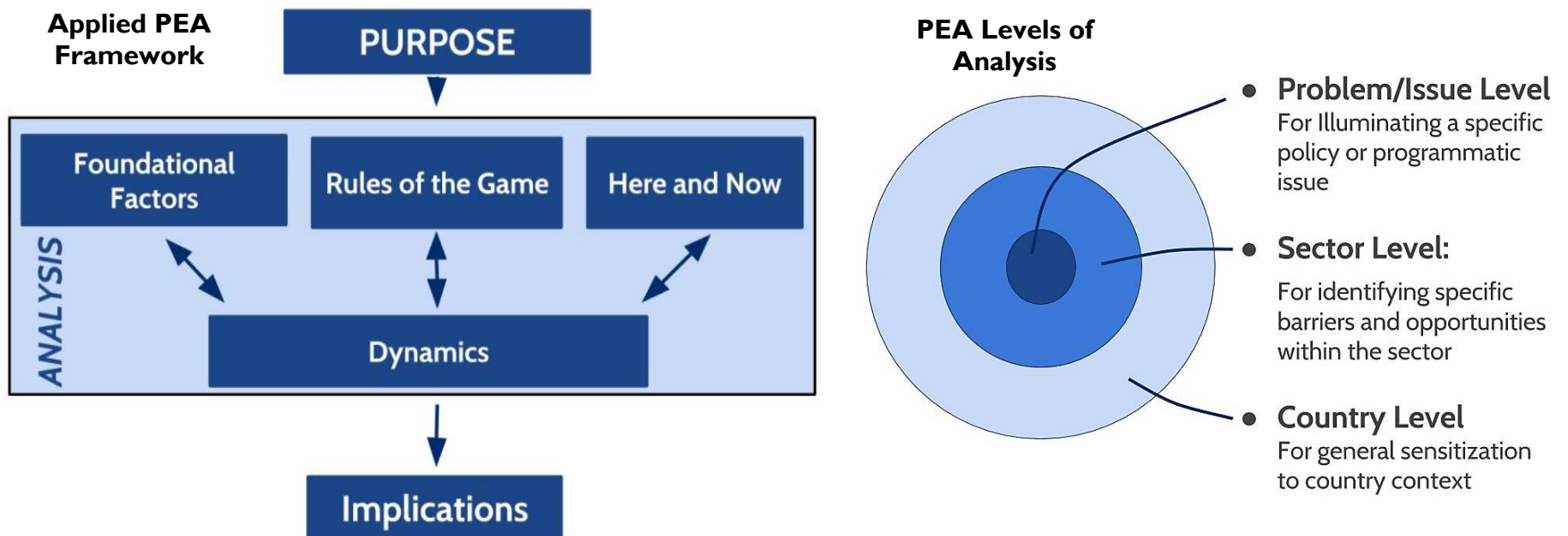


THINKING AND WORKING POLITICALLY THROUGH APPLIED POLITICAL ECONOMY ANALYSIS (PEA)

Applied PEA Framework: Guidance on Questions for Analysis at the Country, Sector and Issue/Problem Levels

This resource provides guidance on the kinds of questions that need to be addressed of the different elements of the USAID Applied PEA Framework. **The questions outlined are illustrative and the list is not intended to be comprehensive.** Rather, these questions are intended to offer a sample of the kind of information and analysis called for under each component of the framework, and they can serve as a foundation to develop and tailor questions for PEA exercises undertaken by USAID staff. Please see [supplemental reference materials](#) for sample interview protocol/guides with questions from a USAID PEA exercise. Note as well that, irrespective of the level of analysis that is being undertaken for a particular applied PEA, **key factors to consider and types of questions to ask at the COUNTRY LEVEL will be essential in all cases, to provide needed historical background and context, just as factors to consider at the sector level will frequently be relevant to problem-level analysis.** USAID's Applied PEA Framework is rendered graphically below, along with the PEA Levels of Analysis.



PURPOSE

Key factors to consider	Types of questions to ask at different levels of analysis
<ul style="list-style-type: none"> Reviewing core resource documents “The Applied PEA Baseline Assessment Process” and the “Pre-PEA Checklist for Missions” can help to ensure that the mission is ready to embark on a PEA exercise and process. “PEA levels of analysis” document can be useful to determine what level of analysis to focus on and why. A Glossary of key terms related to political economy analysis is also provided. 	<ul style="list-style-type: none"> What is the question, problem or puzzle that you want to address, at what level of analysis (country, sector, problem), and why? <p>Examples from recent PEA exercises in USAID missions:</p> <ul style="list-style-type: none"> Issue or problem level: “Why are teacher strikes so frequent in Senegal?” Sector level: “How does the Disaster Risk Management (DRM) system function in Nepal and why?” “What factors impact citizens’ experience with the delivery of government services in Guatemala and why?” Country level: “Why does Kosovo work the way it does?” “How does the governance system work in Guatemala and why?”

ANALYSIS

Key factors to consider	Types of questions to ask at different levels of analysis
<p>Foundational Factors: Deeply embedded, longer-term national, subnational and international socio-economic and power structures that shape the nature and quality of a given political system, sector or problem and why it works or looks the way it does</p>	
<ul style="list-style-type: none"> Evolution of state/ state-society relations, or of a given sector or problem and underlying factors (including political settlement(s), power structures, ideas and values) that have shaped the country, sector or problem over time. Patterns of inclusion/exclusion within state and society, or manifested within a given sector or problem (in terms of gender, class, ethnicity, geography, religion, age, ability, etc.). Fault lines of conflict impacting the country, sector or problem. Reach, authority, and legitimacy of the state 	<p>At the issue/problem level:</p> <ul style="list-style-type: none"> How have different national and/or sector-level ‘foundational factors’ (e.g. history of state formation and quality of state-society relations over time; reach, authority and legitimacy of the state; relations with international actors over time, etc.) shaped the nature and quality of the issue or problem at hand? How do socio-political and power structures – e.g., loyalties, clientelist networks, ethnic or sectarian cohorts, regional identities, gender norms and values -- affect the issue/problem and why? How do key socio-economic and power structures and prospects for shared growth and development affect this problem? <p>At the sector level (and relevant to the problem level for background and context):</p> <ul style="list-style-type: none"> How have foundational factors at both the domestic and international levels influenced and

at the country, sector or problem level.

- Geostrategic position, integration into the international system and influence of these upon the country, sector or problem.
- Geography and natural resource endowments impacting the country, sector, or problem.
- Social and economic structures within the country political system, or within a given sector or problem.
- International and domestic sources of revenue relevant to the country, sector or problem.

shaped the way in which the given sector has evolved historically?

- How has the sector in question contributed to power dynamics, contestation for resources or access, conflict, and/or issues of identity at the national and/or the subnational level over time?
- Historically, how have access and quality within a given sector influenced or reinforced issues related to inclusion/exclusion, gender parity, and prospects for poverty reduction and economic growth?
- What kinds of constraints and challenges have affected the performance of the sector over time and why?
- Historically, who have been the most significant international actors (donors, multinational corporations, etc.) involved in the sector? How have they contributed to the evolution of the sector, and to what effect?

At the country level (and relevant to all levels for background and context):

- What have been the main fault-lines of (violent) conflict in a given country and how have these been transformed or remained entrenched over time?
- Does the national government have the monopoly of the legitimate use of violence? Are there disputed territories? Do tax collection, policing and justice systems cover all areas of the country? Is there a serious challenge to public authority from armed insurgents, local power holders, or other internal forces?
- What is the country's geo-strategic position? What has historically been its relationship with neighboring countries? With regional and international powers, including colonial history and legacies? Is the country particularly vulnerable to external intervention? Regional instability? Is the country dependent on external sources of aid or legal / illegal sources of income? Do regional arrangements determine policy decisions at national level?
- How have state and nation-building processes shaped patterns of inclusion/exclusion? What groups within society have remained more/less marginalized or vulnerable over time, how and why? To what effect?
- How have the structure of the economy and sources of state revenue (both domestic and international, and including licit and illicit sources) shaped links and accountability relations between the state and different groups in society? To what effect?
- Historically, how have rents / unearned sources of wealth or income been managed and distributed? Why and to what effect?
- Are there geographic features that affect national control, equity and unity? Is the country subject to climate stresses, population pressures or other natural constraints? To what effect?
- What are the main economic, political, and social groups in the country in question, and how do

	<p>they interact with each other and the state? Do elites and social groups more broadly share overlapping or cross-cutting identities, or do their interactions across identities tend to be limited? To what effect?</p> <ul style="list-style-type: none"> • How have different leaders and authority figures contested for and maintained the loyalty of groups across society over time? How has this helped shape social and political stability and patterns of inclusion/exclusion in relation to economic development and the provision of core services?
<p>Rules of the Game: <i>Formal and informal institutions (rules and norms) that shape the quality of governance and influence actors' behavior and their incentives, relationships, power dynamics, and capacity for collective action, and the extent to which public and private actors behave and interact according to rules that are widely known and accepted.</i></p>	
<ul style="list-style-type: none"> • Formal written rules governing the political system or a particular sector or problem (e.g. constitutions; access to information laws; gender quotas; education or health policies). • Informal understandings and arrangements (e.g. informal deals to maintain political support or stability; gender norms; clientelism or the exchange of favors and other benefits for political support, etc.). • How formal rules and informal norms or understandings interact to drive behaviors. • The extent to which state and society actors operate within both formal and informal “rules of the game” in ways that are predictable and routinized • Distribution of power, access and influence among different groups in both state and society as reflected within a country, sector, or problem. • Nature and quality of competition for political power and relations between political actors at the country, sector or 	<p>At the issue/problem level:</p> <ul style="list-style-type: none"> • How is the issue nested in sector, domestic and/or international formal institutional frameworks? • Who are the most relevant stakeholders or groups? What are the linkages and power relations between them? • What is the nature of the decision and policy-making process in relation to the issue in question? What kinds of stakeholders participate in or have voice and influence in these processes, how, and why? How does their participation impact both policies themselves and their implementation? • Are the laws and regulations on paper enforced in a consistent manner across the board, or are there implementation gaps? If the latter, what institutional factors help explain those gaps? • What are the institutional and power dynamics at play in the given issue or problem identified? How and why do these reproduce themselves or have become entrenched over time? • Are there behaviors around the issue or problem that are based in party politics or political competition, patronage relations, illicit activity 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. – affect this problem? <p>At the sector level (and relevant to the problem level for background and context):</p> <ul style="list-style-type: none"> • To what extent has sector performance varied as it relates to different groups (e.g. by area/region, ethnicity/religion, gender, etc.)? Where variation exists, what helps to explain it? • What are the most relevant stakeholders or groups in relation to a given sector, and what are the linkages and power relations between them? What are the key priorities, interests and demands at play, how are these articulated and organized and how do these different dynamics shape sector policy, processes and performance?

problem level.

- Formal and Informal institutions shaping economic activity (licit and illicit), tax, wealth and rents at the country, sector or problem level.
- Social networks and their influence; ideological, religious and cultural forces at the country, sector or problem level.

- What is the nature of the decision and policy-making process in relation to the sector in question? What kinds of stakeholders participate in or have voice and influence in these processes, how, and why? How does their participation impact both policies themselves and their implementation?
- What formal and informal institutional factors may contribute to uneven implementation of different policies within the sector and/or uneven performance of the sector (e.g. electoral dynamics, accountability pressures, clientelistic relations, etc.)?
- How do coordination mechanisms for the sector work across government and why? How do these relate to other relevant stakeholders (including, for example, Parliament, private sector organizations and civil society groups)?
- How is the sector funded and resourced, and how does this shape accountability dynamics across stakeholders within the sector?
- What rents are generated in the sector? How are these managed, and to what effect?

At the country level (and relevant to all levels for background and context):

- What formal legal frameworks (constitutional, legislative, regulatory) are in place regulating behavior within the state, the private sector, and civil society, and protecting basic rights and freedoms? To what extent are these followed and implemented in consistent and predictable ways?
- What kinds of informal rules (cultural or social norms, political understandings and unwritten arrangements etc.) have influence? How have these evolved over time?
- What global or regional agreements or agendas is the country a signatory of or aligned with? How are they perceived across state and society, and how much traction do they get in-country? Do they help influence domestic decision-making in any way?
- How do formal and informal institutions interact? Are they mutually reinforcing or do they pull in different directions? To what effect?
- Do formal or informal rules promote the interests of particular groups? How and why? To what effect?
- What is the nature of accountability mechanisms (both formal and informal) intended to keep power in both state and society in check, and how do they operate in practice? Why do they operate the way they do?
- How much engagement is there between the state and different groups in society, and what is the nature and quality of such engagement? For instance, are relationships conducted through personalized networks or more public engagement with broader, organized groups of citizens?
- What authority figures or organizations within and outside the state do citizens trust more/less? What does this imply for the kind of legitimacy different authorities and organizations have across the population?

Here and Now: This refers to how current events and circumstances influence the objectives and behavior of key actors /stakeholders, and how they respond to opportunities for, or impediments to change.

- How current events and circumstances influence the objectives and behavior of key actors / stakeholders and potential developments in the near future around a given issue or problem, a sector, or more broadly.
- Key actors/groups/stakeholders and their positioning and capacity to act vis-a-vis others for or against change in relation to an issue, sector or the broader political system.
- International or regional factors and actors that influence the incentives and interests of domestic actors within a given issue/problem or sector, or more broadly.

At the issue/problem level:

- What does the particular issue or problem look like now, and how are current contextual events and processes likely to impact how it continues to evolve?
- Does the issue or problem have a high profile in national or local politics, and why? How does the government view and react to the issue or problem? Is the issue/problem affected by political competition? Is it a campaign issue?
- Who are the main actors or stakeholders interested in addressing the problem and why? How do they derive their authority? How did they obtain/retain power?
- Which interests do they represent? Are interests and priorities across these different actors/stakeholders/groups aligned? If not, why not? How are these different groups positioned in relation to other groups who may be opposed to addressing the issue or problem, and what is the power balance?
- Are donors or other international actors or networks involved? How/why? What influence do they have to drive change? Are donor efforts collective or fragmented and why?

At the sector level (and relevant to the problem level for background and context):

- What is the profile and current status of the sector under study (including e.g., structure and organization; funds and aid flows; scale in relation to GDP and national budget; legal and policy frameworks; etc.)?
- How has the sector in question been performing? What are the most significant constraints/challenges/opportunities the sector faces and how are these likely to develop given the current context?
- How are the sector and sector actors being impacted by domestic and international events, personalities, and/or political and economic developments including e.g. partisan politics, trade dynamics, etc.)?
- What are the main actors, coalitions or ‘development entrepreneurs’ pushing for reform in the sector? How do they organize around to exert pressure and influence? How unified or fragmented are these different efforts? Why, and to what effect?
- Are donors or other international actors or networks involved? How/why? What influence do they have to drive change? Is it collective or fragmented and why?
- What is the reliability and coverage of available sectoral data in relation to vulnerable populations?

	<p>At the country level (and relevant to all levels for background and context):</p> <ul style="list-style-type: none"> • What are the main sources of support and opposition to the current government and why? • What is happening in the national context? Are there particular events or junctures (e.g. upcoming elections, or the hosting of an international sports competition), influencing reform processes? • What new pressures (e.g., climate change, HIV/AIDS, refugees, social media) have come to the fore? How do these pressures influence existing actors, structures and institutions? • How are current events, personalities, political and economic developments affecting the context and key actors? Who are the main leaders both for and against progressive change in state (including e.g. reformers, elected politicians, political parties in parliament) and society (including e.g., women, youth, business) that are emerging? How are they mobilizing support, across what issues and relevant groups/constituencies, and why? • What is the current state of the economy at the macro and micro level? How does this impact the state's ability of the state to perform key core functions, including the provision of crucial services at different levels? • What issues and/or policy-reform processes are prominent in the political agenda (e.g. tax, service provision, corruption, environmental concerns, gender issues, etc.)? How are different groups (domestic and international, across both state and society) organizing around them? What kinds of groups have the capacity to act, and the power to make their voice heard, and must be taken seriously by the government? Do these groups have interests that overlap – actually or potentially – with other groups, including those who may be more vulnerable and marginalized? • What are the major regional and global events, actors, networks, and trends that influence national social, political and economic processes and outcomes?
<p>Dynamics: The ways in which the analytical components of the framework (foundational factors, rules of the game, here and now) interact: How do they affect each other, and how do they influence/shape prospects for change?</p>	
<p>Key factors to consider</p>	<p>Types of questions to ask at different levels of analysis</p>
<ul style="list-style-type: none"> • Ways in which foundational factors, rules of the game and here and now interact. How these dynamics among them may open up or constrain space for progressive change at the problem/issue, sector, or country level. • Potential entry points for reform at the 	<p>At the issue/problem level:</p> <ul style="list-style-type: none"> • Is the balance of power and influence of pro- and anti- reform groups around a given issue/problem changing? If so how and why? • What is the potential for collective action among stakeholders? • Are there likely future opportunities to address the problem? Why? Timing, actors, and openings?

<p>problem/issue, sector, or country level.</p> <ul style="list-style-type: none"> Levels of complexity, uncertainty and risk in processes of change and reform at the problem/issue, sector, or country level. 	<ul style="list-style-type: none"> Is the space for reform opening or closing? Why? What indicators or other context monitoring and learning approaches can help track these factors, and determine the right time and best way to take advantage of opportunities? What are the contributions of different international factors and actors to whether and how the issue/problem is addressed or becomes more pronounced? Why? Where does uncertainty about addressing the problem and complexity surrounding the issue come from? How can that uncertainty and complexity be monitored and/or managed to reduce risk? What may be unintended consequences of change processes? What larger trends are apparent that may influence the issue? To what extent can the effect of these trends be predicted or not? <p>At the sector level:</p> <ul style="list-style-type: none"> Is the balance of power and influence of pro- and anti- reform groups within a given sector changing? If so how and why? What is the potential for collective action among stakeholders? Are there likely future opportunities for sector reform and policy change? Why? Timing, actors, and openings? Is the space for reform opening or closing? Why? What indicators or other context monitoring and learning approaches can help track these factors to determine when and how it might be most appropriate to take advantage of opportunities? What kind of influence might different international factors and actors have to contribute towards or undermine sector reform and why? Where do uncertainty and complexity around sector reform come from? How can they be monitored and/or addressed to reduce risk? What larger trends are apparent that may influence the issue? To what extent can the effect of these trends be predicted or not? What may be unintended consequences of change processes? <p>At the country level (and relevant to all levels for background and context):</p> <ul style="list-style-type: none"> What factors from the analysis above support or undermine coordinated action between multiple stakeholders towards a common goal? Are changes underway that would impact prospects for collective action favoring specific or general reform? Which events, processes, coalitions and/or leaders at the local, national and/or international levels are in flux and may be more/less likely to foster conditions or generate momentum within the
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	<p>existing context that are conducive of change? How do 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> <ul style="list-style-type: none"> • What are likely or possible pathways to change (e.g., demographic shifts, economic growth, new leadership, institutionalization of the law, collective action, etc.)? • What may be unintended consequences of change processes (e.g. further marginalization of vulnerable groups through the process of rapid economic growth)?
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IMPLICATIONS

What are the operational implications of the PEA analysis on USAID programming and ways of working?

Key factors to consider	Types of questions to ask at different levels of analysis
<ul style="list-style-type: none"> • The active involvement of USAID staff in deriving implications relevant to their own programming is critical to give PEA findings traction and its implications uptake. • There may be no obvious or automatic links between the insights derived from a PEA analysis -- be it at the problem, sector, or country level -- and specific aspects of policies or programs. • Programmatic implications need to be purposefully drawn out through engaged reflection about what foundational factors, rules of the game, here and now, and dynamics suggest about prospects for reform/change. • USAID is an actor in the local system. The Agency's positioning in the country and programmatic area--and the politics around donor efforts in general--will impact how and where USAID can engage on PEA findings. • Focusing on support for promising local forces for change and working with the 	<p>To inform design, redesign or programmatic adjustments of projects and activities:</p> <ul style="list-style-type: none"> • How do the political economy dynamics of a given country, sector, or problem shape opportunities and challenges for development? • What does PEA analysis suggest about identified/current USAID programmatic priorities, areas of focus and engagement, assumptions embedded in theories of change, selection of partners in-country. • What are some of the implications for the way USAID currently works in a given country, sector or issue? • What domestic incentives and pressures for reform/positive change already exist? To what extent are actors with an interest in reform/positive change actively seeking to advance those interests whether individually or collectively? How can they be supported most effectively to do so? • Are there cases within the country, sector, or problem area which have experienced relatively positive outcomes ("positive deviants")? What lessons can be drawn from such experiences? • To what extent do potential strategies, theories of change, or interventions emerging from the analysis impact gender and social inclusion, whether positively or negatively? Have potential trade-offs between inclusion and other programmatic objectives been considered and discussed? • What is the role and influence of USAID (and the USG more broadly) in a given setting? Given this, how is USAID positioned to respond to identified opportunities and constraints? <p>To inform Monitoring, Evaluation and Learning Plans:</p> <ul style="list-style-type: none"> • What contextual factors may either pose risks or create opportunities to accelerate current or potential programs and activities? How will they be monitored over time? • How can programs monitored and evaluated in ways support upward accountability while also

grain of the context (rather than focusing on pre-identified solutions) is key to effectively applying findings from PEA.

- enabling innovation and flexible ways of working in response to changes in context?
- How should risks be re-assessed to enable more flexible and adaptive ways of working that respond to political economy realities on the ground?
- Considering the analysis undertaken, how would you re-assess the opportunities and challenges for international development actors to engage with the particular problems, issues, sectors and country dynamics that have been identified so as to be as effective as possible?
- How will unintended impacts be measured over time, including those that relate to gender and social inclusion?
- Are current programmatic indicators and/or expected outcomes appropriate and reasonable given the local political economy, as well as timescales and resources?

To inform long-term Agency policy, budget and strategy discussions:

Have opportunities been identified that the Mission is unable to respond to, due to budgetary limitations, earmarks or other factors?

- Given the local political economy, needs within the system, and opportunities for influence and positive change, are adequate and appropriate resources (including budget and sector allocations as well as core staff skills and time) in place/available?
- Where opportunities have been identified that USAID is not currently in a position to act upon, are there possibilities of leveraging the resources of other actors to address the gap?
- To what extent has past USAID programming around a given issue, sector or country recognized political economy considerations and taken them into account?
 - Where PEA considerations have not been taken into account in programming why has that been the case?
 - What conditions and factors would make it easier for USAID programming to take identified political economy issues into account?