

Principles for PSIA Process in Policy Cycles and Stakeholder Participation

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1. Background

1. Poverty and Social Impact Analyses (PSIA) have been used in recent years as an approach to improving the evidence base for policy making, with a strong focus on the distributional impact of policies on the poorest. The main documents which explain the analytical framework, approach, methods and tools of PSIA are the World Bank's User's Guide to PSIA [[PSIA Users Guide](#)] and the Sourcebook for Tools for Institutional, Political and Social Analysis [[TIPS](#)]. These are supported by documents outlining good practice, more detailed tools and lessons from PSIA experience, documented in the Bibliography.
2. In the last two years, many stakeholders have expressed a **concern that getting the PSIA process right is as important as improving the quality of the analysis**. The Overseas Development Institute (ODI) advised DFID recently to concentrate more on improving the process of PSIA and less on outcomes.¹ Based on a review of selected World Bank funded PSIA studies, EURODAD cautions "the process of how PSIA and other research is carried out needs to be vastly improved if their potential is to be realised"².
3. A PSIA which is conducted with due concern to national policy processes and stakeholder interests can **strengthen ownership** for reforms and **expand the evidence basis** of policy. Increasing the utilisation of such evidence is a complex process, which strongly depends on political and historical circumstances. Understanding and addressing issues related to political economy improves the likelihood that the results of the PSIA will influence decisions, and enables successful policy implementation.
4. In **Box 1** we summarise the **principles** that should inform a good **PSIA process**. These principles are discussed and illustrated in the remainder of the Note.

Box 1. Summary: The key principles of good PSIA process

- **PSIA should be built on an understanding of policies and policy processes:** these are not technical instruments that respond in a neutral fashion to emerging evidence.
- **PSIA should be embedded in local policy cycles and be a transparent part of the policy process.**
- **The choice of topic for PSIA should be part of broader transparent and consultative national decision-making processes:** these include national planning and PRS process.
- **The key actors leading the PSIA process should understand their complementary roles:** these are Commissioners, Practitioners and Facilitators.
- **The appraisal of PSIA proposals should take good process into account:** Where it is evident that PSIAs are likely to be extractive, with weak local engagement and ownership, PSIAs are unlikely to be effective.
- **Communication and dialogue** should be promoted to **encourage broadened participation from a wide range of stakeholders**. Existing or new sets of relationships that are inclusive and empowering should be further institutionalised through the PSIA process.
- **Wherever possible, PSIA should build the capacity of local partners:** including research practitioners, policy makers and civil society organisations

See also:

World Bank Good Practice in PSIA Note; DFID Good Practice; GTZ Good Practice

¹ 'What has DFID learned from the PSIA process?' ODI, Kate Bird et al, June 2005

² EURODAD PSIA Study Draft, Executive Summary

5. Naturally, while the focus on process is important, the need to strive for rigorous, robust and scientific analysis must not be lost. One does not analyse by “consensus”, but must recognize that data and analysis is not always neutral. Yet, given the many real world constraints, we need to accept that ‘adequate’ process and ‘adequate’ rigour may often be inevitable.
6. There is a need to distinguish between participation in the political debate and decision process and participation in the data collection and analysis itself. Since the latter is well covered through participatory or qualitative instruments, which are presented in the PSIA User’s Guide and TIPS Sourcebook, this Briefing Note tries to complement them with guidance on how to improve the consultation processes related to the analyses and their integration into existing policy processes in order to increase impact on policy decisions.
7. While of use to all stakeholders, this note is of particular use for **three key actors driving a PSIA – commissioners, practitioners and facilitators**. The same actors may take on more than one role, however, distinguishing the three roles helps to clarify their respective contributions to the process. The note aims to convey some practical tips, while at the same time painting a broader picture of factors to be considered when thinking about PSIA process and participation. The principles, steps and recommendations outlined in this note are intended as advisory rather than prescriptive or mandatory.

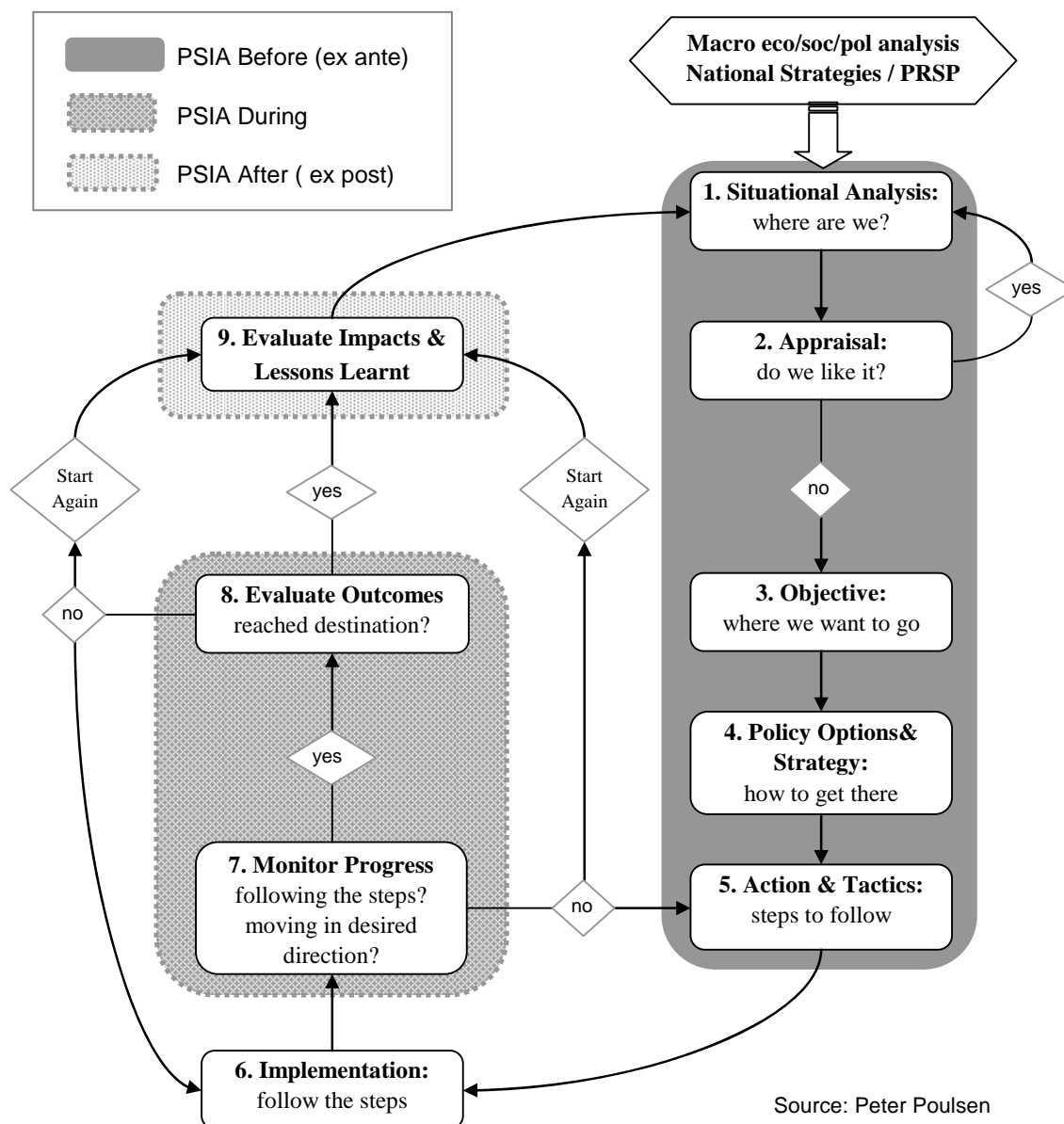
2. Policy processes and cycles, and the role of PSIA

8. PSIA is an integral part of the policy cycle and processes. Reforms suitable for PSIA should be derived from the **national policy agenda**, which is articulated through development strategies and policy frameworks, such as Poverty Reduction Strategies (PRS). This applies to any reform, whether or not it is focussed on poverty reduction.
9. While PSIAs can be carried out on major reforms, they can also be used even when the distributional impact is likely to be slight. The national debate surrounding the reform may be such that PSIA would enhance the policy dialogue. The World Bank’s [Good Practice Note in Using Poverty and Social Impact Analysis to Support Development Policy Operations](#) offers criteria to guide the selection of reforms for PSIA.
10. Every policy reform follows its own **cycle of negotiation-decision-implementation-evaluation**, into which PSIA needs to be integrated even more closely. To put it another way, the “production” or the policy process for public goods spans the political debate, legislative decisions, the management issues inside the relevant government agencies, budgetary negotiations and allocations, the delivery down to the recipient level, and the satisfaction of the recipient – which is mirrored in the political realms of elections or public oversight.
11. Clearly, the challenge is to adequately address the messy nature of policy reforms, while locating PSIA within this messy picture as a consciously chosen intervention, aiming to contribute to more transparent and evidence based policy making. **Figure 1³** presents a stylised policy cycle, which attempts, to a limited degree, to capture the

³ How this Figure is interpreted is a good example of the difference in approach between different disciplines that engage with PSIA. Some professions consider it too simplistic and technocratic undermining our understanding of the messy process of the real world. Other professions argue that models

iterative approach of the policy process. The figure illustrates those steps where PSIA can have an influence according to whether it is conceived as before the reform (ex-ante), during reform, or after the reform has been implemented (ex-post):

Figure 1: PSIA in the Policy Cycle



PSIA Before – ex ante:

(1) **Situational Analysis:** Describe where we are currently, with respect to the issues of interest, drawing on any macro analysis (social, political, economic etc) and the National Strategies. PSIA would ensure that we have sufficient information from the distributional point of view (e.g. who is benefiting from the situation, who isn't and why, through what transmission channels are they benefiting etc.)

are by their nature a simplification of reality, but help to highlight key relations. This figure aims at clarifying the key stages that policy tends to go through and giving an overview of the focus of PSIA depending on whether it is applied before, during and after the reform.

- (2) **Appraisal:** Do we like where we are? If we do, then there is no need for further action, if not, we continue to the next stage. PSIA would ensure that the appraisal takes account of distributional issues and that account is taken of the needs of relevant stakeholders, in particular poor and vulnerable people.
- (3) **Objective:** Where would we like to be? What would be the conditions, arrangements etc? PSIA may inform the debate and help to clarify the objective we wish to pursue, encouraging issues of distribution and the needs of poor people to be included.
- (4) **Policy Options & Strategy:** What are the key policies which should influence the questions and issues to be assessed? What do we need to do, and how, to get to where we want to be? PSIA has a crucial role to help identify alternative policy options⁴ and the transmission channels through which the intervention may be channelled, to reach our objectives. Again with particular focus on ensuring attention is given to the impact on welfare distribution and the needs of weak stakeholders.
- (5) **Action Plan & Tactics:** sets out the detailed steps and stages we need to move through to reach where we want to go (our objective). PSIA can help fine-tune the policy interventions, e.g. designing mitigation measures or ways to ensure or improve positive impact for poor people.
- (6) **Implementation:** Following the planned steps we have identified as necessary. PSIA has little if any role at this stage.

PSIA During:

- (7) **Monitoring Progress during implementation:** Are we actually following the set out steps, and moving in the desired direction? If not, do we need to modify the tactics (stage 5) or even start all over again?⁵ In many cases it would be more effective for PSIA-during to be an integral part of the monitoring system, ensuring that data addressing PSIA concerns are collected and reviewed. And, if necessary, that alterations to the tactics are suggested. However, given political economy issues of capture by the implementing and monitoring agency, there may on occasions be a role for an audit-type PSIA where an outside organization checks and comments on progress, and possible modifications to the implementation.
- (8) **Evaluating Outcome:** Have we reached our plan's destination? If not, should we continue implementation or, if we are off course or the objective has changed, give up and start again. As for the preceding stage, PSIA-during can be an integrated part of the monitoring and evaluation, or part of an ad hoc evaluation.

PSIA After – ex post:

- (9) **Lesson Learning:** what did we learn from our trip? Where did we end up, what path did we actually follow, how could we do it better next time? This would be a true “ex-post” PSIA where we look back at what happened and how, in particular the distributional consequences, and the outcomes for poor and vulnerable people.

12. Whether ex-ante or ex-post, the PSIA will need to be fine-tuned with the timetable of the planned policy process, in order to be **timely enough** to inform decision-making. For this, policy milestones need to be clarified and the PSIA steps and outputs need to be adapted to them. Such milestones can be: budget negotiations, parliamentary hearings, PRS-consultations, working group meetings or negotiations between government and key donors.

13. In contrast with these idealised policy cycles, PSIA's will usually be implemented in a **policy environment that is factional and contested** (see Box 2). Different stakeholders in government will be motivated in different ways and at different times, with diverse and often competing incentives operating on individuals and groups. The

⁴ Too often, PSIA's to date have tended to focus on the tactical step below, suggesting minor modifications to a policy already chosen, rather than at this higher policy choice level.

⁵ One might decide to return to step 4, design of the policy, but this may be sufficiently a large a change that one is effectively starting over again – as is shown in the figure.

challenge here is to work to maximise the inclusiveness and transparency of the PSIA process while promoting the benefit of objectively derived evidence to inform policy discussions.

Box 2. Case study: PSIA selection and process in Uganda: The Strategic Exports Initiative

The decision to undertake a PSIA on the Strategic Exports Initiative in 2002 arose from the close working relationship between the Ministry of Finance, Planning and Economic Development (MFPED) and DFID social development advisers in Uganda. The PSIA proposal was well received by the same group of Ministry officials that had previously supported public expenditure tracking surveys, participatory poverty assessments and other efforts to bring evidence to bear on policy design.

At the time, the Government was concerned that Uganda had become over-dependent on donor-provided foreign exchange. However, the Strategic Exports Initiative (SEI) was a source of policy incoherence. It was out of line with the government's own Plan for the Modernisation of Agriculture (PMA), and was widely criticised by donor advisers as old-fashioned in approach. Although the SEI was already being implemented, there was still considered to be scope for influencing implementation.

The PSIA report recommended, unsurprisingly, greater harmonisation of the SEI with the demand-driven approach of the PMA, and this recommendation was taken up. There were also other, less predictable, results. The PSIA proved to be an opportunity to draw attention to the abundant but neglected modelling work on household-level obstacles to market-oriented agricultural growth. Gender inequalities emerged strongly from the PSIA's rapid survey of the evidence as likely both to blunt the growth effects of export stimulation, and to weaken the poverty-reduction impacts of any income growth that was achieved.

These arguments came to the fore at a good time for Uganda. They helped to stimulate several further efforts to document the growth-reducing effects of gender inequality. These in turn fed into the revision of the Poverty Eradication Action Plan in 2003-4, resulting in a more sustained treatment of gender issues in poverty reduction.

From both technical and process points of view, the Uganda PSIA demonstration had some serious limitations. It was hampered by terms of reference that required it to serve too many different purposes and stakeholders, and an over-complicated design. But in the more limited ways indicated above, it showed that opportunities for pushing policies in more productive and pro-poor directions by means of evidence-based arguments do exist and can be exploited to good effect in some circumstances.

Source: David Booth pers comm

14. Not only do stakeholders pursue different interests, but the **policy making process is not linear but iterative**, with changes and adaptations in the policy during the process. This means that the PSIA-process itself should be organized to allow for policy adjustments, through an ongoing, learning-by-doing PSIA process. Such a dynamic approach would also ensure better understanding and thus participation of national stakeholders. One way for supporting a PSIA as an iterative process is presented in Box 3.

Box 3: Case Study: A process and moderation oriented PSIA in Armenia

The Armenian PRS entailed a precise set of policy reform proposals for the social sector. The Ministry of Labour and Social Issues (MLSI) challenged some of them, especially the planned phasing out of unemployment insurance and the cancellation of the one-time family benefit.

A PRS Working Group recommended a PSIA on the Social Sector, which was carried out by the MLSI with support from the GTZ. Armenian specialists carried out the bulk of the studies, with support from Polish experts who had experience of similar reforms in Poland.

The aim of the approach was to improve decision-making by facilitating joint learning. The consultation and negotiation mechanisms were the central part of the undertaking. During various presentations, workshops and bilateral meetings, Armenian officials in the coordinating and implementing ministries became better informed as they discussed the implications of the analytical studies and models. The debate was framed in more technical and less politically sensitive terms – e.g. through the joint definition of performance indicators – and thereby contributed to a better understanding of reform alternatives.

During the PSIA-process, some new elements were immediately incorporated into the policy-design. For example, following one of the first presentations by the international team, the officials decided to earmark funds for a wage subsidy programme. In the same period, the ministry developed a new draft law on social assistance. For the first time ever, the law has tried to address complex strategic policy implications, and was presented to civil society and independent experts in a public hearing.

The process-oriented approach of the PSIA emphasized and implied an open-ended policy process. The university experts involved still work on data from the quantitative survey to answer other questions from the Working Group, and the PAMS macro model will be used in the Ministry of Finance and Economy to elaborate projections and develop scenarios for the PRS update.

Source: Christopher Mallmann Notes

15. Considering PSIA as a process more than as an isolated product is challenging, as it requires taking a **longer-term perspective**. PSIAs have sometimes been inspired by previous analytical work (e.g. poverty assessments), and more often have themselves identified further need for research and thus generated follow-up studies.
16. The integration of PSIA into policy processes strongly depends on its **institutional anchoring**. These institutions can be key policy, planning or analysis units within the Ministries of Finance, Planning etc. or within the Sector Ministry in Charge. In PRS-countries that have progressed further with institutionalising PRS systems, efforts to set up comprehensive and inclusive PRS -monitoring systems have already led to a creation of multi-stakeholder structures which offer good entry points, such as sector, monitoring or research and analysis working groups. [[Report on National Monitoring of Strategies for Sustainable Poverty Reduction](#)].
17. However, even here, it is important to secure technical and political support for PSIAs.
18. On the other hand, an exclusive concentration on one institution can run the risk of constraining transparency, withholding results or – in a worst-case scenario – even falsifying them. Two contrasting approaches to PSIA illustrate the need for flexibility:
 - Approach 1: Mainstream the PSIA process within the policy framework and the official decision-making process from the beginning. In Ghana, donor activity is supporting the National Development Planning Commission (NDPC) to coordinate the identification, commissioning and dissemination of PSIAs on a range of themes.
 - Approach 2: Retain some independence from the official policy monitoring and evaluation process in order to broaden involvement, avoid sending signals and preventing capture, as in Zambia.

3. Stakeholder Participation

19. The analysis in PSIA is not always value-free, however much the practitioners may strive for scientific objectivity. Analysis – particularly of people – does not take place in a vacuum. No matter how scientific they strive to be, the values of the analysts and their ‘subjects’ will impinge, and evidence will be manipulated for political ends. The process of bringing the analysis into the political debate and decision-making is even less value-free, it involves promoting dialogue amongst a broad range of stakeholders with different interests, on policy debates that are often ideologically charged and politically motivated. Experience to date with Poverty Reduction Strategies (PRSs), for example, has encouraged The World Bank, IMF and others to view civil society participation in poverty reduction strategies as essential for their sustainability and effectiveness (McGee and Norton, 2000). Additionally, political participation is a component of democratic checks and balances and thus a developmental end in itself.
20. While much has been written about participation in development projects especially during the 1990s, there are particular issues and challenges relating to participation at a policy level. Whereas TIPS provides extensive background to macro and meso stakeholder analysis – who the stakeholders are and what their power and interests might be - this note looks at how to encourage and enable the participation of the stakeholders in the PSIA process.
21. Participation is the process through which stakeholders are involved in decisions that affect their lives. The German Development Cooperation differentiates between three **types of participation**:
- **Process participation:** the direct involvement of people in specific development interventions, e.g. through the choice of issues for analysis, the collection of data (quantitative and qualitative), to a degree in the analysis, and in the design and choice of the intervention.
 - **Democratic participation:** the influence citizens exercise over decisions made by the state bodies and organizations which represent them and/or control the territory in which they reside.
 - **Systemic participation:** the creation of institutions and conditions that foster and promote participation broadly in society.

Participation in the context of PSIA refers mainly to process participation, but should build on the other two types of participation in order to ensure sustainability and compatibility with country and policy circumstances.

22. Depending on their relationship to the **reform**, stakeholders are commonly classified as **key, primary and secondary** [TIPS, para 60]. In this note, we differentiate between two **categories** of stakeholders, according to their involvement in or with the **PSIA**:
- First are stakeholders who are directly involved and play a major role in designing, managing and carrying out a PSIA, whom we refer to as **Commissioners, Practitioners and Facilitators**. The Commissioners and Practitioners have more influence over the process and outcome of the PSIA and tend to be part of the elite in most countries and contexts. They have varying degrees of interest in really ensuring the thorough and effective participation of other stakeholders, which is one of the reasons why Facilitators can play such an important role in facilitating the involvement of less powerful stakeholders. To ensure as far as possible the objectivity of the analysis and inclusiveness of the

related dialogue process, it will be crucial that especially Practitioners and Facilitators do not have stake in the reform.

- Second are other stakeholders who have a stake in the reform outcomes. They may also be interested in the PSIA process and its results; however, some may have no interest in participating, either through lack of information or disaffection with the political process. The challenge is to consider whether and how these groups might be brought in or at least consulted.

3.1 Fostering stakeholder participation

23. Development practitioners who favour stakeholder participation do not always anticipate the possible pitfalls and challenges of participation. At a small project level, it may be easier to manage a participatory process than at a national, policy level. Commissioners, Facilitators and even Practitioners of PSIA need to be aware of the **potentials** and **challenges**, and take great care in managing expectations of all stakeholders involved especially as to the influence they can exercise on the consultation process and its outcomes. Some potential benefits and challenges from consultation can include:

Potential:

- Promoting a common understanding around specific, sometimes even contentious issues
- Opening up the dialogue around policy choices
- Strengthening the information base and pooling expertise and insider knowledge
- Increasing transparency and accountability
- Increasing inclusion and empowering otherwise neglected stakeholders
- Contributing to greater country ownership and sustainability of the reforms.

Challenges:

- Risk of bypassing or even undermining “official” structures of representation and democratic participation
- Risk of bringing in parties without a legitimate mandate.
- Risk of leaving out stakeholders who do not have the technical skills to understand the implications of such analyses and processes
- Risk of increasing conflicts, since it is rarely possible to satisfy all interests.
- Risk of raising expectations which cannot be met, e.g. by not being clear about whether the aim is to achieve a ‘lighter’ level of consultation or (more binding) participation.

24. **Consensus is not always necessary or possible.** An inevitable and important by-product of transparent and inclusive dialogue is the uncovering of conflicts based on differences of opinion and competing interest groups. It is important to understand the incentives and constraints different stakeholders face, the reasons behind their opinions, and to avoid simplistic or romanticised notions of “country ownership”. Here, tools for conflict assessment and resolution become important for helping to facilitate the clarification and articulation of different positions and resolve these emerging conflicts. Tips for organising meetings that encourage participation and manage conflict are given in Box 4.

Box 4. Organizing and managing meetings and participatory assessments

Preplanning is necessary for successful meetings. Careful consideration should be given to venue, timing, organization, and likely participants before a meeting takes place. The venue and timing can influence who is able and willing to attend. An exclusive venue a long way from where

people live will discourage poorer more vulnerable groups from attending. Assistance with transport, provision of food during the meeting, addressing presentations and material to the literacy and skill levels of participants, what presentation methods are likely to work best, etc are all issues that should be given careful consideration in planning for the meeting.

The composition of the meeting is also important. In some cultures men and women need to be consulted separately. In other situations some people from certain clans/casts/classes will not attend, or participate with people from other clans/casts/classes. On the other hand, bringing people together in a neutral environment can give an opportunity for those who would not normally communicate with each other to find out that they have more in common than assumed.

Once the participants are gathered, the size and composition of break out groups should also be considered: do we want similar people to work together to clarify their position, or are we seeking mixed groups to encourage dialogue and discussion between people from different backgrounds?

The meeting facilitators should remain vigilant to the dynamics of the meetings. This why it is preferable that the facilitators understand the language(s) being used and the participants social/cultural background.

The facilitators need to manage the levels of participation to ensure that a few strong individuals do not dominate the process. They may need to create a space to encourage quieter participations to feel comfortable to participate. Sometimes skills at conflict resolution may even be required.

Towards the end of the meeting consideration should be given to follow up after the meeting. It is important to explain to participants what the next stages in the process are; give them opportunities to follow up with further information or questions that may arise. Participants may decide to organize further gatherings to carry forward issues that have arisen from the meeting.

Source: Peter Poulsen notes

25. It can be helpful to establish a **communication strategy** early on, to ensure effective participation throughout the process. Good communication requires clarity regarding the message; the audience; mechanisms for stakeholders to see how they can feed their views into policy options; and carefully designed products for different audiences. Nevertheless, it is important to guard against the risk of a communication strategy becoming a political exercise in manipulation, in which supposed 'evidence' supports pre-determined policy decisions.

26. There are various **entry points** for wider participation in the PSIA-process:

- Selecting the topic for the PSIA.
- Refining the specific questions to be analysed.
- Drawing up the ToRs and selecting the research team.
- Participating in the actual analysis, e.g. being part of the research team.
- Using participatory techniques for data collection and analysis. [\[TIPS\]](#)
- Discussing Draft Reports.
- Being informed about the results of the PSIA (Dissemination).
- Giving views/preferences for the policy options to be recommended by PSIA.
- Monitoring the implementation of PSIA-recommendations.

27. There are also various **vehicles** for stakeholder participation in PSIA:

- **Committees/ working groups:** These can be focused on uniting middle- and high-level decision makers in order to secure political ownership and leadership, or pooling specialized expertise, to secure a high technical standard or on

combining both decision-makers, experts and civil servants in a “change management team”.

Box 5: Case Study: Potential Social and Poverty Impacts of Cambodia’s Social Land Concession Program

This PSIA exercise used an open, transparent and inclusive approach to look at the Cambodia’s proposed land distribution program. Various government institutions, NGOs and donors were involved in the process through a series of focused and iterative workshops and consultations.

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graph TD
    A[First stakeholder meeting (May 2003)] --> B[Concept Note for the PSIA]
    B --> C[Discussions with possible research partners]
    C --> D[Proposal for the studies are presented during a workshop (October 2003)]
    D --> E[Small Workshop on the methodological approach for the PSIA (November 2003)]
    E --> F[Field research (December 2003)]
    F --> G[Draft Reports]
    G --> H[Workshop for presenting and discussing the main results and recommendations of the study (May, 2004)]
    C --> D
    F --> G
  
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The final research concept was discussed during a widely attended workshop in Phnom Penh to obtain last feedback for fine-tuning of the approach. Research sub-topics were covered by the different partners according to their technical expertise and experience. Field research teams included also a large number of government staff from different line ministries who would be involved in a potential land distribution program. Much emphasis was put not only on broad participation in the process but also on ensuring a scientifically sound research process. Research results from the different “sub” studies were shared among the partners for comments and then distributed for wider discussion. In May 2004 a one-day workshop was conducted to share findings and recommendations from the PSIA. The almost 100 workshop participants came from different national and decentralized government institutions, donors, and NGOs. The lively debate during the workshop provided useful advice for finalizing the PSIA report. Follow-up workshops were planned to continue dissemination and discussion in the provinces.

The participatory process helped to build alliances for moving the land distribution agenda ahead. The findings have informed the Government and other stakeholders about required actions. Implementation of the recommendations, however, still depends foremost on the political commitment to releases suitable land. Nevertheless, by bringing these issues into the public debate, the likelihood of the reform proceeding has increased significantly.

Sources: Notes Andreas Groetschel, Chanty, Srey (2004): *PSIA and Cambodia’s Land Reform Program*. A joint exercise of IMAP, OXFAM, GTZ, WB. Agri-Business Institute Cambodia. PP-Presentation at the conference “PSIA and Agricultural Policy in PRSP Countries”. Rome, September 2004.

- **Stakeholder Workshops.** While working groups will often have to be restricted to a small number of participants in order to be effective, workshops can expand the dialogue to additional relevant stakeholders. Box 5 presents an example of how a series of workshops can help to define questions, refine the methodology and derive policy recommendations from the actual analyses.
- **(Public) Information.** In some cases, just presenting objective information to the public can help to demystify misconceptions, improve accountability, and act as an incentive to key actors to pursue their interests within the democratic policy making processes. It is important that information presented can be easily

understood, including the relevant local language(s). Where literacy is low, other forms of communication, such as radio phone-ins and public meetings, should be considered.

3.2 The roles and suggested responsibilities of key stakeholders

28. To encourage good PSIA, and protect it from being hijacked by particular interest groups, it is helpful to clarify the complementary roles of three key stakeholders.

29. Below we provide a checklist of useful suggestions and tips relating to possible roles and responsibilities of each set of stakeholders, which is expanded in the following sub-sections.

Commissioners	Practitioners	Facilitators
Possible candidates		
<ul style="list-style-type: none"> • Ideally, governments themselves (but rarely to date). • Donors (still most commonly) • Civil society organisations less often. 	<ul style="list-style-type: none"> • Ideally, national research or policy institutions. • External expertise is often brought in, and may lead. 	<ul style="list-style-type: none"> • Aid agencies are most typical. • Critics of poor governance, eg. NGOs.
Possible roles and responsibilities		
<ul style="list-style-type: none"> • Ensure an appropriate choice of policy reform. • Identify outer limits for acceptable policy scenarios. • Establish TORs and reporting structure. • Ensure an effective and transparent communication strategy and process for stakeholder participation. • Where necessary support/ plan training and capacity building. 	<ul style="list-style-type: none"> • Carry out actual analysis. • Understand the policy options and scenarios. • Develop a research methodology. • Aim to link the research process with communication strategy. • Adhere as far as possible to good/ best-practice guidelines for research/ analysis. 	<ul style="list-style-type: none"> • Facilitate and promote good practice and principles for stakeholder participation. • Support capacity-building where possible • Support creation or expansion of institutional alignments that are empowering to poorest. • Support use of evidence-based policy making. • Enhance credibility, quality-assurance and impact of PSIAs.

3.2.1. The Commissioners: What to consider when commissioning a PSIA

30. **Prioritise reform areas for PSIA:** Commissioners will lead in identifying reform issues where it is felt that decision-making would benefit from a PSIA. A transparent screening process would help them to reach this decision. What is the objective of the reform? Be sure to clarify conflicting objectives and, if possible, prioritise them. How flexible are the policy choices? Have policy proposals been suggested or specific policy commitments made? Are there urgent deadlines, commitments etc. constraining flexibility?
31. **Identify the Stakeholders:** There is a tendency to give little attention to certain stakeholders, such as Parliamentarians and the private sector. A list of possible stakeholders is provided in Box 6. This task might be carried out partially in the first instance, and then more fully assigned as a task for the Practitioners.

Box 6: Possible Stakeholders

Depending on the nature of the reform, stakeholders from any of the categories might include:

- **Parliaments.** One of the main criticisms regarding participation in the PRS-processes was the lack of involvement of parliaments. Particularly where they are the democratically elected representatives of the citizens, they should play a role in crucial decisions regarding key reforms. The best examples are PSIA's that focus on legal reforms – which ultimately have to be decided by parliaments. In many cases, the reforms or strategies on which a PSIA is focussed are being addressed in specialized parliamentary committees.
- **Central Ministries, e.g. Ministries of Finance, Planning, Offices of the President etc.** These institutions are, usually, in charge of leading the development of longer-term, aggregated development strategies, like PRSPs and budgeting.
- **Line Ministries.** Obviously, these are key actors especially in the case of sectoral and structural reforms. They have better knowledge about the specific constraints the sector faces, more direct access to data and information about sectoral outputs and are ultimately in charge of implementing the reform proposal.
- **Local/ Regional Government Structures** should have an important role in PSIA especially when these focus on reforms related to decentralisation of administrative functions, financial flows and/or service provision. Furthermore, they are often considered closer to the people than central government units and could thus be a vehicle for promoting participation in PSIA at the local level.
- **Service Providers.** Very often the intricacies of the reform proposal and the probabilities of implementation success are better understood at the lower end of the agency chain. The best policy design will not be realized without taking into account the delivery chain.
- **Civil Society Organisations** can improve the information basis for policy decisions, mobilise and channel otherwise neglected interests, increase the transparency of policy-making and promote participation and ownership of groups affected by the reform.
- **Private Sector** (domestic and foreign) Many PSIA's focus on economic policy areas where the private sector plays a significant role. Additionally, it is increasingly recognised that the private sector plays an important role in service delivery (of the more 'social' services as well at utilities).
- **Powerful elites** may oppose reforms or capture the benefits. Promoting change requires a good understanding of formal and even more of informal (power) relations and interests. If a way to deal with these cannot be found, the success prospects of the reform will be highly questionable.
- **Consumers, rural/urban groups, men/women, old/young, different ethnic groups.** Be sure to take account of poor people, as well as excluded and other vulnerable groups. Mostly it will be difficult to promote direct participation of the affected groups in the PSIA. However, some of them will have representative bodies or organisations (e.g. trade unions, ethnic organisations, various forms of community-based organisations or NGOs that speak on their behalf – more or less mandated) and these can be consulted or included in the process.

32. **Establish a Working Group and ensure operational support.** Committed leadership to steer the process and integration in existing institutional and decision-making structures will be crucial. Ideally, existing units within government bodies, which are in charge of policy/ poverty analysis and monitoring, should take on the PSIA “secretariat” function, unless the PSIA is likely to be a ‘stand alone’ study. This will avoid duplication and parallel structures and will be more conducive to the integration of PSIA in national policy processes.
33. **Develop a communication strategy for stakeholder participation in order to foster policy debate and feed back into policy choice:** It is important to map the process for feeding stakeholder recommendations into public policy discussions.⁶ The costs for process support are considerable, e.g. consultations and publications, and should be budgeted from the beginning. There needs to be a realistic schedule for organising consultations, which are usually very time-consuming. Even where there is no formal “communication strategy” or where formal coordination structures are absent, consider the options for scheduling focused consultations workshops for key steps in the PSIA-process
34. **Determine the skill mix required among the inter-disciplinary PSIA Team:** Where possible choose in-country experts, who speak the local language and understand local conditions. If international consultants are required, they should work with local counterparts to build their capacity. Ensure good language and cultural translation.
35. **Develop TOR⁷:** to include the scope of activities to be covered by the PSIA practitioners. These should take account of the PSIA good practice principles, relate to policy making processes, outline research parameters and stakeholder participation, while leaving flexibility for the practitioners to modify these as the analysis progresses.
36. **Reflect on policy design and execution:** it is the responsibility of the policy makers, based on the PSIA and other available information, to make the final choice of policy option(s) and the appropriate mitigating actions. At this stage the need for further information from the PSIA Team may be required. If the policy makers choose different options than those recommended in the PSIA, it is good practice to provide an explanation, so that other stakeholders can understand the reason, and to avoid accusations that the whole PSIA was a waste of time.

3.2.2 The Practitioners: What to think about when designing and implementing PSIA research

37. **Demonstrate a commitment to good PSIA process:** Demonstrate that you are committed to broad consultation, ownership and transparency, even if the coordination of the PSIA process is not directly your responsibility. You can put these principles into practice by timetabling feedback sessions and stakeholder workshops at strategic points in consultation with Commissioners leading on the communication strategy. Ensure you have the capacity to integrate the required skill mix.

⁶ Ideally, give an indication of how actual impacts will be tracked and how reforms will be adjusted in the light of findings. Policy impacts could include a fundamental rethinking of the reform, a decision to change the timing or sequencing of the policy, or the introduction of compensatory or complementary measures to mitigate negative impacts or strengthen positive impacts.

⁷ The TOR can in effect be derived from this Note.

38. **Provide a clear description of the proposed measure(s):** This is particularly important if the assessment is to be publicly available and accessible.
39. **Review other experience with similar issues and policies chosen:** review the theoretical and practical literature, related to both the issue and proposed policies. Take note of the actual impact and lessons from similar PSIAs and relevant studies elsewhere, taking account of both methods tried and results derived. Make good use of existing data, reports, plans, and laws already available in country. Do not conduct new research where adequate information already exists; however, be sure to identify where gaps exist and how significant the gaps are. Strategies for filling these gaps should be identified.
40. **Carry out stakeholder analysis:** to identify and analyse the interests of stakeholders. Review and possibly revise the stakeholder list identified by the Commissioners if incomplete. Practitioners should draw upon the macro and meso stakeholder analysis sections in [TIPS](#). Identify especially the interaction between government, power elites and markets, which form the basis of understanding the political economy of policy.
41. **Identify socio-economic and demographic population sub-groups:** Which social groups are likely to be affected by or affect the reform, positively or negatively? The sub-groups include individuals and communities differentiated according to poor or non-poor, gender, geographical location, socio-demographic characteristics, occupational grouping, and ethnicity, race and religion.
42. **Examine the current situation and existing trends (the *counterfactual* or *base case*):** What is the intended impact of the current policies, rules and laws? How does the current system actually operate and what trends are already evident? What is the difference between the intended and actual impacts of the current policy initiative? [TIPS](#)
43. **Demonstrate an understanding of the policy context and options:** Explore how the proposed measure is affected by, or affects, other government activities and interests: Review evidence on the interplay between often conflicting, objectives and policies. Identify scenarios for the policy change/reform: there may be more than one policy, and different ways of implementing each policy, that could have the desired results. Scenarios allow comparisons between these different options and the counterfactual.
44. **Understand the transmission channels, how the policy scenarios will bring about change:** What are the principal channels for each of these groups or institutions to be affected by (or to affect) the reform? [see [User's Guide](#) Section 2 and [TIPS section 2.2.2](#)] A 'model' or analytical framework that explains these links is useful. The model's assumptions should be part of the debate and discussion around the PSIA.
45. **Assess the implementation mechanisms for carrying out the reform** These mechanisms could be institutions and organizations directly or indirectly involved in the reform and affecting its outcome. Examples include markets, legal systems, and government agencies.
46. **Analyse impacts: What are the expected direction and order of magnitude of the impact on the groups likely to be most affected?** Impacts involve attention to income and non-income measures of well-being (these may include access to basic

services, vulnerability, social exclusion and people's basic rights). Impacts should also be differentiated for short-term and long-term, and direct and indirect effects. [[User's Guide](#) and [TIPS](#)]

47. **Assess the risks: What are the main risks that could undermine the expected impact of the reform? What is the likelihood and expected magnitude of these risks?** Risks might arise from the political economy (the possibility that interest groups undermine the reform or capture benefits), exogenous shocks (a worsening in the terms of trade), the institutional context (the risk that the private sector does not respond as expected to the incentives), or other country conditions (conflict or social tensions).
48. **Compare scenarios against counterfactual and produce recommendations:** detailed scenario(s) most likely to meet the stated objectives, taking into account trade offs between objectives, particularly noting impact on different stakeholder groups, possible mitigation measures, and provide recommendations to policy makers; noting monitoring and evaluation mechanisms to facilitate policy implementation. Be prepared to participate in further dissemination and further study to clarify concerns that may be raised by stakeholders.

3.2.3 The facilitators: What to think about when supporting the PSIA process to maximise its impact

49. Facilitators⁸ is the least clearly defined of the three groups. They come in many guises and styles with more or less formally assigned roles. Whilst ideally external Facilitators should not be needed; however, in the short term, they will probably have an essential role to play. This is because governments still have a weak role and interest in conducting PSIAs, capacity is often limited, and practitioners themselves may be very caught up in actual research and so less able to attend to the fuller process aspect of the PSIA.
50. **The facilitator could take up many roles in the PSIA process.** The range of tasks can include supporting/ explaining and clarifying/ checking/ challenging/ monitoring/ what the other key players (Commissioners and Practitioners) are doing.
51. For example, a technical advisor Facilitator (e.g. a Social Scientist, Economist, Sector Specialist) could work directly to support the lead government agency (the Commissioner) in steering the process and interpreting the outputs of the researchers (the Practitioners) in carrying out the analysis, thus also **addressing capacity constraints on either side** through on-the-job training.
52. Donor agencies or civil society organisations could play a facilitative role in encouraging PSIA to be undertaken, and **promoting a transparent and participatory dialogue** on the PSIA and its results among a wide range of stakeholders. They can do this by playing an active role in facilitating meetings and discussion between the parties, and by promoting independent, credible and reliable research, to try to prevent special interest groups hi-jacking the results.

⁸ There is some debate whether Facilitators are a useful distinction. This Note argues that there is sufficiently clear role to make their inclusion useful, particular to emphasize the support they can give to encouraging the expansion and institutionalisation of the PSIA approach.

53. While step-by-step guidance for facilitators is more difficult to offer – due to the greater variation in possible roles – some **crucial issues** should be considered most of the time, namely:

- Understand the **political economy** outside and inside the reform. The actors that are or need to be involved in PSIA, even – or especially – the commissioners and practitioners, face different incentives and often pursue different interests. Understanding these is crucial for identifying entry points for stakeholder participation.
- **Identify the need for support.** As stated above, support can take many forms: from purely financial support, to on-the-job-training, capacity-building workshops or related training, process support, direct technical/ specialized expertise for the PSIA and in some cases even longer-term support for organizational development. It is important not to propose formats or activities that overstretch personal, financial and other capacities.
- **Clarify expectations,** negotiate and define the responsibilities and boundaries of your mandate. This is crucial for building up trust among all parties. In some cases, working directly inside a key organization, as an ‘internal’ facilitator can bring advantages in terms of acceptance one set of key players, leverage and longer-term capacity-building. In other cases, remaining an “external” or “neutral” facilitator can help in securing trust from a broader range of stakeholders, and retaining more scope for playing a mediating role in the process.
- Take steps to **ensure longer-term sustainability.** Whatever model is chosen, a stand-alone PSIA will probably have limited success in promoting evidence-based policy-making in the longer term. Thus, it will be crucial to build up awareness for PSIA among a broad range of stakeholders, secure support and capacity for this type of analysis among key stakeholders which can carry the approach forward in national policy making processes.

4. Feedback, Information and Contacts

This note aims to encourage better understanding and further learning about how to integrate PSIA in policy processes and promote participation in order to strengthen its impact on decision-making. The recommendations and insights it offers can also be used for other policy-focused research that seeks to promote the use of evidence in decision-making. It has been posted on www.dgroups.org (select PSIA), and will be disseminated in other suitable fora. GTZ and DFID welcome feedback from anyone on the Note. Please contact us via dgroups or by writing directly to: Sabina Schnell, sabina.schnell@gtz.de and Mari Tertsunen, mari.tertsunen@gtz.de (for GTZ) and Peter Poulsen, p-poulsen@dfid.gov.uk and clear@dfid.gov.uk.

This note cannot cover in-depth all relevant details for promoting the integration of PSIA in policy cycles and for fostering stakeholder participation. Much still needs to be done to develop guidance on how to address the potential difficulties and avoid the most common pitfalls - like the risk of bypassing or undermining official structures of representation, selection of stakeholders so as to avoid exclusion and illegitimate representation, promoting participation in monitoring the implementation of the PSIA recommendation, achieving a sound and sustainable institutional anchoring of PSIA and related analyses etc.. The authors hope that this note will set the stage for further enquiry and lesson learning about how to promote participation in PSIA and related

policy processes and thus on how to promote inclusive and evidence-based policy-making in the longer term.

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