

MINDING YOUR PEA'S AND Q'S

Kate Fogelberg

The behaviour of British politicians – and their advisers – during the pandemic has had me reflecting on the wise words of a Tanzanian colleague. To be fair, he was talking about the management of solid waste in Dar es Salaam, but his words could equally apply to the rubbish choices being made by some people in power on a small, rainy island. Reflecting on why the solid waste situation was the way it was, he mused that it was because people found ways to play “*games within the rules*”.

That phrase – play games within the rules – stuck with me as a more realistic moniker for what we mean by political economy than the more commonly used, but duller, phrase “*the rules of the game*”.

We're all making do with new normals during COVID-19, but my poor husband did not know that his new normal would include listening to my jokes about political economists. “*What?*” you say, “*there are jokes about political economists?*”

Kate: What's a political economist?

Matt (Kate's husband): Can't you tell these jokes on Zoom to one of your co-workers?

Kate: The person who shows up and tells you why your project failed.

All jokes aside (*Matt sighs with relief*), project failure really can be mitigated by right-sizing your political economy analysis (PEA) in development programmes. For those who are not yet at the stage of crafting jokes about PEA, here's a primer on what it is and why it's important in MSD programmes, followed by a few practical tips on how to incorporate PEA into your programmes.

What is political economy analysis?

When I ask this question during our Making Markets Work [training](#), the most common responses are either “*a box-ticking exercise*” or “*a long, dull report*”. Unfortunately, these are not factually incorrect answers. They highlight what is often wrong with PEA in practice. I have even seen a copy of an outsourced PEA report get recycled from one donor-funded programme to another, with just a few find-and-replace updates made to the programme's name!

PEA should be more than just a report. Done well, it is an attempt to understand why things are the way they are in a given context. This includes analysing how formal and informal institutions, individuals, incentives, and power contribute to the performance of any system. Good PEA is done using a mixed methods approach, blending primary and secondary research techniques, and is regularly updated as needed. PEA emerged during the 1990's, primarily in governance programmes, but at the time, analyses tended to focus on establishing the context in which technocratic tactics to improve governance were delivered. In the early 2000's, many bilateral aid agencies modified the approach to include more emphasis on informal rules and power alongside formal rules and processes.

Why conduct PEA in MSD programmes?

Market systems development (MSD) programmes seek to influence underlying incentives or relationships to bring about sustainable pro-poor outcomes. Powerful actors and interests in the public sector, private sector and civil society often contribute to market systems that are not as competitive, inclusive, or resilient as they could be. Although PEA emerged in the governance field, its application is relevant to programmes working in all sectors, as vested interests and power differentials are not limited to formal governance programmes. From reviewing many aid initiatives over the last twenty years, it's apparent that one of the common pitfalls is that programmes try to address political problems with technical solutions. By paying more than lip service to PEA during diagnosis and intervention, the critical issue of *how* the changes

a programme seeks to introduce may occur (or not) can help avoid this trap of addressing political problems with technical solutions.

How to do PEA practically?

There is a lot of existing guidance on PEA for those that want to know more. I offer you a buffet of PEA options to select from: for those attracted to long, academic, very deep dives, see this [resource](#); for those who want a segmented approach from the Big Decisions to daily PEA analysis, [this](#) might be the one for you; and for those interested in what donors have to say about it, see USAID's [Thinking and Working Politically](#), or DFID's [Drivers of Change](#).

For the busy practitioners out there, the following three P's summarise a lot of what is in the wider literature:

- **People:** Consider hiring staff who are politically savvy or networked, particularly if sectors have been selected that have significant political economy constraints. Or build relationships with key informants who have access to powerful decision makers in the business or political communities and can provide regular intelligence. If it's so important to programme effectiveness, it is probably a mistake to simply outsource PEA
- **Process:** Much of PEA is about trying to triangulate between de facto – what happens in reality – and de jure – what is written on paper – policies and procedures. Ways to do this include analysing formal information, such as specific sector policies and reviewing spending documents (what gets budgeted for and what gets spent). Equally important and often underrated or under-documented are the insights from key informal informants who offer insight into how things are done in practice, not on paper.
- **Product:** Many PEA documents remain a one-off, stand-alone document that tick a 'deliverables' box. In some cases, this may be a very sensitive document and a programme will need to exercise judgement on how public its findings should be. Increasingly, programmes are recognising that PEA is an ongoing part of their regular analysis. Staff should be encouraged and incentivised to prioritise monitoring, understanding and responding to changes in the political environment. This is just basic good practice, whether or not a donor requests it.

Remember these three P's and you might just avoid that joker showing up and telling you why your programme failed.