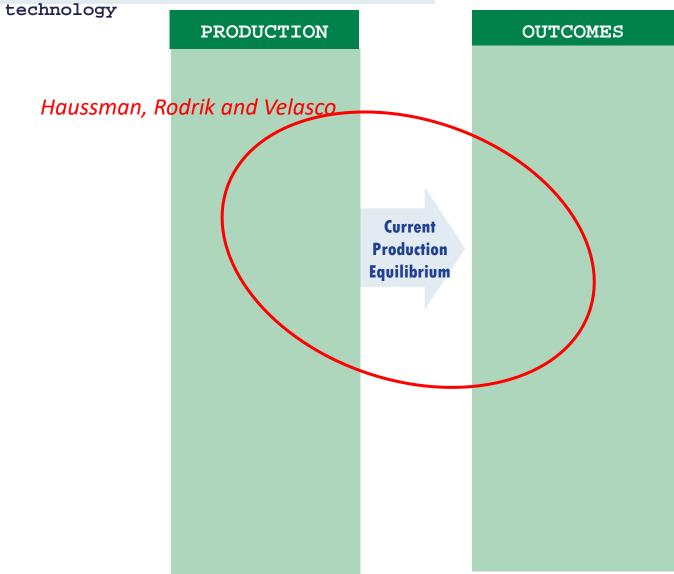
## Thicker Diagnostics

Stevan Lee, Oxford Policy Management

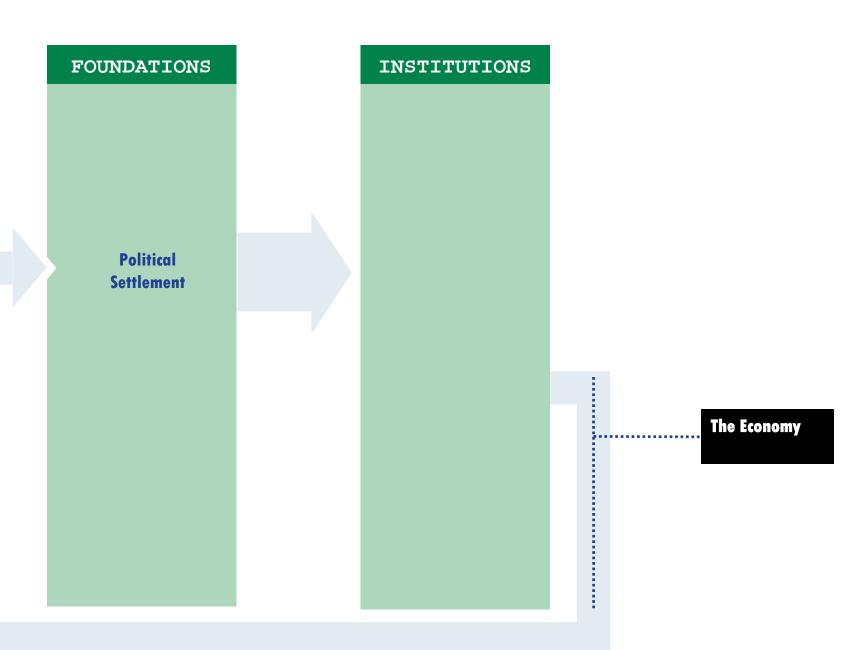
Australasia Aid Conference 2020

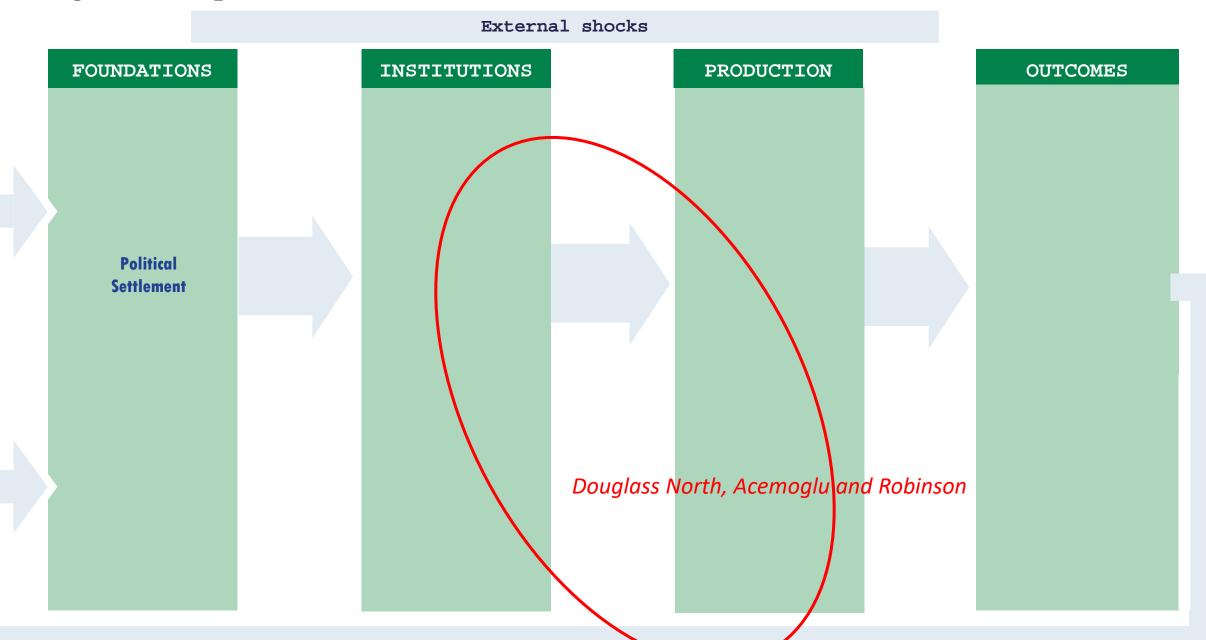
#### Diagnostic Space

External shocks: politics, policy, economic, physical, disruptive technology



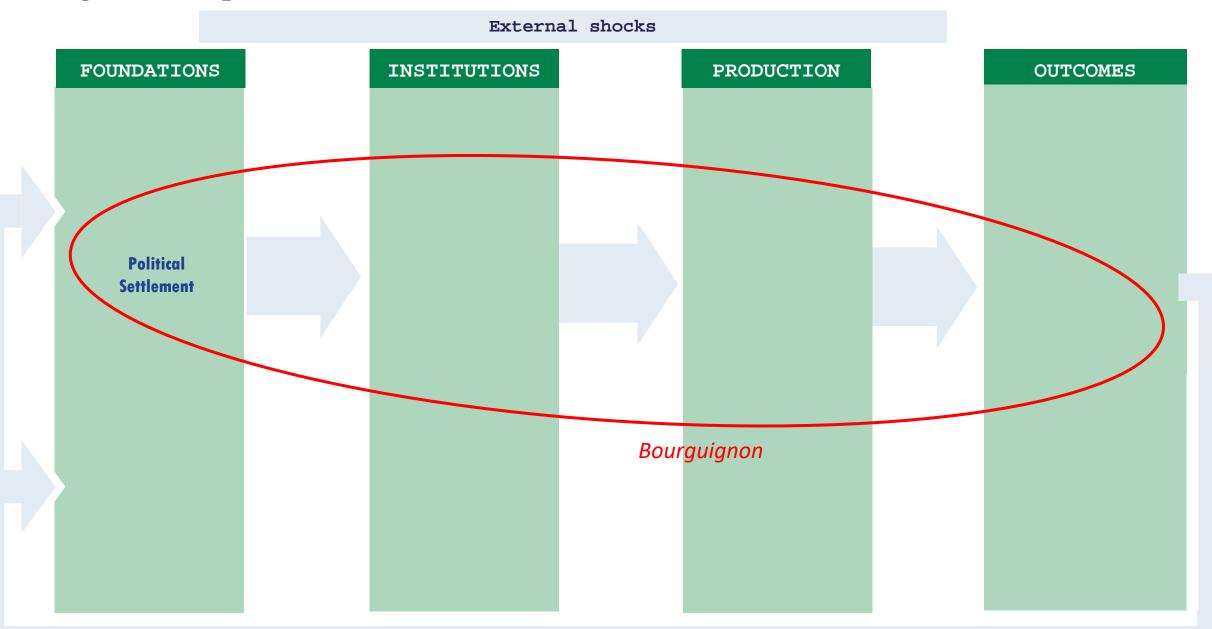
### Diagnostic Space

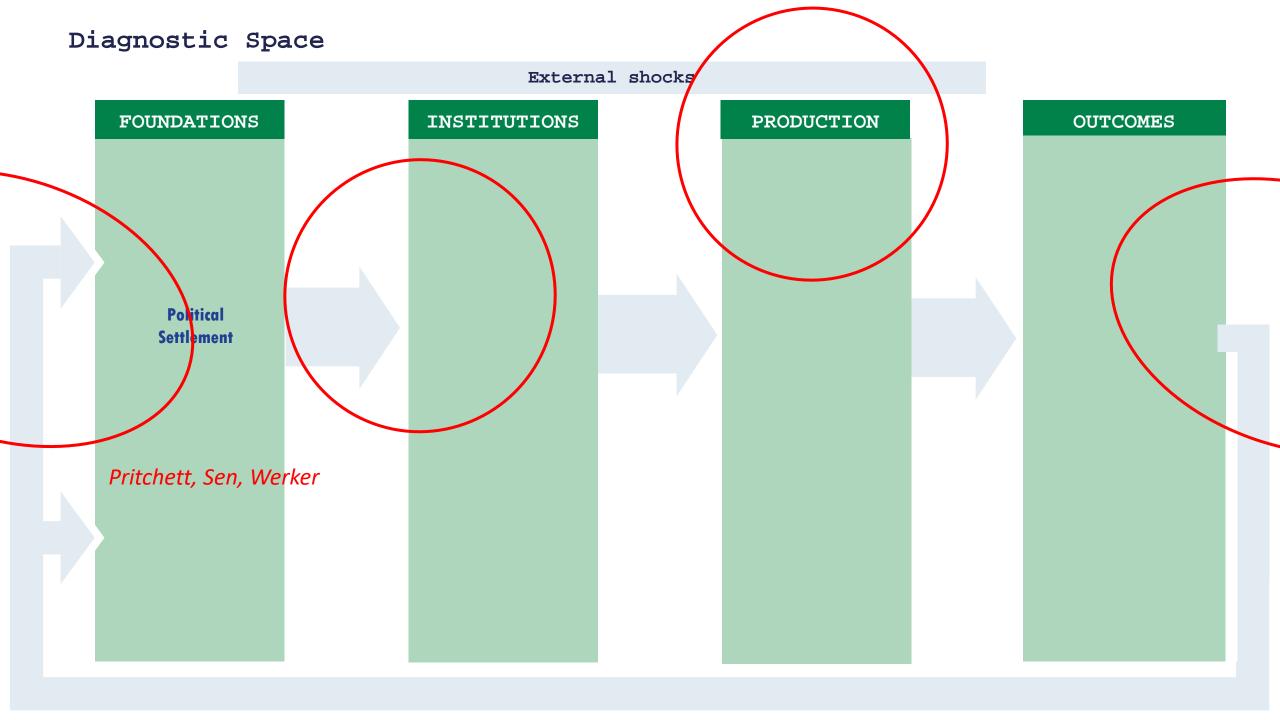




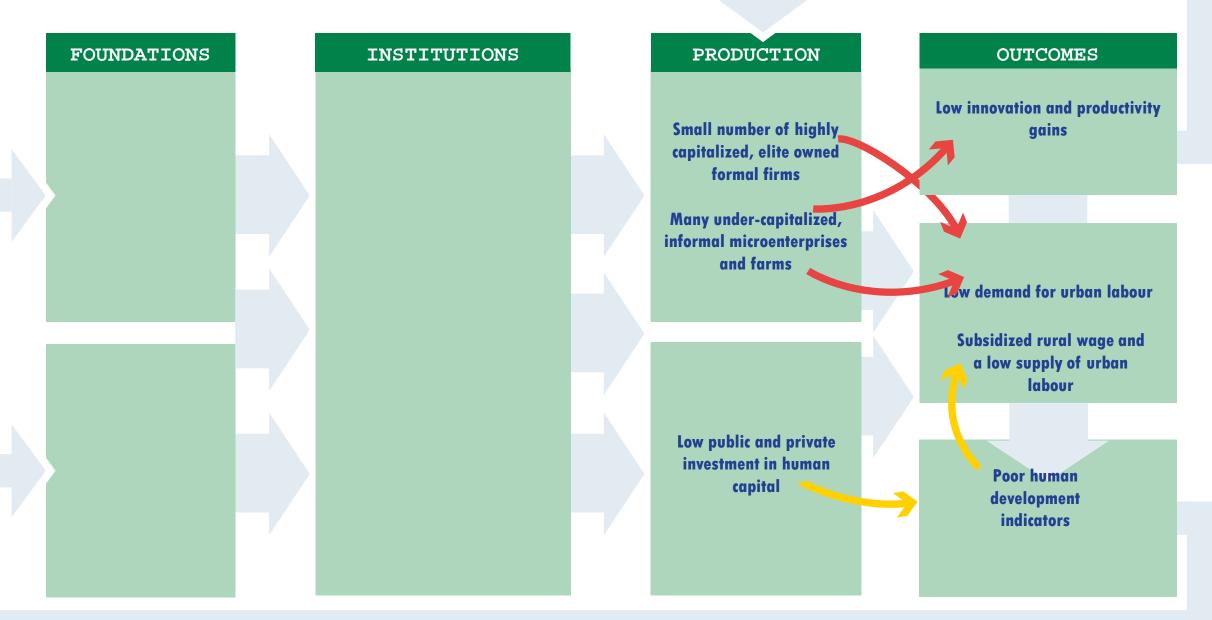
Diagnostic Space External shocks FOUNDATIONS INSTITUTIONS PRODUCTION OUTCOMES Mushtaq Khan **Political Settlement** 

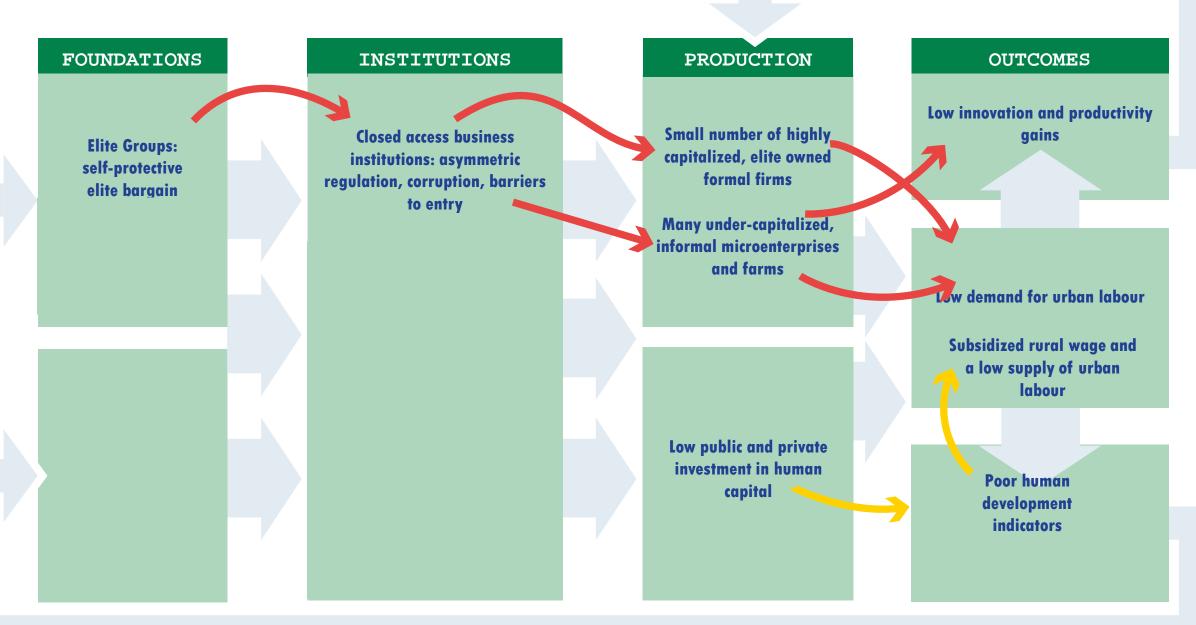
### Diagnostic Space

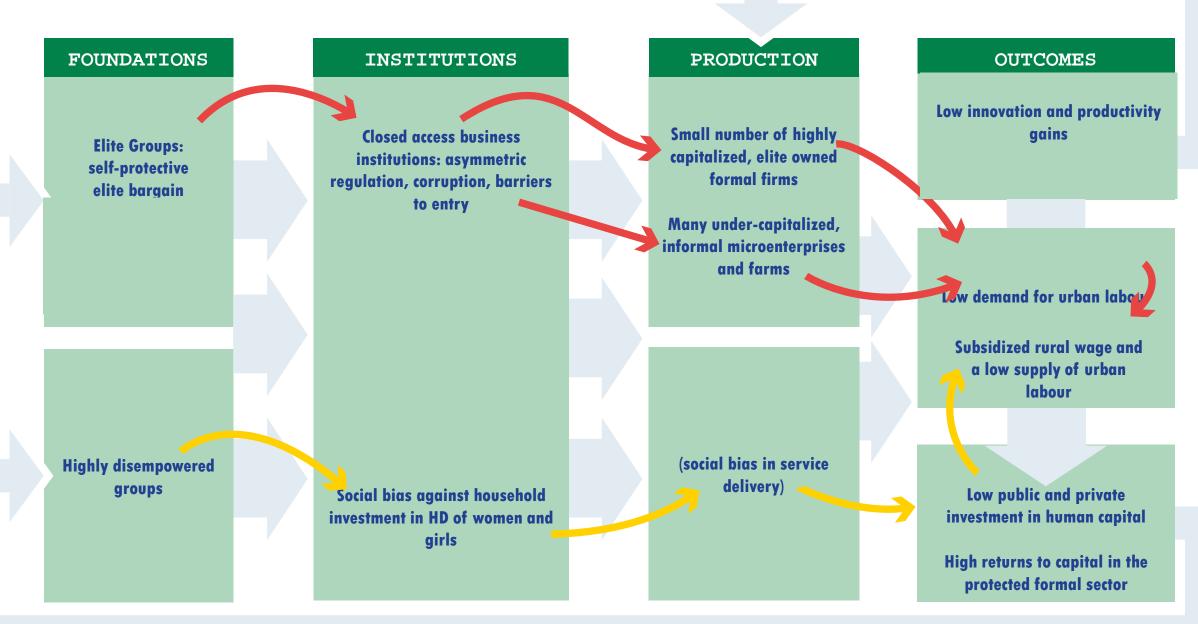




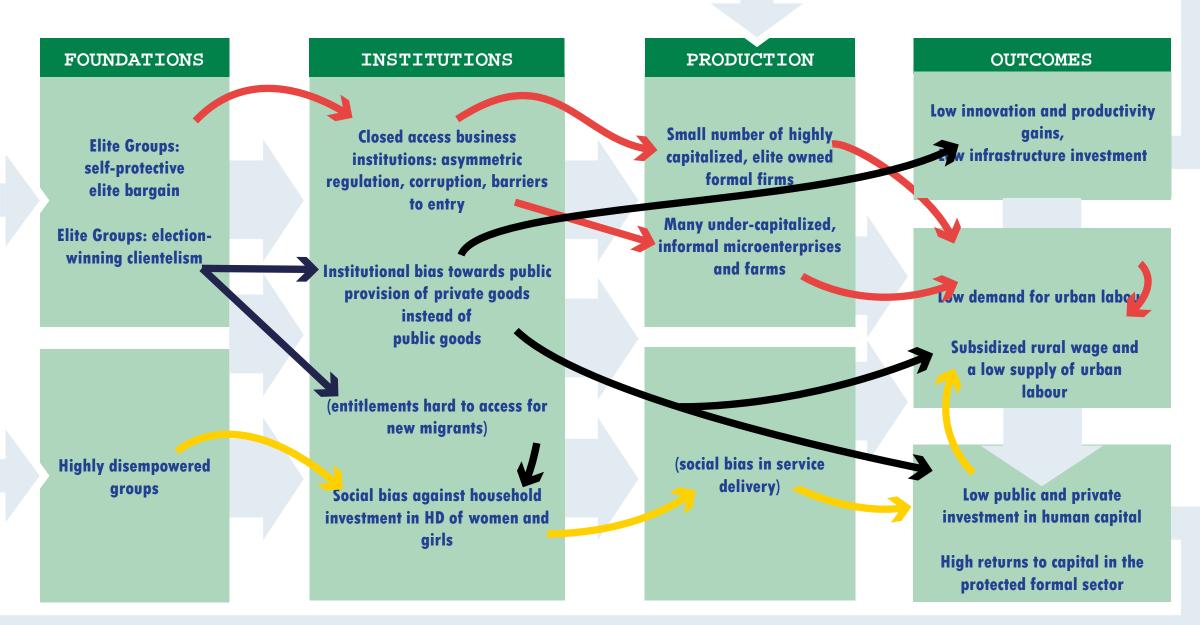
External shocks: political, policy, economic, physical, technology FOUNDATIONS INSTITUTIONS **PRODUCTION** OUTCOMES **Changes in** firm capabilities, technology Cost and Informal and **Political** constraints faced **Formal Institutions Settlement** by private sector firms Production, Current incomes, key prices like **Production Equilibrium** wages Social **Motivation** Social Norms of public sector **Structure Changes in** wealth and human capital



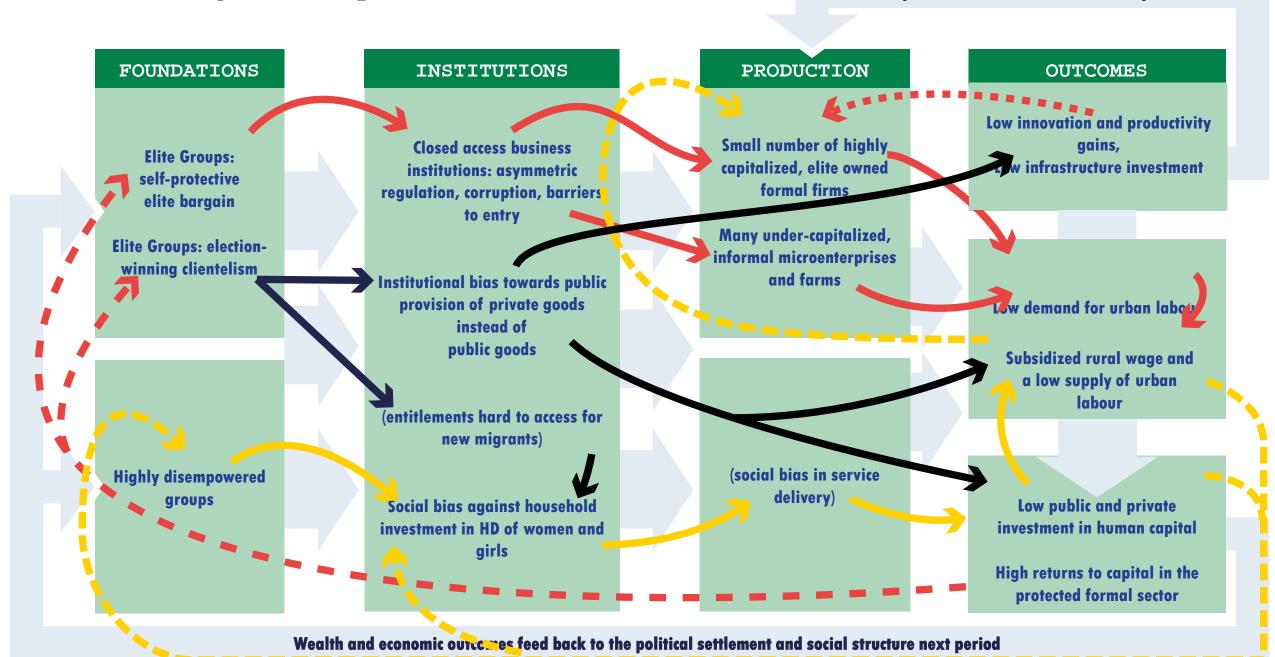




Wealth and economic outcomes feed back to the political settlement and social structure next period



Wealth and economic outcomes feed back to the political settlement and social structure next period



# Thankyou

INDIA THICKER DIAGNOSTIC  DIAGNOSTIC SPACE MATRIX			Elite Groups: election-winning clientelism	Highly disempowered groups	Closed access business institutions: asymmetric regulation, corruption,	Institutional bias towards public provision of private goods instead of public goods	Social bias against investment in HD of women and girls	Small number of highly capitalized, elite owned formal firms	Many under-capitalized, informal microenterprises and farms	Low public and private investment in human capital	Low demand for urban labour	Subsidized rural wage and a low supply of urban labour	High returns to capital in the protected formal sector
	Elite Groups: self-protective elite bargain	Groups: self-protective bargain	vinning	roups	7	ds ate goods	stment		ses and	apital	labour	nd a our	n the
POLITICAL SETTLMENT AND SOCIAL STRUCTURE	Elite Groups: election-winning clientelism	7				7							
RASE	Highly disempowered groups			· .			7	)	7				
INSTI AND N	Closed access business institutions: asymmetric regulation, corruption, barriers to entry							7	7				
INSTITUTIONS AND SOCIAL NORMS	Institutional bias towards public provision of private goods instead of public goods							7					
F NS	Social bias against investment in HD of women and girls						•			7			
PROD	Small number of highly capitalized, elite owned formal firms										77		7
DUCERS	Many under-capitalized, informal microenterprises and farms										77	77	
OUTCOMES	Low public and private investment in human capital			7				\			7	7	
	Low demand for urban labour			7			7	)			· ` .	7	
	Subsidized rural wage and a low supply of urban labour			7									
	High returns to capital in the protected formal sector	7	7										``\

### Nepal Rapid Diagnostic

This was done purely from secondary sources in a couple of days

Asia Foundation 2017, Political Economy Analysis of Local Governance in Nepal;

Asia Foundation 2014, Political Economy Analysis of Electricity Tariff Restructuring in Nepal;

Magnus Hatlebakk for Norwegian Ministry of Foreign Affairs 2017, Nepal, a political economy analysis;

MCC 2014, Nepal Growth Diagnostic;

ODI for DFID 2014, Structural economic transformation in Nepal, A diagnostic study submitted to DFID Nepal;

Roy and Kahn 2017, Nepal's Political Settlement and Inclusive Growth: Not Quite Business as Usual;

World Bank 2018, Systematic Country Diagnostic.

Nepal rapid/thick		DEPENDENTS																
	diagnostic			Emergent shift to more stable coalition with more open access to power	Devolution – political settlement not settled	Historically disempowered regions, ethnic groups, castes	Patronage and corruption commonplace in bureaucracy – not very	Syndicates in key sectors including import/export and trucking	Inequality/discrimination in service delivery, possibly improving	Small formal sector, low capability investment and NEA hebaviour	Very large informal sector, even lower capability t and trade arrangements	HD service delivery at best unequal, possibly improving informal sector	Hi costs of electricity due to low public investment and NEA hebaviour - can	HI costs of transport due to low public investment and trade arrangements =	Strong exchange rate damages competitiveness and stunts firm canabilities	Low labour demand, low human capital produces high levels of migration	Poverty reduction with sluggish growth	Unequal HD and unequal opportunities despite
	CIAL	Residual closed-access politics, with strong opposition and short time horizon regimes			'		7	7	7									
	ND SOC	Emergent shift to more stable coalition with more open access to power					7		7									
	POLITICAL AND SOCIAL SETTLEMENT	Devolution – political settlement not settled identity politics or developmental state?					7		7									
	ЬОП	Historically disempowered regions, ethnic groups, castes							7									
	SNC	Patronage and corruption commonplace in bureaucracy – not very coordinated – improve?								7		7	77	77				
	INSTITUTIONS	Syndicates in key sectors including import/export and trucking								7				7				
	INS	Inequality/discrimination in service delivery, possibly improving										77						
STN	s	Small formal sector, low capability														77		
DETERMINANTS	PRODUCERS	Very large informal sector, even lower capability														77		
DETE	PRO	HD service delivery at best unequal, possibly improving														<b>7</b> 7		<b>7</b> 7
		Hi costs of electricity due to low public investment and NEA behaviour – can it improve?	_							77	77							
		HI costs of transport due to low public investment and trade arrangements – can it improve?								77	77							
	ES	Strong exchange rate damages competitiveness and stunts firm capabilities																
	OUTCOMES	Low labour demand, low human capital produces high levels of migration and remittances		EED						<b>77</b>	<b>77</b>				<b>7 7</b>		<b>7</b> 7	
	0	Poverty reduction with sluggish growth		TCO LITIC														
		Unequal HD and unequal opportunities despite poverty reduction		SOC	CIAL													

	Nepa	al rapid/thick	DEPENDENTS															
	d	Residual closed-access politics, with strong opposition and short time	Emergent shift to more stable coalition with more open access to power	Devolution – political settlement not settled	Historically disempowered regions, ethnic groups, castes	Patronage and corruption commonplace in bureaucracy – not very	Syndicates in key sectors including import/export and trucking	Inequality/discrimination in service delivery, possibly improving	Small formal sector, low capability investment and NFA behaviour	Very large informal sector, even lower capability t and trade arrangements	HD service delivery at best unequal, possibly improving informal sector	Hi costs of electricity due to low public investment and NEA behaviour – can	HI costs of transport due to low public investment and trade arrangements –	Strong exchange rate damages competitiveness and stunts firm capabilities	Low labour demand, low human capital produces high levels of migration	Poverty reduction with sluggish growth	noverty reduction	
	CIAL	Residual closed-access politics, with strong opposition and short time horizon regimes				1	7	7	7		1							
	AND SO	Emergent shift to more stable coalition with more open access to power					7		7									
	POLITICAL AND SOCIAL SETTLEMENT	Devolution – political settlement not settled identity politics or developmental state?					7		7									
	POL	Historically disempowered regions, ethnic groups, castes							7									
	SNC	Patronage and corruption commonplace in bureaucracy – not very coordinated – improve?								7		7	77	77				
DETERMINANTS	INSTITUTIONS	Syndicates in key sectors including import/export and trucking								7				7				
	INS	Inequality/discrimination in service delivery, possibly improving										77						
	S	Small formal sector, low capability														77		
	PRODUCERS	Very large informal sector, even lower capability														77		
DETER	PRO	HD service delivery at best unequal, possibly improving	©	Oxford	olicy N	anagen	ent									77		

	Ā	regions, ethnic groups, castes					<b>/</b>									
	SNC	Patronage and corruption commonplace in bureaucracy – not very coordinated – improve?						7		7	77	77				
	INSTITUTIONS	Syndicates in key sectors including import/export and trucking						7				7				
	NS IN	Inequality/discrimination in service delivery, possibly improving								77						
NTS	S	Small formal sector, low capability												77		
DETERMINANTS	PRODUCERS	Very large informal sector, even lower capability												77		
	PRC	HD service delivery at best unequal, possibly improving												<b>7 7</b>		<b>77</b>
		Hi costs of electricity due to low public investment and NEA behaviour – can it improve?						77	77							
		HI costs of transport due to low public investment and trade arrangements – can it improve?						77	77							
	ЛES	Strong exchange rate damages competitiveness and stunts firm capabilities														
	OUTCOMES	Low labour demand, low human capital produces high levels of migration and remittances		EDBA				77 7	77 7				<b>7 7</b>		77	
		Poverty reduction with sluggish growth		COME TICAL												
		Unequal HD and unequal opportunities despite poverty reduction		SOCIA	L											
			SE	TTLME	ENT											

### Other uses

- India HD
- Nigeria HD
- Nepal general
- Myanmar general
- Tanzania and Indonesia Disruptive Tech (Pathways)
- EDI Institutional diagnostics (different but consistent)
- DFID's own country diagnostics (different, separate)

## External shocks: political, economic, physical, disruptive technology

