on how to prepare information for dissemination to government counterparts
  who are likely to select the topic and policy, stressing the use of communication techniques,
  framing of evidence-based arguments and awareness of the policy cycle.

Working Group Activity: Mock country case study of Vernile

PART 3: CSO capacity to engage in and influence PSIAs (1 Day)

1:30 pm—5:30 pm (including breaks)

Key components of the PSIA process
• Setting the agenda
• Identifying, analysing and selecting policy alternatives
• Policy implementation
• Monitoring and evaluation

Overcoming the challenges
• Lack of technical know-how
• Lack of political space
• Lack of access to data

Working Group Activity: How to overcome the challenges
• There is an exercise to focus on influencing at two entry points based on Table 6 (CSO Entry Points in
PSIA Process) and the corresponding challenges, during which participants are required to suggest
specific actions to overcome them (the challenges). Emphasis is on identifying clear and practical
actions and the actors and their roles as these relate to CSO engagement in PSIA. The exercise is
structured around a fictitious PSIA topic.
day 4

Topics:  Defining a Role for CSOs in PSIAs (cont’d)
Providing the Skills (1 Day)

PART 3: CSO capacity to engage & influence in PSIAs (cont’d)

9:00 am—12:30 pm (including breaks)

Key components of the PSIA process (cont’d)

- Presenting the evidence
- How to dialogue with policy makers
- How to use evidence in the policy process
- How to create and maintain influence over the debate

Case studies: Sri Lanka, Uganda and Bolivia

Working Group Activity: Completing gender and power analyses: from collecting data to presenting and using results

PART 4: Providing the skills to engage in and influence PSIAs (1 Day)

1:30 pm—5:30 pm (including breaks)

Understanding the key tools for each phase:

- Entry points: setting the agenda
  - social accounting matrices and participatory poverty assessments.
- Entry points: identifying, analysing and selecting policy alternatives
  - partial equilibrium models and comparative general equilibrium models.
- Entry points: Policy implementation
  - public expenditure tracking surveys.
- Entry points: Monitoring and evaluation
  - citizen report cards, performance monitoring and MDG reports.

Working Group Activity: Country case studies

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day 5
Topics: Providing the Skills (cont’d)
Country Consultations (0.5 Days)

PART 4: Providing the skills to engage in and influence PSIAs (cont’d)

9:00 am—12:30 pm (including breaks)

Understanding the key tools for each level:

- Macro-level analysis
- Meso-level analysis
- Micro-level analysis

Getting the knowledge:

- Reviewing the PRSP framework
- Understanding development indicators and the policy cycle
- Properties of indicators
- Applying indicators
- Using indicators to reflect diversity
- Effectively communicating results

Working Group Activity: Reading household data tables and MDG data sets.

PART 5: country consultations & next steps

1:30 pm—5:30 pm (including breaks)

Working Group Activity: Country discussions on identifying challenges and opportunities (small-group and plenary discussions).

Team Consultations: Trainers organize Q&A forum with country teams and participants to discuss particular concerns and questions.

Government Dialogue: Organized discussion (or role-playing activity) with government representative from the participating country (countries) who has been involved in a PSIA (or someone designated to play this role). Discuss practical suggestions for working with government and getting maximum attention are discussed.

Conclusions and ways forward
- Outline plan of action, assign roles and discuss funding options for additional training events.
- Discussion should involve UNCT representatives and lead donor agencies in the country as well as the World Bank and IMF counterparts.