



Draft Working Document: **USAID Applied Political Economy Analysis (PEA) Field Guide¹**

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¹ This Applied PEA Field Guide was authored by Diana Cammack, Senior Democracy Fellow and PEA Expert, with substantial input from members of the Cross-Sectoral Programs (CSP) Division in USAID’s Democracy, Rights and Governance (DRG) Center. The Applied PEA Field Guide is based on the categories and questions developed for the Strategic Governance and Corruption Assessment (SGACA) Framework produced for the Netherlands Ministry of Foreign Affairs in 2007. SGACA has been adapted by other development agencies to undertake sector-level political economy studies (European Commission) and problem-level studies (Australian Department of Foreign Affairs and Trade). This USAID Applied PEA Field Guide borrows from those methodologies as well. Diana Cammack received permission to utilize parts of the referenced frameworks, questions and categories.

² This report represents the second version of the Applied PEA Field Guide to be shared by the DRG Center. It will be updated at a subsequent point, based on additional learning, but currently serves as the official version of the Applied PEA Field Guide in use by USAID until further notice.

A. What is USAID's *Applied Political Economy Analysis*?

Political Economy Analysis (PEA) is a field-research methodology used to explore not simply how things happen in an aid-recipient country, but *why* things happen. It results in recommendations for a Country Development Cooperation Strategy (CDCS), project or activity design, course correction during implementation, and is supported by a written report of the analysis.

PEAs emerged in the 1990s to as a tool used by donors to unpack how power is used to manage resources and, as such, are especially valuable for exploring the role that political will has on enabling or undermining reform and progress. They have tended to result in excellent reports, but their findings have not always influenced programming. That is why USAID is developing an "Applied PEA."

While PEA was not broadly in use within USAID in recent years, the agency's Democracy, Rights, and Governance (DRG) Strategy, finalized in 2013, states, "Effective integrated programming requires analysis of the various interdependent factors that underlie a development challenge...Therefore, USAID will employ political economy analysis (PEA) and other assessment tools to consider constraints to development holistically across its assistance portfolio and to develop integrated programs that leverage DRG interventions and strategies to support wider development results."

In USAID, we are developing *Applied PEA* as a problem-focused methodology intended to be used by Mission staff to inform the design of aid interventions at any phase of the USAID program cycle and at any level of effort. It can be used to explore the causes of a particularly intransigent development or governance issue or problem in implementation. It can also be used in any technical or governance sector (water, health, education, environment, climate change, justice, elections etc.), in conjunction with other assessments (e.g., Inclusive Growth Diagnostics or Gender assessments), and by the Initiatives (Feed the Future, Power Africa, etc.). It can be used to explore country-level dynamics or it can have a narrower focus at the local government level.

This document provides an overview of the methodology. USAID's approach to *Applied PEA* is taught by a PE specialist in a brief orientation workshop, during which specially written course materials and a tailored PEA Framework are used as a guide. The objective is to embed in USAID staff the skills to apply a political economy lens.³

The *Applied PEA* methodology requires the Mission to take ownership of the process in order to be successful. In turn, the ownership and participation of Mission staff will ensure that the report produced is used by the Mission to inform programming.

Ownership begins with Mission staff's participation in the PEA workshop which helps them to identify research questions that go to the heart of the development problem they wish to address. Their engagement in identifying sources of information that can illuminate the question at hand (including stakeholders that may not be among typical Mission contacts), in conducting the interviews during the field research, and in reporting, likewise enhances Mission ownership and guidance over the time of the PEA process. The team's field experience enhances its ownership of the findings and understanding of how the local

³ PEA workshops will be planned in Washington and Missions on a periodic basis. While capacity is limited, if a mission is interested in hosting a workshop for your mission or region, please contact Sarah Swift, sswift@usaid.gov. To learn about workshops that have been scheduled, please search "Political Economy" within USAID University.

context will affect the success of any project design using its data. The resulting PEA report should not be a long theoretical piece, but a short, relevant document that uses the PEA findings to make concrete programmatic recommendations. In applying the PEA findings to programming, USAID is moving toward pragmatic approaches to development, attuned to context, political factors and power dynamics. This in turn reflects an evolution toward ‘thinking and working politically’ (TWP), which is thought by many in the international donor community to improve both sustainability and aid effectiveness.⁴

B. Why do an Applied PEA?

Think about trying to change things in your hometown or work place. Many of the decisions that determine whether progress is made are shaped by multiple stakeholders with varying degrees and types of influence. This includes a number of often conflicting views, a complicated mix of incentives and interests, and ways of doing things that are likely to be rooted in past experience and rules, but molded by powerful contemporary forces, outside of formal institutions or legal frameworks. Thus, while good technical expertise is needed to write sound policies, multi-directional, iterative political action is needed to get them implemented. It is the same for promoting reforms in the countries where USAID works.

In recent decades, development and governance projects have generally begun with an ideal scenario and project goals were derived from it. Funds and technical advisors were then used by the Mission to achieve those goals. This PEA framework is based on a different ‘theory of change’, one that argues that success is more likely if projects build on what is working well locally rather than importing foreign technical solutions. This may encompass efforts to build on examples of ‘positive deviance’ such as cases where unusual successes have been achieved, driven from within the local context. This also involves embracing a more gradual approach to development that slowly builds on processes in which there is a local investment rather than importing a technically superior, but ultimately foreign new system. Rather than adopting best practice, ‘best fit’ is often advocated. In other words, local actors must drive change, and foreigners can only support their efforts not lead them. 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. A PEA study provides that sort of information and advises which entry points we might use.

The *Applied Political Economy Analysis* asks questions about the development context, including the factors that impact growth and governance such as politics, rules and norms, social and cultural practices, beliefs and values, and historical and geographical determinants. A countrywide analysis investigates the factors driving outcomes at the national level, while a sector-level PEA explores influences acting on particular technical areas like health or education. A problem or issue-focused PEA examines the forces that create a particular developmental or governance challenge at any level. A PEA can also identify opportunities and actors (e.g., potential ‘development entrepreneurs’ and managers of ‘islands of excellence’) and others that can drive change.

C. When to do an Applied PEA?

Since the 1990s, PEAs have been done at country-level by donors such as the United Kingdom, Sweden, the Netherlands and the European Commission. More recently donors

⁴ See “The case for thinking and working politically: the implications of ‘doing development differently’”, produced by the International Community of Practice on Thinking and Working Politically at: <http://ecdpm.org/wp-content/uploads/Case-Thinking-Working-Politically.pdf>

have developed political economy analysis frameworks to do sector- and problem-level analyses. These more focused studies are often undertaken in places where country-level PEAs have already been completed, although these are not a prerequisite.

The *Applied PEA* methodology allows USAID officers to assess the causes and dynamics of national decision-making, which is particularly important in a new regime after, say, a war or an election brings new rules and leaders to power. When a new CDCS is being written, a PEA is useful to identify the major forces acting for and against change nationally and in the regions where a Mission may work. When designing a new sector project or activity or modifying an existing project or activity significantly, an *Applied PEA* is useful. It is especially valuable when trying to decide how to tackle on-going poor performance and sub-optimal outcomes in a country or sector that is already receiving aid. Similarly, staff can do a PEA to understand the reasons why a particular development problem – e.g., high maternal mortality rates or girls' low school-completion rates – is so resistant to reform. A development problem can be narrowly focused, such as these two cases (poor mortality and school completion rates) or it can be much wider such as why civil society remains so passive or why corruption with impunity remains the norm.

It is good practice to redo or update a PEA repeatedly if the context is changing, if there is a need to ask a similar set of questions in a number of localities, or if project/activity goals are not being met and the reasons why are elusive. Engaging USAID national staff in the conduct of a PEA alongside PEA specialists when they do a first analysis will make it easier for subsequent PEAs to be done locally, potentially without specialist assistance and at a lower cost. It also helps the Mission to regularly track major actors and changes in leadership (at national and sector levels); any changes in the formal rules and informal norms governing behavior; and political, social and economic events that are driving and inhibiting reforms. With this knowledge, new projects/activities and changes to existing projects/activities can be planned and on-going projects/activities can be monitored and evaluated and their outputs explained more accurately.

D. How Applied PEA Fits with Other Assessments and Learning Approaches

USAID has a number of assessment frameworks that were designed to explore specific issues, such as conflict, gender, and inclusive growth diagnostic. These can be used in conjunction with a political economy analysis. PEA-type questions can be added to these assessment tools, or a separate PEA could be conducted following these other assessments in order to deepen the analyses and provide more details about the constraints and opportunities for engagement. For instance, a PEA may help to explain the socio-political and cultural factors that incentivize violent behavior or gender discrimination. It can illuminate the reasons why economic constraints are so intractable.

In the governance sector, the PEA can support the Democracy, Rights and Governance Strategic Assessment Framework (DRG SAF) by investigating, for example, the sources of human rights abuses, the incentive structures underlying non-democratic governance—or where opportunities or champions may exist to address key DRG constraints. PEA can also support the implementation of cross-sectoral programming by providing more information on a) how cultural, political and governance factors influence other technical sectors, such as health or education, and b) on the opportunities and champions that exist to address these issues. PEA-type questions can add value to an Inclusive Growth Diagnostic by exploring why constraints exist once they are identified by the diagnostic.

Systems mapping and PE analysis are substantially complementary exercises. Systems mapping is aided through PE analysis that identifies: stakeholders, their networks, linkages and feedback loops, influences and interests; the boundary of the system and its dynamics; and other of its key characteristics. Integration and cross-sectoral programming are advanced by doing a PEA that clarifies the social, economic, and governance forces that drive behaviors in, say, the delivery of health or education services. Where systems mapping in some form has already been undertaken, PEA can help to further explore the dynamics within the defined system, the relationships, and incentives that are working among/between the actors. More dynamic political environments, such as during political transitions and crises or in post-conflict contexts, will benefit from regular assessments that explain not simply what is happening contextually and how a program is faring, but why. An *Applied PEA* can also help understand trends where special initiatives to address major changes are undertaken, such as where Missions are employing a Collaborative Learning and Adapting (CLA) approach to strategy and project design and management.

E. Connection with Initiatives and Sector Assessment Processes

Finally, different Congressional and Presidential initiatives such as the President's Emergency Plan for AIDS Relief (PEPFAR), Power Africa, and the Global Climate Change Initiative have their own assessment frameworks to help staff determine the best way to design projects. Applied PEAs can play a vital complementary role. In all these initiatives, large sums of money are being invested in long-term interventions that support local actors to achieve and sustain difficult changes in key areas, e.g. the electrification of sub-Saharan Africa, the management of HIV/AIDS, and the support of low-carbon growth and sustainable forestry. Staff need to understand what forces are working for and against reforms and the effective use of their funds in these complex situations, what motivates actors and groups at all levels to work (or not) in favor of these objectives, and which formal and informal institutions (laws, norms and rules) support or undermine these goals and why.

F. Linkage with Local Solutions & Politically Smart, Locally Led Development

The USAID Forward reform agenda has prioritized the development of projects that foster Local Solutions by providing aid to local civil society and private sector organizations as well as supporting government-to-government activities and strengthening the systems within which these institutions operate. An Applied PEA is extremely supportive of this agenda, as it helps USAID staff assess why local actors (including civil servants), agencies and organizations behave as they do, what institutions (rules and informal norms) frame their actions, and what has molded and continues to incentivize their behaviors. Effective programming requires such knowledge. Also, having this information helps staff to design interventions that are more likely to sustain positive outcomes even after USAID's projects have run their course.

G. How is an Applied PEA Done?

The *Applied Political Economy Analysis* process begins when Mission staff decide they want to explore an aspect of a development or governance situation in the country or sector. As noted before, this might be before designing a new CDCS, project or activity, or when faced with a stubborn problem. The Mission staff should contact the Cross Sectoral Program (CSP) team in the DRG Center in Washington DC to discuss the *Applied PEA* process, which the CSP team has designed, and to talk about timing, resources, and other administrative issues. The CSP Team is currently working to train USAID staff throughout the Agency to undertake PEAs in addition to supporting Mission teams directly where

possible. The CSP Team can also make referrals to valuable resource people in various technical areas.⁵

When a Mission contacts the CSP team with interest in their support to conduct an applied PEA, correspondence and video/teleconferences will be held between a trained PE specialist on the CSP team and the Mission staff about Political Economy analyses and the resources required to carry them out. Efforts will be made to clarify the topic of the specific applied PEA, the amount of time it will take, the resources needed, and the composition of the team doing the fieldwork and reporting. The CSP team will want to discuss the purpose of the proposed applied PEA--e.g. whether it is being done in the lead-up to a CDCS, a PAD, in full activity design, or to address a stubborn governance or development problem that arises in implementation. Efforts will be made to bring into focus the question(s) to be explored during the fieldwork. This is important because the *Applied PEA* is problem-focused; it is not a theoretical exercise. The main output is a short report that outlines the thinking behind the design of a project or program to address a particular problem in light of the PEA findings.

Early on, the Mission will be urged to do a literature review of the issue under study. Doing so requires the staff to gather as many of the existing PEAs and other relevant reports as it can find, and to synthesize them. This helps identify gaps in knowledge. The literature review is also a good resource to share with the Mission and CSP team before going into the field. Many of the existing PEAs will not be in the public domain, and the Mission will have to seek these out from analysts, consultants and other donors in country. The review will therefore include other donors' and NGOs' unpublished reports, audits and specialists' reviews, political science and historical studies, anthropological reports, and material from journals and newspapers. The survey will inform the design of the research, and it is likely that some of the material can be incorporated into any Applied PEA reports as background information.

Steps of an Applied PEA

1. Hold initial discussions to brainstorm Applied PEA questions.
2. Recruit the team members based on Applied PEA focus.
3. Conduct a desk study.
4. Agree on a preliminary agenda.
5. Hold an Applied PEA workshop in country.
6. Finalize the agenda/site visit plan.
7. Conduct the field work.
8. Meet nightly to review interview results.
9. Conduct additional interviews to triangulate and confirm findings.
10. Brief sector and Mission leadership on preliminary findings.
11. Draft a baseline Applied PEA report.
12. Finalize based on feedback from Mission staff and other USAID stakeholders.
13. Repeat field work as necessary to refine and update results, and learn as you go.

At an agreed time, the Applied PEA team will visit the Mission. The PEA process starts with a two-day workshop attended by the Mission's PEA team, comprised of Foreign Service Officers (FSOs), Foreign Service Nationals (FSNs) and other local specialists deemed necessary.

⁵ If interested in receiving support to conduct an applied PEA, connecting to training opportunities or linkages to additional resources, please contact the Cross-Sectoral Programs team in the DRG Center. Contact information provided at end of this document.

The workshop consists of interactive discussions that cover:

- The history and nature of political economy analyses;
- The ‘theory of change’ that underpins PEAs;
- The current CDCS and relevant program and project materials;
- The country/sector or problem being studied;
- Restrictions (security, funding, political, etc.) that influence Mission programming;
- Field research methods and note taking;
- Reporting and using the PEA’s findings; and
- Thinking and working politically (TWP).

A central part of the workshop is the team working together to narrow down the research questions it will go into the field to answer. The research questions are directly linked to the topic under study, and their answers will inform the program or project being (re)designed. To support the team in developing key research questions, the workshop will involve discussion of a Framework of questions related to the following areas of inquiry, and how they may impact the particular development challenge to be addressed:

- **Purpose Identified:** The purpose of the PEA and its scope will shape its methodology, questions, any 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, or class structures.
- **Rules of the Game:** Formal and informal institutions (rules 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.
- **The Here and Now:** Current or recent behavior of individuals and groups and their response to events (“games within the rules”) 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.
- **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?

Identification of the research questions will in turn determine who exactly the team will interview. From this will flow the itinerary, logistics and research plan.

H. How to Identify a Political Economy Problem?

The process of identifying a set of PE questions whose answers have a project or technical sector focus, is undertaken by the combined Applied PEA team (CSP, other USAID/Washington staff, and Mission staff) working together before the workshop (by teleconference) and during it. It builds on knowledge of the Mission’s existing country strategy and the specific challenges it has faced. It relies on an understanding, often quite deep, of the history, geography and other structural factors that the FSNs and country specialists on the team have about the nation, area and/or sector under study. During the

workshop the FSNs present information about their own country using the *Applied PEA* Framework topics as a guide. This helps get the team ‘to think like PE analysts’ about the structural elements that drive or undermine a country’s or a sector’s development. Specifically, it helps the team move away from thinking simply about the technical issues and funding constraints that shape projects and development outcomes.

The aim during the workshop is to finalize a short set of questions to take to the field, which can be answered in several days by interviewing carefully selected stakeholders: questions that cut to the heart of the development or governance problem being studied. For instance, in one of the *Applied PEA* pilot countries the Mission and CSP team sought to learn why, despite being a middle income country purporting to follow best practices, the country’s rates of maternal mortality remained so high. The Mission also wanted to know why some best practices adopted locally were never taken to scale. In another country, the team sought to learn about the political dynamics in the municipalities under study, and how to characterize the risks (constraints) to effective state presence that are likely to exist in a post-conflict transition.

Starting with the nature of the problems being experienced in the existing programs, it took a great deal of discussion by the teams during the two Mission workshops to narrow down to these sets of questions. In the first case, the team was keen to explore the broad, non-health related issues that drive poor performance (cultural, economic and political incentives, for instance). In the second case, the team was anxious to understand how the regional context, including the local economy, influences the power structure, the nature of governance, and the chances for peace.

Often the hardest part of narrowing down the topic under study is questioning the strongly held assumptions of team members. For instance, during another PEA pilot some members of the team assumed that state officials refused to adopt a modern tuberculosis treatment regime because they did not understand it (in which case, simply telling them about it would kick-start reform). The PE specialist ensured that the field questions included one about the health officials’ knowledge of the modern TB protocol, but more importantly, the list included one question about the political and economic incentives that were likely to motivate doctors to oppose changes to TB treatment. In other cases, cutting through the normative reasoning of Mission staff and questioning their closely held assumptions about how aid works (theories of change) or about the role of governance in development, may generate new ways of looking at the causes of intransigent development or governance problems.

I. Fieldwork and Reporting During an Applied PEA

Once a short set of questions is produced, a research plan must be established. This includes producing an initial list of key stakeholders and appointments, an itinerary and travel dates, and debriefing and report-writing plans. It should also include plans for accommodating further interviews in order to triangulate and deepen initial findings as indicated.

The initial list of key stakeholders will vary according to the question(s) to be researched, but should seek to go beyond USAID’s usual interlocutors and incorporate new perspectives that collectively provide a balanced view of interests impacting a particular development challenge. For instance, during the first pilot of the initial guide, the team was seeking to better understand political dynamics surrounding local governance in the context of the peace process in Colombia. The list developed included mayors, members of city councils

and other government leaders, as well as local organizations, labor groups, community leaders, academics and journalists.

When the research plan has been developed, the team will head to the field to conduct interviews and/or focus groups. Fieldwork is likely to take approximately two weeks, though could be shorter or longer depending on the scope of the questions and the depth of the inquiry. Discussions during the workshop will address note-taking and interviewing techniques, in order to support team members to develop and refine these skills in the course of the process.

As new information is gathered, it may be necessary for the team to go back and meet the same or new stakeholders again to double-check its findings. Triangulation of data is vital, especially if the information is controversial, secret or sensitive. During the fieldwork phase, frequent team meetings, where findings are shared and compared, ensure rigor. Determining if the findings are comparable across a wide range of places (outside research sites) requires doing more studies and/or using a different methodology that includes sampling around key variables.

USAID follows the Federal Policy for the Protection of Human Subjects (Common Rule) as developed by the US Department of Health and Human Services for research involving human subjects. Thus, the team will conduct the PEA and accompanying field research in a manner compliant with the ethical standards expected from this type of social research. The details of the Common Rule policy are included as Appendix A.

When making appointments, and later when doing interviews, it is important to ask for any literature the stakeholder is willing to share, e.g., reports, reviews, published pamphlets, unpublished papers, minutes of their own meetings, etc. Sometimes, upon explicit agreement of the interviewee, photos can be taken that illustrate a point made during interviews.

Upon returning from the field, the team will hold a meeting to discuss their findings, to plan their debriefing(s) and their report. Who will attend debriefing(s) and see the report will depend on decisions made by the Mission team during the workshop earlier, but these may include the Mission's Front Office, staff from other technical offices and/or the program office, people from the Embassy, other donors and NGOs, contractors and even the partner government. This will depend on the findings, the country situation, sensitivities in the report, and how much the team and Front Office feel it would be helpful to share.

Any initial written report will be approximately 12-15 pages and cover background about the PEA process, the problem under study, the research questions, the methodology and interviewees, and the findings. It should not be a theoretical piece, but focused on the CDCS, project or activity design or modification and how the learning from the PEA may inform these processes, over time, where possible.

It is recommended that, as time passes, further PEAs be undertaken to double-check on changes in the context, assumptions, findings, and the efficacy of project/activity design. Further, notes from all of the interviews should be retained by the Mission team for future reference. Maintaining PEA findings can contribute to better knowledge management in missions where staff turnover can be high.

J. Ownership of the PEA

Past experience with PEAs has demonstrated that unless program office and technical officers understand, ‘buy into’ and own the research process, they will not use the findings for designing interventions. This is true of many assessment frameworks, but it is especially important in this case because programming from PEA findings can be challenging. Thus, understanding how important the findings are, and how they were derived, can improve the design process.

It is important to get the technical officer(s) and/or project development officer(s), the officer writing the CDCS and/or whoever has commissioned the study directly involved in the PEA process. Ideally, the person working on the project or design will attend and take some leadership in the workshop and go into the field as part of the research team, to hear for themselves what stakeholders have to say about the actors and interests that affect the potential for reform. Second best, but far less optimal, they would be involved in PEA planning and attend meetings where the study’s findings are discussed.

K. Resources Needed for an Applied PEA

As noted, the process starts with a workshop that covers research methods and identifies the questions to be answered by the field research. The hands-on workshop covers how to undertake the applied PEA research as a team; brainstorming on CDCS implications or project/activity design or modification; and follow up after an applied PEA. This process supports staff learning and their ability to conduct analyses and to use a PE lens to monitor and evaluate projects/activities in the long term.

It can take several weeks to complete the first PEA, including the secondary literature review and the field work. Costs include wages, travel, accommodation, subsistence and communications for the researchers. Budgets should also include the time it takes for the staff/authors to write the report and for their meetings to talk about the findings and how to use them in programming. Any additional costs arising from USAID staff working with the researchers (in the field, perhaps, or afterwards during project/activity design) should be factored in.

The time it takes to do a PEA will depend on the complexity of the study, the nature of the topic(s) being addressed, and the number of people doing the research and writing. Getting to grips with how another society works is not a simple task. The more knowledgeable the team is before starting the PEA, and the simpler the topic, the faster the process will be. In General, unearthing information on real motivations, ‘informal’ institutions, and behind-the-scenes actors takes time. That said, a PEA must be designed to fit the skills, time and budget available. The *Applied PEA* research process outlined here has been done in as little as two weeks, including the workshop and field research, but excluding the report writing and new project/activity design that followed. The CSP team will comment or contribute to the report as appropriate.

L. Who Should do the Applied PEA?

A person trained and experienced in using USAID’s *Applied PEA* methodology needs to run the Mission workshop and be on the research team. That can be a USAID employee from the region, Mission or Washington DC, or a specialist contractor who has been trained in the methodology. (As indicated, the CSP team is working to broaden the number of USAID staff

trained to lead a PEA team, through participation in an Applied PEA workshop and serving within a PEA team.)

A staff member with in-depth knowledge of the Mission and its programming is just as important to include on the team. If the PEA is to be done at sector- or problem-level, this second person must have a full understanding of the sector and/or issue under study. This person will lead the Mission team during the workshop, fieldwork, and writing. A senior FSN is often an excellent choice to serve in this role.

Further, the team must have a good local researcher, either an FSN from the DRG Office or a local political scientist or journalist, who knows the key actors and the history of the country, and understands current affairs. Sometimes several local analysts may be required because they have different relevant specialties, such as procurement and public finance, or community participation and citizen voice. They should be as politically neutral as possible—or their political perspectives should be made explicit to the PEA team.

The Applied PEA Team

1. Trained and Experienced PEA Team Lead
2. Mission Staff Member Knowledgeable on Mission Programming and Operations
3. Sr. FSN with Country Expertise
4. Local Sr. Researcher/PEA Expert
5. Staff from Relevant Technical Sectors
6. Logistics Support Person
7. DRG Technical Officer (if not from above)
8. Excellent Writer (if not one of the above)
9. Other USAID/Mission staff interested in learning about applied PEA

The rest of the team might consist of FSOs and FSNs from the relevant technical or program office. A well-connected local researcher can open doors (and make appointments) for the team. Otherwise the group needs the support of another local person or FSN to handle logistics and arrange meetings with hard-to-access interviewees.

The work will include a clearly-written report that draws conclusions relevant to project design. Thus, the team requires a person who is conversant with the Mission, its programming, and with the country/sector/problem, and who can write well and succinctly. This knowledge base and skill-set can be drawn from any one (or more) of the team members. The final report should be read, validated, and adjusted by the field-team members, and its findings and their implications discussed with Mission leadership and key staff. The PEA specialist, who takes part in the fieldwork, should comment on the report as well.

While these key functions noted above must be fulfilled, the size of the team will vary depending on the extent and complexity of the field research required.

M. Using a Consultant to do the PEA Fieldwork and Reporting

Historically in development contexts, PEAs have largely been done by specialist consultancy firms and think-tanks. Their reports have been very insightful. However, they were often not very useful for improving programming of aid interventions because they were too theoretical, i.e., they were too high-level or abstract. Therefore, it was too difficult to translate their findings into practical project designs or changes in the way staff implemented programs. Staff found that they put the PEA reports on their shelves and never used them. As such, USAID's *Applied PEA* methodology deliberately aims to involve technical officers

and program office staff and to focus on answering questions that are directly relevant to the strategy, projects or activity under review.

The Agency is taking an approach that involves training in Missions and across the cadre where possible as noted in the DRG Strategy and the recent Action Plan on DRG Integration. The fundamental idea is that USAID staff who are trained in the PEA methodology are meant to use the PEA findings to design/modify their projects or activities and to keep tabs on development processes and the factors that drive or inhibit reform. Staff are also meant to learn how to do applied PEAs so they can manage partners that may do PEAs in the course of their work at local levels.

However, there are times when a Mission may be unable to carry out an applied PEA itself, perhaps due to a lack of time or personnel, or due to security considerations. Whatever the reason, the Mission staff may prefer to have a contractor undertake the fieldwork and write the PE report. This is a fine alternative as long as Mission staff participate in development of the PEA questions and own the findings. In addition, staff must be close enough to the PE analysis process that they understand how the findings were generated, whether or not they are valid, and what local socio-economic and political changes will require a new PEA to be done.

To support embedding applied PEA skills within USAID staff, the CSP team, depending on capacity during the time frame required, may be able to send an experienced USAID staff member to work with the consultant(s), and to lead the PEA workshop in-country. The CSP team member (or other trained USAID staff member) will accompany the consultant(s) to the field initially, and liaise with the consultant(s) when they are collecting data, writing the report, and debriefing the Mission. The CSP team member will aim to ensure the consultant understands and uses the *Applied PEA* methodology and the practical aims of the workshop, fieldwork, and report. The CSP team member or other trained USAID staff member will help ensure the PEA report and other consultant outputs support the Mission staff as they (re)design and implement their program and project.

Furthermore, the CSP team is putting together a list of PE specialists outside USAID who will over time become familiar with the USAID *Applied PEA* methodology and who, it is hoped, will be called upon by Missions if they need specialist assistance if unable to carry out the PEAs themselves. It is hoped to utilize regional and local PE specialists whenever feasible to ensure local and regional knowledge.

N. Sharing Applied PEA Findings

A written baseline report is generally produced by the Mission team, which will be in a unique position to combine its knowledge of the project/activity with what it has learned through its research about the local context. The team should hold its own meeting to synthesize and validate the fieldwork findings, which will also help it prepare to debrief the Mission (leadership and other relevant staff) on the methodology and findings. It may decide to hold a second debriefing to present the findings to other donors and/or local stakeholders, including government, but this is a decision that must be made by the Mission. Sometimes two reports are written including an in-depth study that is retained by the Agency, and another for public dissemination, which is less detailed.

It is important to recognize that PEA findings are potentially very sensitive, on multiple dimensions. They are likely to include an analysis of the financial, personal, or political incentives of actors and institutions in the system - many of whom are influential and would

prefer these factors not to be openly addressed. PEA is also frequently undertaken where the results of previous programming has been a disappointment in order to better illuminate the factors leading to less than hoped for outcomes. Missions must be prepared to delve into these questions, to learn from the ‘failures’ of previous activities, and to see these documented. In addition, the report may include information that is procurement sensitive. Thus, the PEA team will need to work closely with Mission leadership and staff on what is included in an internal report versus an externally shared version.

O. Using the PEA Report for Designing and Modifying Projects or Activities

It is important for programming and ownership of the PEA report that at the end of the study, its findings are discussed in depth by the researchers and the appropriate technical and program office staff. In order to judge the validity of the findings and to assess their implications for programming, these discussions should cover the research methodology, the various respondents, the data collected and the analysis made by the team. Variations in the findings (e.g. between sectors or across the country) should be highlighted, and explanations for the variations. The specific findings around each question and sub-question should be considered in detail, especially what the causal factors are, how they relate to the larger country/sector environment, the role/motives/influence of the key groups and individuals identified during the research, and the informal and formal institutions shaping behaviors. Finally, the discussion should include how these findings may affect project design, outcomes, and methods of monitoring and evaluating change.

A PEA can inform any sort of programming. It can offer insights to improve sector interventions (e.g., roads, health, water and sanitation) or governance and human rights projects (e.g., citizen scorecards or parliamentary support). For example, the knowledge gained through these studies can identify why a civil service lacks the capacity and will to push through reforms, or why NGOs meant to strengthen civil society are unable to generate sufficient ‘voice and accountability’ to change the way services are delivered. Such information should help the redesign and implementation of traditional aid projects.

P. Thinking and Working Politically: Innovative Projects Using PEA Findings

PEAs can also support more innovative forms of programming and a different sort theory of change from the one that underpins much of USAID’s regular development and governance work. Political economy approaches are grounded in the understanding that locals must drive their own reforms and that aid agencies can facilitate but not lead change. Therefore, projects or activities that are designed using PEA findings are often different than traditional interventions that start with a normative agenda (a standard of “good practice” often imported from the West) and provide technical assistance and funds to implement it.

These innovative projects might support local institutions that already generate good outcomes and incentivize positive changes occurring in institutions. Projects that emerge from the local context do not always lend themselves to log frames and predetermined output indicators, and may not benefit from huge sums of financial aid. However, these types of projects or activities can still be supported, monitored and evaluated by USAID staff.

Such work is not predictable. While the ultimate achievement of results may not occur during the course of a CDCS or a particular USAID project/activity or staff member’s appointment, significant change can also be accomplished within a shorter timeframe. It requires staff to be politically astute. These projects recognize the need to address collective action problems (that hinder collaborative endeavors) at all levels and to support the emergence of local

leaders with vision and networking capabilities, development entrepreneurs and reform coalitions, all of whom recognize and make use of unique opportunities that arise from changes in national or local power relations, or even from crises. PEA provides insights that permit USAID staff to play a supportive role in these sorts of locally led development and governance processes.

Additional material on Thinking and Working Politically will be covered in the two-day *Applied PEA* workshop. As a further resource the CSP team has a literature review (to 2015) that it can provide to those seeking further advice on these ways of 'doing development differently'.

Contact information for CSP Team members in the DRG Center is below:

- Lisa McGregor-Mirghani, CSP Division Chief, DCHA/DRG, lmcgregor-mirghani@usaid.gov
- Lisa Williams, Senior Social Sector Governance Fellow, CSP Division, DCHA/DRG, liwilliams@usaid.gov
- Sarah Swift, PEA Manager and Program Analyst, CSP Division, DCHA/DRG, sswift@usaid.gov

Further PEA Reading

Andrews, M et al (2012) 'Escaping Capability Traps through Problem-Driven Iterative Adaptation (PDIA)' Center for Global Development, Working Paper 299. June.

Booth, D (2013) 'Facilitating Development: An arm's length approach to aid', ODI Think Piece. March.

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Duncan, A et al (2010) 'Making development assistance more effective by using political economy analysis: what has been done and what have we learned?' Presentation to Carnegie Endowment for International Peace/USAID/DAI, June.

Fabella, R et al (eds.) (2011) *Built on Dreams, Grounded in Reality: Economic Policy Reform in the Philippines*, Makati City, Philippines: Asian Foundation.

Fisher, J et al (2013) 'Donors Doing Political Economy Analysis™: From Process to Product (and back again?)' Paper presented at ISA Annual Convention panel on 'Politicising or Depoliticising Aid? The Political Economy of Political Economy Analysis', San Francisco, 3-6 April.

Fritz, V et al (2014) *Problem-Driven Political Economy Analysis: The World Bank's Experience*, Washington DC: World Bank.

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Levy, B (2014) *Working with the Grain: Integrating Governance and Growth into Development Strategies*: Oxford University Press.

The Policy Practice (n.d.) *Political Economy Analysis: Selected Readings* (www.thepolicypracticelibrary.com).

'The case for thinking and working politically: The implications of "doing development differently"' (2015) www.TWPCcommunity.org.

Routley, L et al (2013) 'Donors, Development Agencies and the use of Political Economic Analysis: Getting to grips with the politics of development?' Manchester University, ESID Working Paper 19. Feb.

Unsworth, S et al (2012) 'Using Political Economy Analysis to improve EU Development Effectiveness: A DEVCO Concept Paper'. Sept. 13.

Unsworth, S. & Conflict Research Unit (2007) 'Framework for Strategic Governance and Corruption Analysis.' Netherlands Institute for International Relations. http://www.clingendael.nl/sites/default/files/20071000_cru_occ_unsworth.pdf

Wild, L et al (2015) 'Adapting Development: Improving services to the poor.' ODI Report. Feb.

Appendix A

Federal Policy for the Protection of Human Subjects ('Common Rule')

This policy was developed by the US Department of Health and Human Services for research involving human subjects and states the following:

- Conducting research in a way that maintains the integrity of the research enterprise and does not diminish the potential for conducting research in the future;
- Protecting the statutory rights of members of the social community or groups being investigated, avoiding undue intrusion, obtaining informed consent, and protecting the rights to privacy of individuals and social groups;
- Being aware of, and complying with, the requirements of data protection laws and other relevant legislation;
- Ensuring that the conduct, management and administration of research is framed in a way that is consistent with ethical principles and recognizes the limits of competence of each member of the research team;
- Providing adequate information to colleagues to permit their methods and findings to be assessed, as well as to alert potential users to limits of reliability and applicability of data resulting from their studies;
- Ensuring the clarity of the research objectives, and remaining aware of, and respecting, the concerns of the individuals or communities being studied; and
- When researching individuals or groups where power differentials could operate to their disadvantage as subjects (for example, students, prisoners, employees, minority groups, and the socially deprived), researchers should pay particular attention to issues of consent and potential risk.⁶

For full details on USAID's policy on the protection of human subjects, see 22 CFR 225 at: <https://www.gpo.gov/fdsys/search/home.action>

⁶ Adapted from Marcia Freed-Taylor, Ethical considerations in European cross-national research, UNESCO MOST Phase I website (1994-2003), <http://www.unesco.org/most/ethissj.htm>



Annex: Framework for Applied PEA Field Guide Country, Sector and Issue/Problem-level Data Collection and Analysis¹

Overview

This **Annex to the Applied PEA Field Guide** provides an illustrative set of questions to assist USAID officers in refining the types of questions that may be most appropriate to the problem, sector or country level effort they may be undertaking. This framework of questions is not meant to be used as a blueprint and should rather be tailored to each effort to conduct Applied PEA. It is designed to facilitate the development of a specific set of questions relevant to an Applied PEA – at country, sector or problem level - using the following broad categories: purpose identified, foundational factors, rules of the game and institutions (formal and informal), here and now and dynamics at a various levels.

In general, Applied PEA question sets are developed via teleconferencing and in an Applied PEA Orientation Workshop with those in charge of a strategy or program and PEA and sector experts through a dynamic exchange around this framework. A tailored framework of questions may then be refined through field work and used to adapt programming as context and political economy factors shift.

¹ USAID's Applied PEA Field Guide along with this question framework was authored by Diana Cammack, Sr. Democracy Fellow and PEA Expert, with substantive input from members of the Cross-Sectoral Programs Division in the DRG Center. The USAID PEA Field Guide is based on the categories and questions developed for the Strategic Governance and Corruption Assessment (SGACA) Framework produced for the Netherlands Ministry of Foreign Affairs in 2007. SGACA has been adapted by other development agencies to do sector-level political economy studies (European Commission) and to undertake problem-level studies (Australian DFAT). This USAID field guide borrows from those methodologies as well. Diana Cammack received permission to utilize parts of the referenced frameworks, questions and categories.

Updated: March 11, 2015

Annex: USAID Applied PEA Framework for Country, Sector and Issue/Problem-level Data Collection and Analysis

PEA Focus	Country-level		
		Key factors to consider	Types of questions to ask, topics to explore and data to collect
Purpose identified	The purpose of the PEA and its scope will shape its methodology, questions, the report, the findings and their uses.	<ul style="list-style-type: none"> • For which purposes will the PEA findings be used (e.g., CDCS)? • Are there issues in USAID’s existing country program that the PEA is meant to explore? • Are there any particularly poor or good processes or outcomes that the PEA aims to explain? • Are there national structures/ changes that the PEA is meant to analyze? 	<ul style="list-style-type: none"> • Gather and read existing PEA reports, reviews, audits etc. to learn others’ explanations for good/poor outcomes, processes, key actors, etc. • Are their limitations on USAID’s program (e.g., resources, timing, outside agendas, etc.) that will determine how the PEA findings will be used and on how many resources should be spent on the study? • Do those designing the program agree on the value of PEA, local solutions, and other aspects of the operational theory of change? • Are there well-qualified staff/contractors to do the PEA study, and arrangements for ensuring Mission ownership of the findings?
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.	<ul style="list-style-type: none"> • Territorial control • Geostrategic position • Geography • Historical influences • Social and economic structures • Sources of revenue • Natural resource endowments • Economic structures and potential for surplus generation • Political settlement • Economic integration nationally and globally • Structural constraints to growth • Cultural and social imperatives 	<ul style="list-style-type: none"> • Does government administer all of its population and territory, and does it have a monopoly of violence? Can it collect taxes everywhere? • Is the country in a ‘safe neighborhood’, is it landlocked, is it dependent on outsiders (including aid), and is it vulnerable to attack or external pressures? • Are there natural features that affect national control, equity and unity? Is the country subject to climate stresses, population pressures or other natural restraints? • Past events that influence state formation and legitimacy, power relations and equity, civil society’s capacity, and economic structures. • Classes, groups, organizations and economic structures and interests that impact policy; the operation of ethnic/caste/religious groupings and patronage and traditional networks.

			<ul style="list-style-type: none"> • The importance of aid and natural resource earnings compared to taxation; transparency and (ab)uses of any formal or ‘unearned’ revenues. • Major resources (e.g., oil, minerals, land, water) available and the level of their exploitation; benefits/damages they bring to which groups, national unity and progress, etc. • Significant economic organizations and processes that contribute to (pre)class and group formations, political/social power, and exploitable revenues. • The nature and stability of the political contract between the state and the elite, and the benefits derived by the elite and the nation. • The nature of the social contract between the state/elite and the citizenry; which groups its benefits and why? • Which economic sectors are vertically/horizontally integrated domestically? How is the national economy integrated into international economy? • What factors drive the main constraints to economic growth, equity, integration and stability? • What socio-cultural features are important determinants of behavior and change, and what maintains/undermines their influence?
<p>Rules of the Game</p>	<p>Formal and informal institutions (rules and norms) that influence actors’ behavior, their incentives, relationships and their capacity for collective action.</p>	<ul style="list-style-type: none"> • Key rules-based (formal) or personalized (informal) institutions • Distribution of power between key actors/groups • Rules governing the competition for political power and relations 	<ul style="list-style-type: none"> • What legal ‘parchment’ (constitutional, legislative, regulatory) frameworks exist; are they stable and routinized, known and understood; are they implemented fully, equitably, transparently, and predictably; is their implementation and operation resourced (with funding and skilled staff)? • Does the formal framework as implemented reflect international agreements the government has signed (e.g., UN conventions)?

		<p>between political actors</p> <ul style="list-style-type: none"> • Formal and Informal institutions shaping economic activity, tax, wealth and rents • Social networks and their influence; ideological and cultural forces. 	<ul style="list-style-type: none"> • Which ‘informal’ norms and (cultural/social) traditions have influence? Are they changing and why/not? How do they affect power distribution, social justice and equity, economic processes, service delivery, governance, etc.? • Are the political executive and powerful actors (e.g., the wealthy, military, MPs, economic or social elite, party officials, senior bureaucrats, traditional and religious leaders et al) constrained by the formal law and/or by informal norms? How? • Are political competition (including elections) and the distribution of power managed lawfully? What norms and rules govern how power is distributed and used? • Are civil society activism, the media, free expression and access to information protected by laws that are fairly implemented? • To whom are powerful actors accountable, how and why? • Do legal reforms promote the interests of certain groups or persons? Can entrepreneurs and workers depend on a fair and predictable rule-of-law? • Are key economic processes (property rights, tax collection, production, lending etc.) managed legally? • Are human rights abuses and corruption punished? Are ‘uncivil’ elements (terrorists and criminals) punished? • Are international relations (including debt, aid, investment, trade, ownership of property, immigration etc.) subject to the rule-of-law?
<p>Here and now</p>	<p>Current or recent behavior of individuals and groups and their response to events (“games within the rules”) that provide opportunities for, or impediments to change.</p>	<ul style="list-style-type: none"> • Key actors/groups; any emerging and disappearing and their effect on decision-making and behaviors. • Current events, e.g., leadership, political or economic changes – and their impact on structures and institutions. • Nature of the political 	<ul style="list-style-type: none"> • Key leaders and elite coalitions/groups that make decisions and act on them; the roots and nature of their authority; and any recent changes that affect their power, legitimacy, and status, decisions and actions. • Significant, recent events; how they affect rules and norms, decision making, the distribution of power, stability, dominant ideologies and beliefs, group and class relations, development processes and progress, and foreign (aid) relations.

		<p>settlement (among the elite) and of the social contract (between the elite and citizens).</p> <ul style="list-style-type: none"> • Global or regional forces that affect the private sector and public decision-making. • Domestic and international pressures that impact social, political and economic structures and processes. 	<ul style="list-style-type: none"> • Which issues, interests or individuals are key groups organizing around? The structure of the groups (e.g., clientelist networks, political parties, CBOs, ethnic assemblies, etc.). • The relationships between government, the elite and society generally; how rents and patronage are created and allocated; how citizens' loyalty is obtained/retained by leaders; the impact these have on social and political stability, national economic processes and growth, and on service delivery across the sectors. • Major regional and global events and actors that impact national social, political and economic processes and outcomes. • New pressures (e.g., climate change, HIV/AIDS, refugees) and how they influence existing actors, structures and institutions.
<p>Dynamics</p>	<p>What features are in flux and may drive an opening or closing of space for change?</p> <p>What foreign or domestic drivers of change are acting on society already?</p> <p>What levels of complexity and uncertainty are there in any potential changes that are identified?</p>	<ul style="list-style-type: none"> • How the interaction of foundational factors, rules of the game and the here and now influence the scope for solving collective action problems • What may change the distribution of economic, political and social power? • What entry points or opportunities are likely to arise or close? 	<ul style="list-style-type: none"> • What factors noted above support or undermine coordinated action between multiple stakeholders towards a common goal, and are changes underway that would improve collective action favoring specific or general reform? • Which of the factors identified above are in flux and why? How likely will that impact the key determinants (e.g., leaders, resources, interests, institutions etc.) of national development and reform? • Which governance challenges inhibit reform, how and why? • Are key actors (groups, individuals and classes) emerging or disappearing, and are their relationships changing? How and why? Are changes linked to the economy, politics or other factors? What is the likely outcome of these changes? • Is the space for reform opening or closing? Why? How to assess and what determines the right time and best way to take advantage of opportunities? • Are reform champions, 'development entrepreneurs' or elite coalitions for reform identified? What are their interests and motivations? What constrains their action? • Has aid been transformative, which aid modalities work best locally and why?

PEA Focus	Sector-level		
		Key factors to consider	Examples of questions, topics to explore and data to collect
Purpose identified	<p>How will the PEA findings be used and by whom?</p> <p>What is the recent performance in the sector (indicators) that has led to this study?</p>	<ul style="list-style-type: none"> • What sector or sub-sector is the PEA meant to cover? • Are particular problems or issues to be addressed or excluded? • How well has the sector performed in delivering public goods, and in contributing to growth and poverty reduction? • What are the main achievements and failings in the sector? • By whom and how will the PEA be used? 	<ul style="list-style-type: none"> • Collect and read donor/NGO/government/academic reports, PEAs, and audits/reviews about the sector. Interview sector specialists about stakeholders, performance, and outputs. • Profile and current status of the (sub)sector under study – e.g., structure and organization; funds and aid flows; scale in relation to GDP and national budget; key state actors, staff and their capacities; other actors and their inputs (e.g., NGOs, CBOs, religious groups, businesses); outputs and performance; legal and policy frameworks; key institutions and processes, internal/external pressures and influences (e.g., partisan politics, population growth); space and opportunities for reform. • The sector’s contribution to poverty reduction and economic growth. • Do service delivery and performance differ by area/region, why? • Any significant, recent changes in sector performance, and why? • How is performance measured? Are data on inputs/outputs/ processes/performance and staffing accurate? • What constraints and problems undermine good performance? What are their (social/cultural, political, and economic) roots and characteristics? How and why do they persist? • Who are major donors in the sector, their modalities and inputs? • How will the PEA study be used, by whom, and is there a mechanism in place to ensure Mission ‘ownership’ of the findings? Funding availability, Mission capabilities, USAID’s influence, and the capacity of local reform leaders should be assessed when designing programs from the PEA findings.

<p>Foundational Factors</p>	<p>Historically rooted structures that shape the sector, its integration into the state, its outputs, and revenues.</p>	<ul style="list-style-type: none"> • Key foundational factors that affect the sector. • How do these shape the power and incentives of key actors, sector management, rents, etc.? • Who have been the main actors and organizations in the sector, and how have they shaped the sector and its outputs? • What resources does the sector depend on, and are they available and well used? 	<ul style="list-style-type: none"> • What impact on the sector have geography, historical legacies, social and economic structures, national integration, state formation, government legitimacy, revenue sources, territorial control, trade links, ownership structures, institutions, legal and regulatory frameworks and other national structural features? • How does each of these affect sector services, processes, outputs, funding levels, and performance? • What is the organizational structure of the sector and the role of different layers of government in operations and service delivery? • Are individuals and specific interest groups identified with the sector? How and why? What motivates them, why are they influential, and what forms do their actions take? What effect does each have on sector policy, processes and performance? • Are entrepreneurs and businesses, NGOs, CBOs, religious organizations, gender or ethnic groups, and other non-state actors particularly active in the (sub)sector? How and why? Try to gain access to their documents, reports, audits, and studies. • What are the sources of revenue for the sector (e.g., taxes, aid, donations, self-help, fees, etc.)? What percentage of the budget does the sector absorb, and what contribution to GDP does it provide? Are the figures to be trusted? Is funding sufficient and why? • How do the sources of revenue affect the public's demand for (better) services? (e.g., paying fees might inspire demands for accountability). • Can the sector (or specific sub-sectors) absorb more funding? • What (staff) capacity constraints exist and why? Are sector (financial, management, human resource, etc.) systems operating well and why? • Are there reports of corruption, nepotism, clientelism, criminality, rights abuses, or partisan politics affecting the sector? Are these being addressed, by whom and how? What other problems in the sector have been identified and what are their cause(s)?
<p>Rules of the Game</p>	<p>Formal and informal institutions that shape behaviors, distribution of power, rents, policy-making, and management of the sector.</p>	<ul style="list-style-type: none"> • What are the formal rules, public policies, laws and regulations governing the sector, and to what extent are they implemented in practice? • What informal norms and beliefs 	<ul style="list-style-type: none"> • What formal, legal and regulatory frameworks underpin sector operations? Are laws and rules well implemented? Do they reflect international norms and agreements? • What policies mold sector structures, operations, administration and funding? Is policy implementation predictable and transparent, and do the policies reinforce rules-based behavior?

		<p>effect the sector?</p> <ul style="list-style-type: none"> • How do formal and informal institutions effect the interests, incentives, capacity and level of influence of key actors in the sector? • What economic institutions (ownership, management, property rights etc.) affect the sector and its outputs? 	<ul style="list-style-type: none"> • Are policies translated into strategic plans that are funded, and into systems being operated by adequate numbers of skilled personnel? Why? • What informal (unwritten, traditional or cultural) norms govern behaviors in this sector? Why and how do these retain influence? Who enforces informal norms (e.g., chiefs, religious leaders), how? • What beliefs and ideologies guide actions? How do they impact sector activities and outputs? Are these ideas changing? How and why? • What interests, motivations, and incentives spur key actors and groups to behave as they do? Are these region-specific and do they change over time? How/why? • What rules govern economic assets and processes (e.g., property ownership, hiring, and delivery of services)? Is competition allowed by the rules, and are there monopolies that impact the level and quality of service delivery? • Are there private businesses and entrepreneurs active in the sector/doing what? What legal and normative frameworks regulate their activities, transactions, and outputs? Are these rules applied equitably? • What political institutions govern decision making about sector policies and operations? Are these rules and norms publicly known, transparent, routinized and predictable? • Which key actors make decisions in this sector/why/how? (president, minister, MP, central or district bureaucrats, chiefs, et al?) • Are key actors held to account or not? How/why? • What rents are generated in the sector? Who controls and benefits from them? How are they used? • Is criminality or rights abuse an issue in the sector? Who benefits and how? Is it punished/why? • Does political competition (elections, partisan politics etc.) affect operations or outcomes in the sector?
Here and Now	Current and recent events, actors and behaviors that affect the sector and its outcomes.	<ul style="list-style-type: none"> • How are current events, personalities, political and economic developments affecting the sector context and 	<ul style="list-style-type: none"> • Which significant events, actors and trends are currently affecting (sub) sector operations and the delivery of public goods? How/why? • Are political contests affecting the sector, how and why? • Is governance of the sector changing? Are structures and management

		<p>key actors?</p> <ul style="list-style-type: none"> • Are new actors, networks and issues emerging as other disappear? What influence have they on sector performance, including rents, service provision, management etc.? • How does the distribution of power between key actors explain the pattern of winners and losers in the sector? 	<p>processes stable or being reformed (how/why and the impact)?</p> <ul style="list-style-type: none"> • Are there reform processes underway (or hindered), what are their goals, who is driving/blocking reform and why, and will reform affect sector operations and outcomes? • As change happens in the sector, are there distinct winners or losers? Who, how and why? • Are there new actors (businesses, politicians, ministers, bureaucrats, NGOs et al) affecting the sector's operations and outputs, how and why? What interests and motives drive their actions? Are old actors and interests being displaced/why? • Are the sector's funding levels and human-resource capacity changing? What causes that and what is the impact? • Are there natural or man-made crises affecting the sector? • What specific issues are central to sector operations currently? • Are market conditions affecting sector performance? • Are global or regional events having an impact on the sector?
<p>Dynamics</p>	<p>Which political, social and economic processes are changing and how are they impacting the sector? Where is change likely to emerge in the sector?</p> <p>What processes within or outside the sector have the potential to generate significant change?</p>	<ul style="list-style-type: none"> • Are benefits (public goods) being shared equitably and is this changing? • Where do economic rents arise in the sector, how are these captured and shared, and is this changing? • Who are the winners and losers of changing sector policies? • Which actors can influence policy outcomes in their favor, and which actors are marginalized? • How do the winners of public policy achieve and defend their political influence? • What are the key relationships sustaining their position? • What feasible options for policy 	<ul style="list-style-type: none"> • What benefits are being generated by the sector (services, rents, influence, votes, etc.) and are these changing in character or quantity? • How are benefits distributed and to whom? Are benefits subject to capture by special interests? Is this changing? • How are rents created and distributed? Does that affect services? • Is the diversion of resources or public goods common, and who benefits? Are there changes in the nature and amount of corruption, nepotism, criminality, and politicization in sector operations or services? Are there improvements, how and why? • How are policy processes (i.e., making new policy and implementing it) changing, and why? • Which sector actors (ministers, NGOs, MPs et al) are most/least influential in the policy sphere, and why? How do they maintain their influence? What and whose interests do their policy inputs serve? Is this situation changing, and how? • How do the key sector actors and their interests align (or not) with national political, economic, or social forces? Is there a direct link between national-level and sector-level actors, interests and activities?

		<p>and institutional reform are there?</p> <ul style="list-style-type: none"> • What is their likely impact of external and domestic drivers of change? 	<ul style="list-style-type: none"> • Explain if/why there are opportunities for reform in the sector, the nature of reform, and the best timing? • Who might best lead reform initiatives and why? What are their goals, motives, advantages, sources of influence, alliances, funding sources, etc.? • What impact can outsiders have on reform in the sector and why? What is the best role for foreigners in support of sector-change?
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PEA Focus	Problem/Issue-level		
		Key factors to consider	Examples of questions, topics to explore and data to collect
Purpose identified	The purpose of the issue or problem should be defined, and if there is more than one problem, they should be clearly distinguished and their indicators defined.	<ul style="list-style-type: none"> • What poor process or outcome is this PE study meant to explain? • What data demonstrate poor performance and its cause(s)? • Is this PEA meant to explore previous aid interventions and their effectiveness? • Is there more than one issue or problem under study, and are they clearly differentiated and defined? 	<ul style="list-style-type: none"> • Define the problem or issue exactly, and collect and read reports, reviews, audits and other documents that provide details. • Explain any previous or current attempts to address the issue or fix the problem, including domestic reforms and foreign aid programs. • What assumptions underpinned the previous reform-method(s)? Why were the assumptions valid or not? What processes and resources were used to promote reform? Were any successes registered? Why? • Explain any reluctance or intransigence to address the problem, and its roots. • How does the issue/problem and its causes and consequences relate to events and trends at national and sector levels?
Foundational Factors	How are deep-seated foundational factors affecting the issue or problem under study?	<ul style="list-style-type: none"> • What broad factors (often at national or sector level) affect the problem? • How can the causes of the problem be addressed - through narrow issue-focused, sector-level and/or nationwide interventions? • Which interests and actors are central to the issue/problem? • Is the state well-established and considered legitimate? Is civil society empowered? How do the state and citizenry and their relationship/interactions affect the problem? 	<ul style="list-style-type: none"> • Which national or sector-level 'foundational factors' affect this issue/problem, and how? Can they be addressed/how? e.g., geography, geostrategic position and neighborhood, natural and human resources, historical legacies, state formation, regional or sectarian divisions, etc. • Which key socio-economic structures and constraints to economic growth impact this problem? How does the capacity to generate economic surpluses and 'unearned' revenues affect the issue? • Is the state unified and does it have authority over its population and territory? How does state formation impact this issue? • Who are the main actors of concern, and what motivates them? What is their relationship? What actions do they take regarding the issue? What interest(s) do they have? Who benefits from reform or lack of reform, and how? • Which socio-political features affect the issue and how – e.g., loyalties, clientelist networks, ethnic or sectarian cohorts, party affiliations, regional identities, gender ties? • Who benefits from rents or diversions of resources, how and why? • Who and which interests oppose change(s), and why? How empowered are they, and how do they wield their influence?

			<ul style="list-style-type: none"> • Are there domestic stakeholders wanting change? Why? Are they organized, empowered and influential enough to drive reforms? Why/not? • Are there citizen groups (CBOs, NGOs, religious or traditional organizations, et al) that are organized and empowered, and able/willing to demand and/or make change around this issue? • Does the national political settlement (between the elite and government); the nature of political contestation; and/or the distribution of political power affect the problem? How/why? • Is the government considered legitimate and does that influence the issue? • How functional is the state bureaucracy, and does civil service (in)capacity and/or resource constraints affect the problem?
<p>Rules of the Game</p>	<p>What are the formal rules and laws bearing on the problem under question? To what extent are they adhered to and enforced?</p> <p>What are the informal norms and ideologies relevant to the problem?</p>	<ul style="list-style-type: none"> • What is the constitutional, legal and regulatory framework of the problem? • Are there any important gaps not covered by legislation? • What are the intended and unintended consequences of legislation? • Are laws and regulations implemented? Why? • What informal rules and belief-systems (including tradition) affect behavior? • What are their roots? How do they influence and impact the problem? 	<ul style="list-style-type: none"> • Is national policy on this issue accurately reflected in legislation and regulations? • How is the issue/problem nested in sector- and national-legal frameworks, and do any narrower formal ('parchment') laws and rules specifically address this issue? Do the formal legal frameworks reflect international norms? • Are the laws and regulations properly enforced? Are human/financial resources made available to ensure their proper implementation? • Which gaps in legislation or regulations exist and how do they affect this issue? • Which beliefs, traditions, cultural norms and other informal institutions affect this issue, and how? Where do these originate? Why and how do they remain influential? • Which actors personify and enforce the formal rules and which, the informal norms? Are they competitive or collaborative with regard to addressing this issue? • Are there behaviors around the issue that are based in party politics or political competition, patronage relations, criminality or corruption, rent-seeking, nepotism, social exclusion, or some sort of political arrangement? • Do norms or logics emerging from economic practices – trade, ownership, investment, loans, taxation, etc. – affecting this problem?

			<ul style="list-style-type: none"> • Is there evidence of collective action (collaborative and coordinated behavior by multiple stakeholders aimed at achieving a goal) around this issue? Why/not?
Here and Now	<p>Who are the key actors and networks, how are they related, and how do they impact the problem?</p> <p>What is the nature of political competition and does it affect the problem?</p>	<ul style="list-style-type: none"> • Who are the main stakeholders currently and what are their various interests in this issue? • What influence do they have and what characterizes their actions? • Who benefits from the status quo and how? • Which actors are likely to be supportive or opposed to reform? • Does the issue have a high profile in national or local politics, and why? Is it affected by political competition? • How does the government view and react to the issue? 	<ul style="list-style-type: none"> • Which recent events and key trends are having an impact on the problem? How/why? • Which actors are central to the issue or problem at the moment? Which interests do they represent? How do they derive their authority? How did they obtain/retain power? • How do the key actors use their influence? What influence have they (to do what)? Are they accountable to anyone/group? • Which national- or sector-level actors take an interest in the issue? How are those interests manifest? What influence have the actors, how do they behave, and what is their goal? • Do politicians influence the issue, how and why? What is their interest? How do they or their followers benefit? • Are major economic actors taking an interest? Who, why? And what is their involvement and their goals? • Are civic actors involved (e.g., religious leaders, chiefs, NGOs et al), how and why? • Has the problem become a partisan-political issue? Is it a campaign issue? How does that affect its resolution? • What is government’s involvement with the issue? Is it promoting reform or not, how and why? • Are donors or other foreigners involved? How/why? What influence have they to drive change?
Dynamics	<p>Which actors, networks, or socio-economic and political organizations and processes provide an avenue for change?</p> <p>What other elements of dynamism, actual or</p>	<ul style="list-style-type: none"> • From which source might change logically emerge? • How is the nature, composition and strength of interest groups changing over time? • How can the influence of groups be expected to change in future and respond to particular events (e.g. upcoming elections, possible policy initiatives)? 	<ul style="list-style-type: none"> • Which events are likely to create conditions within the existing context that are conducive of change? What will oppose this? • What are the likely pathways to change (e.g., economic growth, new leadership, institutionalization of the law, collective action, etc.)? • Are there actors, reform coalitions or ‘development entrepreneurs’ interested in the issue? Are they empowered to act? Why/how? • Which interests oppose reform, and what benefits do those individuals/groups receive from the status quo? How empowered are they to resist change?

	<p>potential, are present in the context that impact the issue/problem being studied?</p>	<ul style="list-style-type: none"> • Are there any recent or current events that impact on the country's political economy generally or more specifically on the position or interests of particular stakeholders? 	<ul style="list-style-type: none"> • Is the relationship between, and the influence of these pro- and anti-reform groups changing, how/why? • Are there likely future opportunities for reform? Why? Timing, actors, and openings? • Can foreigners (including USAID) contribute to changes with regard to this problem? How? What limits foreigners' influence? • Are there reasons why foreigners are reluctant to invest in reform processes? Are there sufficient USAID resources, and what risks does the agency face by funding reform actors or processes? • Are there events in neighboring countries, in the region or globally that will hinder or enhance the chances of reform? • What entry points for change are likely to open up (e.g., additional funding, civil society activism, more responsive government, legal reform, policy changes, better-trained civil servants, etc.)? How/why? • What is the potential of collective action among stakeholders? • Is there a credible commitment for reform by the authorities? • Where do uncertainty about fixing the problem and complexity surrounding the issue come from, and how can they be addressed to reduce risk?
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