

PEACH - Methodology

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1 Introduction

The purpose of this note is to make some practical suggestions for carrying out the project Political Economy Analysis of Climate Change Policies - the PEACH project. **The central question of the project is who drives/obstructs climate change policies in the rising powers.** The study will be carried out in China and India and concentrate on renewable energy, in particular the wind power and solar power sectors. Subsequent studies will address the same questions for other rising powers. Due to budget constraints each study will concentrate mainly on secondary sources but these will be complemented with interviews with key informants.

A small body of literature has emerged adopting political economy analysis of climate change policies in the rising powers – listed at the end of this paper. We seek to learn from this literature but are particularly concerned with finding a way of conducting **rapid political economy diagnosis**. This note suggests a way of doing this.

Our central challenge is how to deal with complexity. There are many different types of actors: they come from Government, Business and Civil Society; they operate at different levels: local, national and global. They have different priorities: climate change mitigation, energy security, competitiveness or job creation. There are competing narratives. And the policy process has different stages. Table 1 brings some of these dimensions together.

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Table 1 Political economy dimensions

<i>Main stakeholders</i>	National government	Local governments	Business groups	Civil society organisations
<i>Policy Arenas</i>	Global	Regional	National	Subnational
<i>Priorities</i>	Reduction of carbon emissions	Job generation	Increase competitiveness	Provide energy security
<i>Stages of the policy process</i>	Formulation	adoption	implementation	monitoring

This note suggests a way of dealing with this complexity without drowning in it. It seeks to provide a step by step guide of how to proceed. Note that this is not a tested manual; it is draft which will need to be adjusted as we go along.

2 Inventory of relevant policies

To start with, we need to record the policies that exist. This inventory will include policies/agreements which deal explicitly with reducing carbon emissions and climate relevant policies, notably those concerning the renewable energy sector. Policy documents will be traced and reviewed to give an overview of the explicit ambitions and policies for low carbon development. The review will focus on the process of policy formulation and adoption rather than implementation or monitoring.

3 Initial Inventory of Stakeholders

The actors which have an influence on the targets and policies need to be listed and grouped. Table 2 provides an initial grouping according whether they come from government, business and civil society and according to whether they operate at the sub-national, national or international level.

Table 2: Inventory of Stakeholders at multiple levels

<i>Stakeholder/Arenas</i>	<i>International</i>	<i>Regional</i>	<i>National</i>	<i>Local/provincial / state-level</i>
<i>Government (national)</i>	GI1 GI2	GI1	GN1 GN2 GN3	GL1 GL2
<i>Business groups and business association)</i>	BI1 BI2	BI1 BI2	BN1 BN2 BN3	BL1
<i>Civil Society</i>	CI1 CI2 CL3	CI1 CI2	CN1	CL1 CL2 CL3

G=Government; B=Business; C=Civic; I=international; N=National; L=Local

4 Mapping of stakeholders according to priority

The mapping of stakeholders needs to take into account that there are actors who are highly relevant for reducing carbon emissions but whose main concern is not mitigating climate change but increasing energy security, creating jobs (to reduce poverty) or fostering competitiveness. Table 3 provides a matrix to identify groups according to their policy priorities.

Table 3: Matrix of stakeholders according to priority

Stakeholder	Climate Change	Energy Security	Jobs	Competitiveness
Government				
Business				
Civil Society				

Table 3 is the core matrix of our project. It brings out the central proposition of the project that we need to consider actors who are not primarily concerned with climate change but have other priorities. We will need to verify whether the priorities of stakeholders are adequately captured in the Table and perhaps make adjustments.

We can provide extra depth by folding the information contained in Table 2 into Table 3. To identify the type of stake holder (Government, Business and Civil Society) and the arena in which s/he is likely to act (Global, regional, national, or sub-national).

5 Taking account of narratives

It would be useful to complement Table 3 with a brief account of the main narratives that compete for attention. Narratives play a big role to capture why some actors are keen to advance certain policies as opposed to others. Whether actors are interested in climate change for the sake of preserving their environmental legacy or to preserve their competitive edge vis-à-vis other actors, they are likely to frame their policy choices around specific narratives. Narratives can be complementary or openly conflictive with policy priorities; narratives can bring together different actors or split similar ones. For example, the political battle over renewable energy can be conducted through competing narratives. Some narratives advance the idea that renewables impose rising production costs for business thus making local enterprises less competitive. Others may argue that countries with a large share of poor people cannot afford the higher costs of renewable energy. This could then extend into a narrative that saving the planet would mean putting local enterprises out of business and making poor people poorer. The case in favour of renewable energy would probably focus on the long term economic growth benefits: at the beginning –so the argument would go - renewables are more expensive but once you invest in them the costs come down, new business opportunities emerge and new jobs are

created. In short, green growth makes the country richer not poorer. The latter narrative can be used not just by those keen to foster national competitiveness in say wind or solar energy sectors but also those concerned with creating jobs, reducing carbon emissions or energy security.²

6 Mapping stakeholders according to influence

We would seek to identify how much influence various stakeholders actually have when it comes to setting the agenda around their own policy preferences. We would do that by interviewing experts, to understand whether specific stakeholders have a low, medium or high influence on key policy questions.

Figure 1 illustrates these two dimensions combined: priority and influence. The purpose is to visualise who the most influential stakeholders are on any given policy domain. For example, stakeholder GN1 is mainly concerned with energy security and has high influence (G=government, N=national level, 1 = Minister of Energy). CL1 is mainly concerned with climate change and has little influence (C=civil society, L= local level, 1 = NGO bling blong); BL1 is mainly concerned with competitiveness and has medium influence (B=Business, L=local level, 1=Ajit Shark). The analysis can concentrate on a moderate number of stakeholders and focus on specific policies.

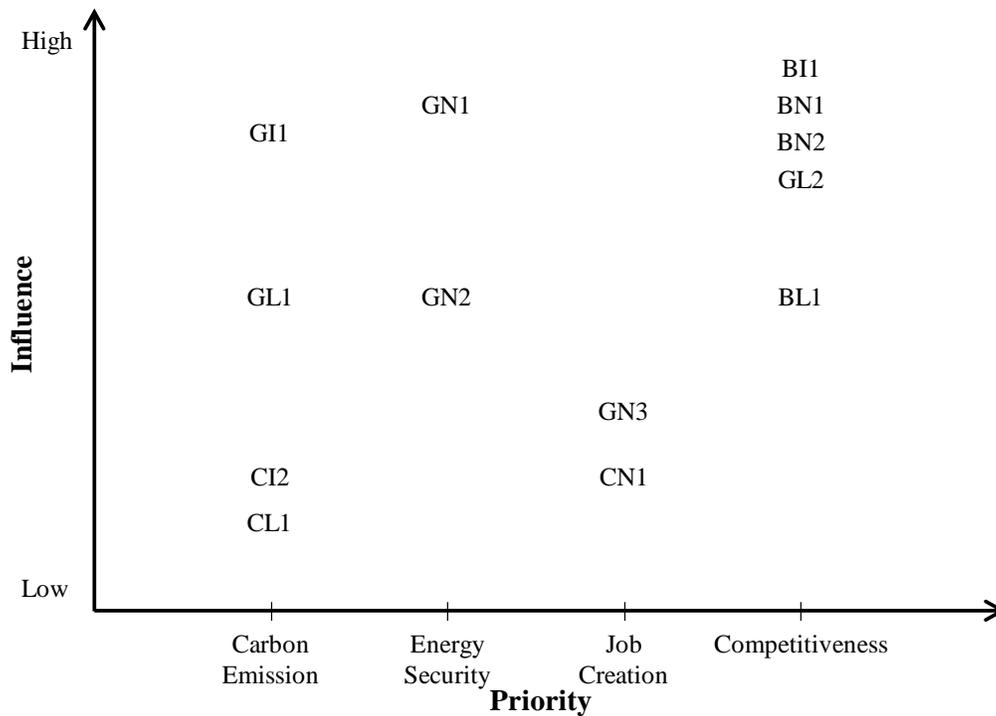
Ideally, the construction of Figure 1 would bring together four dimensions discussed so far:

- Type of stakeholders (Government, business, CSO)
- Policy arena (Sub-national, national, regional and global)
- Policy domain (Priority)
- Level of Influence (high to low)

Assessing the level of influence will only work if the policy issue is clearly specified. In our project we will need to concentrate on a small number of policy initiatives and specific points in time. Then we will need to distinguish between different ways of exercising influence, for example by setting the agenda, by providing critical expertise, or by providing/withholding funds. These categories of exerting influence further thought.

² There are other narratives that can be constructed or used opportunistically. In the Indian case, Dubasch identifies, three strategic narratives: ‘Growth First Stonewallers: It’s our turn; Progressive Realists: It’s an unfair world; Progressive Internationalists: Seize the moment! (Dubasch 2009). Whether these – or other narratives – play a role is hard to assess but it would be good to identify them and indicate whether they are helpful for depicting the coalitions or the alignments of interest.

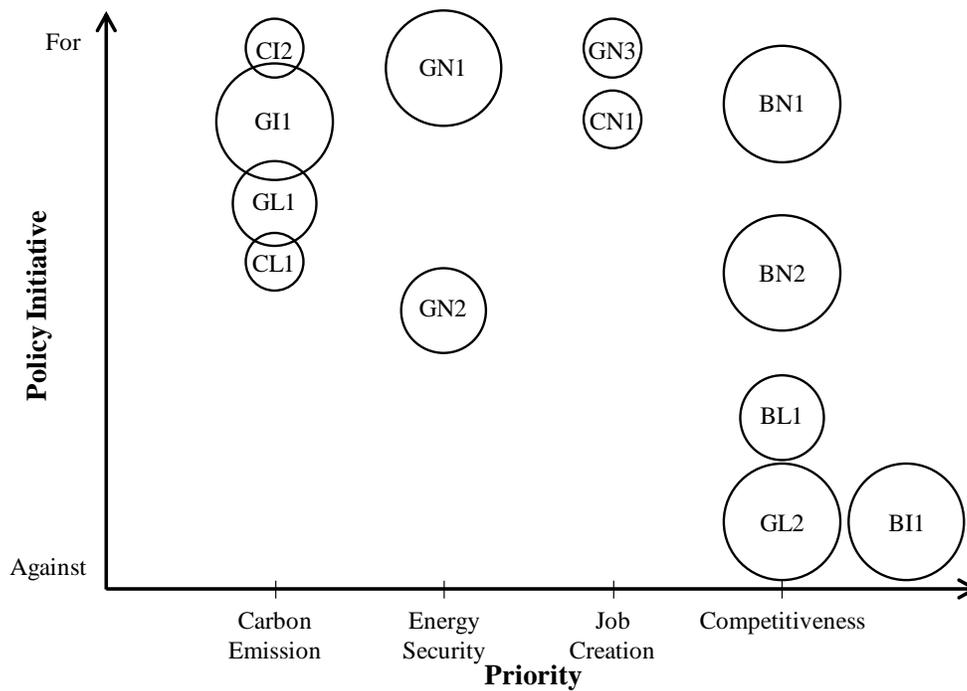
Figure 1. Level of influence and policy priority of stakeholders



7 Identifying coalitions for change

A useful political economy analysis should be able to inform the decision making process not only about who the most decisive stakeholders are, but also about their positions and preferences for setting up and maintaining coalitions for change. Thus, it is important to map whether actors oppose or favour specific policies and how influential they are in doing so. Figure 2 shows on one axis the level of support or opposition to a specific policy initiative and on the other axis it shows the policy priority. The level of influence can be shown by using different size bubbles (large, medium or small bubbles according to their degree of influence). While the proposed figure is only a visualisation device, it seeks to summarise the comprehensive and detailed information that will be provided in the political economy analysis.

Figure 2 Mapping coalitions: supporting and opposing stakeholders by degree of influence and priority



The information contained in Figure 2 should allow us to visualise the different alliances of actors from different parts of the economy (government, business, civil society), at different levels (local, national, global) and with different priority concerns (carbon emissions, competitiveness, energy security, poverty). The hypothetical configuration shown in Figure 2, for example, suggests that there is a government-business-civic alliance in favour of policy initiative XXYY; and it suggests that there are only isolated actors against this initiative, but two of them (GL2 and BI2) are very influential.

We will need to distinguish between simple alignments of interest and policy coalitions who engage in some form of joint action. Policy coalitions can be formally agreed around concrete targets and have regular meetings to discuss joint ways forward. Alignments of interest are groupings which may accidentally converge around specific policy issues without any binding consequences for future collaboration. The analysis should also be aware of and document the temporal nature of these alliances over time (transitional versus longer term alliance).

It will be particularly useful to observe whether these coalitions or alignments of interest converge around particular narratives. Where such narratives are clear and strong they help outsiders and insiders to understand more readily a complex picture.

The final step then consists of making a judgement of which actors or coalition (or alignment) of actors were influential in driving the low carbon policies forward or in obstructing them. In some cases, such judgement will be easy, namely where interviewees agree. If there are widely

differing views, we need to record such differences, try to explain them (where possible) and try to distil the most convincing answer(s) to our central question.

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