



**USAID** | **JORDAN**

# Political Economy Analysis

USAID/Jordan

# Agenda / Learning Objectives

- Introduction
- Political Economy Analysis (PEA) – Concept and key attributes
- PEA – Benefits / Usefulness
- Different levels of political economy analysis
- Introduction to the USAID Applied Political Economy Analysis Field Guide
- Relationship to other assessments
- Ethics and protection of human subjects

# Introduction

## Introduce yourself by

- Name
- Office/Project
- Position
- Number of years of USAID/USAID project experience
- What are your expectations for this workshop

# Conventional Development Approach

- Development and governance projects often begin with an ideal scenario and project goals are derived from it.
- Funds and technical advisors are then used to reach those goals.

USAID Applied Political Economy Analysis (PEA) Field Guide

# Political Economy Analysis – Key Differences

The PEA framework is based on a different ‘theory of change’ and assumptions:

- To support the change process, critical to understand how and why things work as they do locally, who the key actors are, and what incentivizes them.
- Success is more likely if projects build on what is working well locally rather than importing foreign technical solutions.
- Local actors must drive change and foreigners can only support their effort, not lead it.

# Political Economy Analysis – Key Differences

- Institutional change of political practice is required side by side to building capacities and innovation efforts and utilization of technologies.
- Traditional recommendations presented to leaders may not be implementable due to political constraints

# Political Economy Analysis

**What incentives could accelerate change?**



# Political Economy Analysis - Focus

Political economy analysis is concerned with:

- The **interaction** of political and economic processes in a society
- The distribution of power and wealth between different groups and individuals
- The processes that create, sustain and transform these relationships over time



# Applied Political Economy Analysis

- A field-research methodology used by donors to explore not simply **how** things happen in an aid-recipient country but **why**
- It is a 'tool' that emerged in the early 1990s and has been modified in the last decade to improve aid effectiveness and the sustainability of programs

# Political Economy Analysis - Concept

## Politics

“Politics is who gets what, when, how.”

Harold Lasswell (American political scientist)

## Economics:

"A science which studies human behavior as a relationship between ends and scarce means which have alternative uses".

Lionel Robbins –*'Nature and Significance of Economics Science'* (1932)

# Political Economy Analysis - Concept

- It is particularly concerned with how **power** is used to **manage resources**
  - Needs Assessment Example
    - What is needed not necessarily what accounts for what is needed.

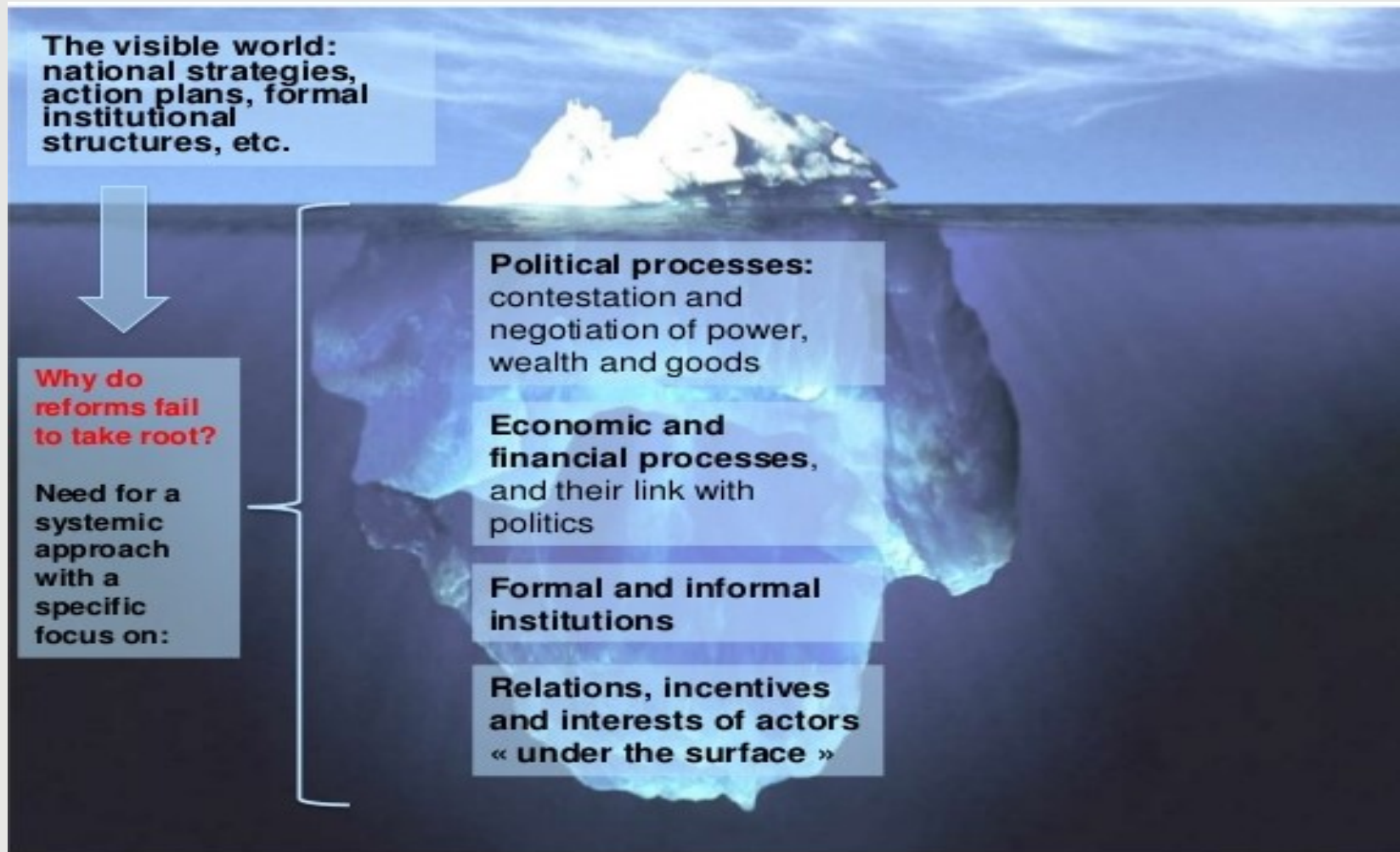
# Pre-requisites for Change

- Change requires engaging **multiple stakeholders**, with varying degrees and types of influence and often-conflicting views, with a mix of **incentives** and **interests**
- Therefore, to aid a locally driven change process, we need to understand **how** and **why** things work as they do locally, who the **key actors** are, and what **incentivizes** them

# Political Economy Analysis - Requirements

- PEA Requires Understanding:
  - Interests and incentives
  - Roles of Formal institutions (rule of law and elections) versus Informal Institutions (social, political and cultural norms)
  - Impact of values and ideas on political behaviour and public policy

# Political Economy Analysis



# Key Opportunities to Conduct PEA?

- To decide how to tackle on-going poor performance and sub-optimal outcomes in a country or sector that is already receiving aid
- To understand the reasons why a particular development problem – e.g., high maternal mortality rates, girls' low school-completion rates – is so resistant to reform

# PEA – Benefits/Usefulness

- A PEA is useful when designing a new country or sector program, or changing an old program significantly
- Effective and feasible development strategies
- Valuable for exploring a ‘lack of political will’, often blamed for undermining reform and hindering progress



# PEA – Benefits/Usefulness

- Realistic expectations of what can be achieved and risks involved
- Identify main opportunities and barriers for policy reform including entry points
- How to mobilize tools and programming to influence positive change

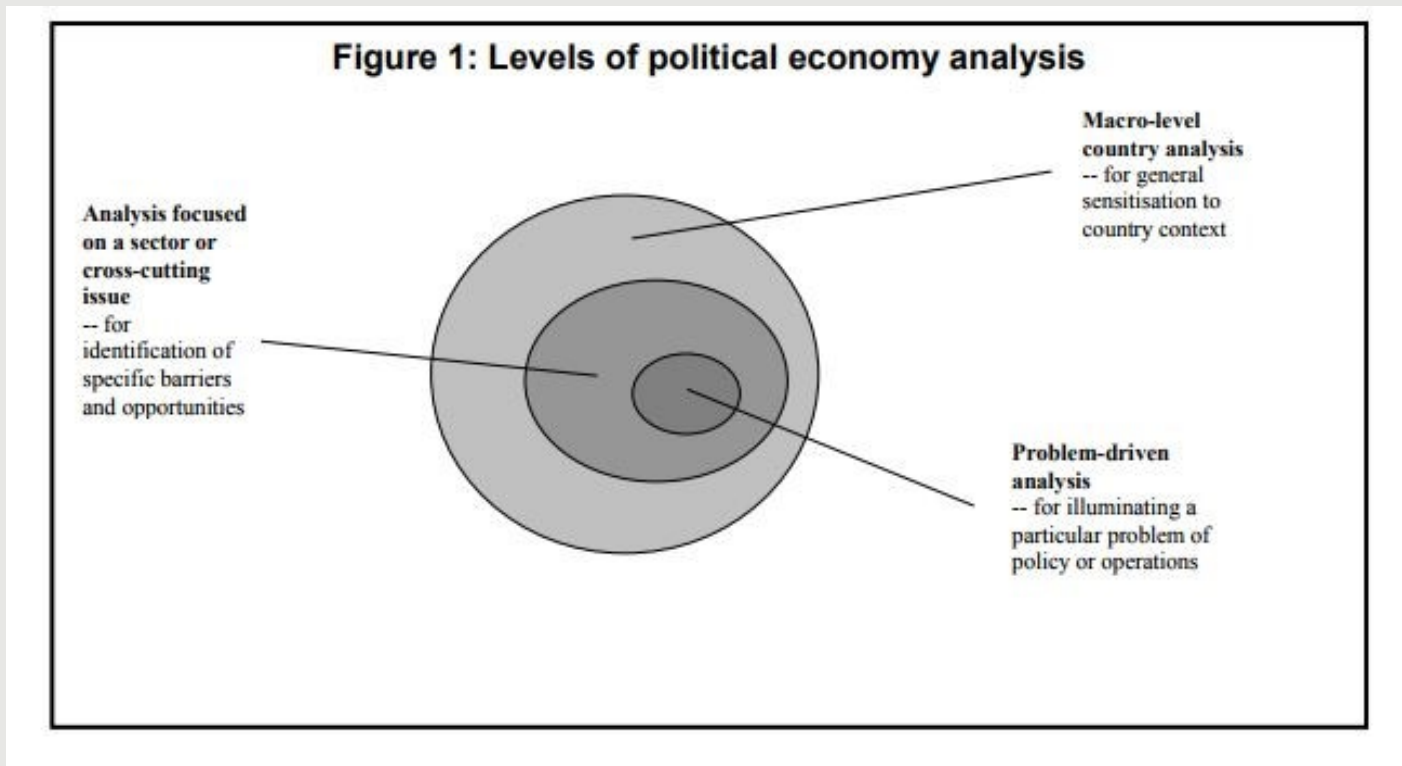
# PEA – Benefits/Usefulness

- Political Economic Analysis allows practitioners to:
  - Think/Rethink – Contextual factors
  - Adapt interventions and strategies
  - Feed into Theory of Change
  - Produce clear and realistic assumptions
  - Understand potential risks
  - Develop best-fit/optimal scenarios for interventions
  - Test multiple scenarios
  - Identify opportunities

# Political Economy Analysis - Levels

- PEA can be applied at **various ‘levels’** – a **countrywide analysis (Macro)** PEA investigates the factors driving outcomes nationwide. Pre-requisite for doing PEA at other levels
- While a **sector-level (Thematic)** PEA explores influences acting on particular technical areas like health or education
- A **problem- or issue-focused (Micro)** PEA examines the forces that create a particular developmental or governance challenge
- Some analysts add a fourth level which is **Global/International analysis**

# Political Economy Analysis - Levels



A PEA may inform CDCS, project or activity design, course correction during implementation

# USAID PEA – Key Elements of the Framework

- Purpose
- Foundational Factors
- Rules of the Game
- The Here and Now
- Dynamics

# USAID PEA – Key Elements of the Framework

- Purpose

- The purpose of the PEA and its scope will shape its methodology, questions, reporting of the findings and their uses

- Foundational Factors

- Deeply embedded national and sub-national structures that shape the character and legitimacy of the state, the political system and economic choices. Many are slow to change such as:
  - Borders with conflict-affected countries
  - Natural resource endowments
  - Class structure

# USAID PEA – Key Elements of the Framework

- Rules of the Game
  - Formal and informal institutions (rule and norms) that influence actors' behavior, their incentives, relationships and their capacity for collective action
    - This encompasses both the formal constitutional and legal framework,
    - As well as informal norms, social and cultural traditions that guide behavior in practice

# USAID PEA – Key Elements of the Framework

- The Here and Now
  - Current or recent behavior of individuals and groups and their responses to events that provide opportunities for, or impediments to change. For example:
    - Leadership changes and domestic and international pressures impact social, political and economic structures and processes



# USAID PEA – Key Elements of the Framework

## Dynamics

- What features are in flux and may drive an opening or closing of space for change?
- What foreign or domestic drivers of change are acting on society already?
- What levels of complexity and uncertainty are there in any potential changes that are identified?

# Relationship between PEA and other Evaluations and Assessments

- Assessments
- Evaluations
- Special Studies
- Local Systems Framework
- Congressional and Presidential Initiatives – Assessment Frameworks
  - Global Fund
  - PEPFAR
  - Power Africa
  - Global Climate Change Initiative

# PEA – Constraints/Challenges

- Expertise required
- Amount of information and content analysis
- Turning analysis into action
- Timing
  - When to do it?
  - Continued Relevance?

# Ethics and Protection of Human Subjects

- Maintain integrity of research to ensure that we do not diminish the potential for research in future
- Complying with data protection laws
- Conduct, manage and administer research in an ethical manner
- Pay particular attention to issues of consent and potential risks where power differentials could operate to their disadvantage as subjects, for example students, prisoners, employees, minority groups and the socially disadvantaged

# Ethics and Protection of Human Subjects

- Protecting rights of individuals, community, groups being investigated
  - Avoiding undue intrusion
  - Obtaining informed consent
  - Protecting rights to privacy

# Recommended Reading

- **Thinking and Working Political**

<http://ecdpm.org/wp-content/uploads/Case-Thinking-Working-Politically.pdf>

- **Annex to the Applied PEA Guide**

[https://usaidlearninglab.org/sites/default/files/resource/files/applied\\_pea\\_field\\_guide\\_and\\_framework\\_working\\_document\\_041516.pdf](https://usaidlearninglab.org/sites/default/files/resource/files/applied_pea_field_guide_and_framework_working_document_041516.pdf)

- **The Problem of Public Sector Absenteeism**



**The Problem of  
Public Sector Absenteeism**

# Questions & Comments

Thank You!