

Donors Doing Political Economy Analysis™: From Process to Product (and Back Again?)

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Practitioners and academics are today convinced that 'thinking politically' is important to successful development interventions. Since the early 2000s, attempts to mainstream political thinking in most donor agencies have used a political economy analysis (PEA) approach, and yet this has been largely ineffective. This paper attempts to explain this failure through re-focusing current debate on PEA.

The paper argues that the process of PEA is not fundamentally flawed and indeed agrees, as PEA advocates have consistently argued throughout the 2000s, that success in future development programmes requires a wholesale re-thinking of the relationship between politics and international development.

However, we argue that PEA has today become a tool or product 'sold' to donors and 'done' externally, and it is no longer fit for purpose. We critique this type of 'PEA™', tracing its evolution from a transformative approach to policy-making to a discrete instrument that is applied to specific 'problems', usually by external consultants. We draw attention to the consistently faulty and introspective methodology that has informed the undertaking and application of PEA™.

Our analysis leads us to suggest that throwing away this model and doing something completely different is the only way donors can hope to move forward with the 'thinking politically' agenda.

Methodology

This research is based on:

- textual analysis of PEA frameworks, reports, 'how-to guides' and evaluations;
- semi-structured interviews with donor staff at a number of agencies, and with consultants and academics working on PEA;

- participant observation of PEA debate and training in a number of settings, including in PEA-focused donor workshops, PEA training at donor events (both as participants and as trainers), PEA 'community of practice' meetings bringing together donors and consultants, and in conducting PEA in-country.

This has given us a unique insight as academics into the production of PEA™, and to the challenges that donors face in mainstreaming PEA into their practice.

Key findings

This study offers a critical analysis of the political economy of PEA practice to date. It suggests that PEA's overall efficacy has been largely hampered by the methodology used and nature of the approach itself.

Changes over time: The narrowing PEA agenda

- The purpose of PEA has changed from its original model as a broad strategy to transform technicalised donor cultures and help officials understand the political dynamics of the countries they work in.
- It has evolved into a problem-solving tool for tackling specific challenges – ironically, a 'technicalised' use of PEA.
- The focus of PEA has been shifted by its users; initially widely used to understand country-level contexts, it has increasingly been used to analyse local- or even sector-level issues and entities.
- While PEA donors initially intended the approach to be 'mainstreamed' throughout their organisations, there has been an increasing shift towards isolated 'Communities of Practice'.

- Transformative use of PEA has been hampered by barriers such as bureaucratic incentive structures, the pressure to deliver measurable 'results' and donor politics. First generation PEA also did not answer the 'so what?' question; as a result, earlier forms of PEA were dismissed by some as 'commentaries' that identified problems without offering usable solutions.

Continuities: The donor-centric focus of current PEA

- Current PEA practice echoes the approach of the historic, technicalised 'politics-free' approach to aid, keeping recipients at arm's length.
- In the same way, it tends to treat PEA as a form of intelligence-gathering, through a rather secretive process that does little to encourage 'joined-up' government
- PEA has become a risk diagnosis tool rather than a way in which donor staff can 'think politically'.
- For PEA to lead to behaviour change within donor agencies—where donor staff begin to 'think politically'—we suggest that PEA would need to be done by donor staff themselves, and not just by governance or public sector specialists. PEA™ frameworks are far too complicated to be used in this way. This means they are not fit for purpose, if the purpose is 'thinking politically'.
- Third generation PEA needs to move beyond the PEA™ approach to finally help donor staff 'think politically' in the contexts in which they find themselves – quickly, simply and intuitively. This is clearly what donor staff themselves want.

Policy implications

For most donors, PEA remains a highly donor-centric approach that involves the collection of politically-sensitive data from donor-identified sources to inform donor policy planning processes.

The place of recipient governments and officials within this methodology is, at best, highly circumscribed and, more often, non-existent. This has a negative effect on ownership and development effectiveness.

Our conclusion is that a 'third generation' of PEA should therefore not look to refine first and second generation models, but should instead throw away the PEA™ model and do something completely different.

- Joint donor-recipient studies – though not necessarily solving the problem of getting donor staff to 'think politically' – may be one way to overcome some of the limitations of current PEA frameworks regarding ownership.
- The suggestions of Merilee Grindle might be explored further: donors might look at using existing patronage structures, identified by PEA in recipient states, to achieve development objectives. PEA could also be used to help local reform coalitions to open 'windows of opportunity' in the reform process, as suggested by the World Bank Institute.

¹ TM is the symbol used internationally to denote 'trademark', which acts as a 'badge of origin' to identify a particular business or organisation as the source for particular goods or services and giving legal right over these. We use it here to suggest PEA as both a process but also a product that is 'sold' to donors by particular businesses or organisations.

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