THINKING AND WORKING POLITICALLY
THROUGH APPLIED POLITICAL ECONOMY ANALYSIS

A GUIDE FOR PRACTITIONERS

Center of Excellence on Democracy, Human Rights and Governance

THINKING AND WORKING POLITICALLY THROUGH APPLIED POLITICAL ECONOMY ANALYSIS:

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INTRODUCTION

This guidance provides information on how USAID can *think* and *work* in ways that are more politically aware — an approach known as "thinking and working politically" (TWP) [1] — through the use of applied political economy analysis (abbreviated PEA; see Box 1). PEA is a structured approach to examining power dynamics and economic and social forces that influence development. Through programming that seeks to more rigorously respond and adapt to these realities, USAID is working to improve the effectiveness and sustainability of its international development efforts. PEA can help to operationalize the process of *thinking politically*, while USAID's initiative on Collaborating, Learning and Adapting (CLA), described later in this guide, supports the operationalization of *working politically*. Together, they can add significant value to a mission's strategy, projects and activities — offering the potential to address development challenges in all sectors. This guide follows the definition of politics as the process of determining "who gets what, when and how."

USAID is working to build a culture where staff and partners continuously explore the context of a given system, to adapt programming according to realities on the ground and opportunities and barriers that emerge. This work is not simply about a particular analytical product; perhaps more importantly, it's also about a mindset. This requires development

BOX 1: WHAT IS PEA?

Have you ever done everything right in a development program — followed every technical best practice — but still missed the mark? When this happens, it often relates to factors in the context beyond any external development actor's ability to control. PEA is an analytical approach to help understand the underlying reasons **why things work the way they do** and identify the incentives and constraints impacting the behavior of actors in a relevant system. By helping identify these influences — political, economic, social and cultural — PEA supports a more politically informed approach to working, known as "thinking and working politically" (TWP). Through TWP, USAID seeks to better understand the systems where we work and to identify sustainable, locally generated solutions.

Characteristics of PEA include:

- A concern with the role of formal and informal "rules of the game."
- An analysis of power and the processes of contestation and bargaining between economic and political elites.
- A focus on the interests of different groups.
- An analysis of how these interests impact development outcomes, at times to the detriment of broader development objectives.

Sources: DFID 2009; Rocha Menocal 2014

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[1] This term was originally coined by the Thinking and Working Politically Community of Practice. For further information see the TWP Community of Practice website: https://twpcommunity.org.

practitioners to undertake a deliberate and continuous process of understanding domestic dynamics, and of inquiring how our interventions — or prospective interventions — may interact with and influence those dynamics. *USAID's Applied PEA Framework is thus intended to be used in an iterative and ongoing manner to deepen understanding of the context, and then reflect upon the implications of this understanding for adjusting and adapting programs as the context changes or new information becomes available.* The framework outlines an analytical approach (or the "thinking" component in TWP) to help explore a question or puzzle that USAID staff would like to understand in greater depth. This involves reflection on: foundational influences (such as history or geography); the impact of immediate events and actors (such as leadership changes or natural disasters); and the institutional framework (encompassing formal laws and informal practices) that shapes the behaviors and outcomes observed. Considering all of these dynamics, incentives and interests, PEA investigates where locally driven opportunities for change may emerge and where constraints to such change may need to be addressed. For example, PEA may guide an exploration of the kinds of changes that may be possible when new leaders who espouse a commitment to combatting corruption gain power in a system that has historically been grounded in patronage. Finally, the PEA framework guides USAID staff to reflect on how insights emerging from the analysis might help inform operational practice. To clarify terminology used in this Guide, please see the Glossary of key PEA terms and concepts.

PEA can be initiated at any stage in the program cycle and is intended to guide adaptive management of smart, dynamic, locally owned and sustainable interventions. This guide describes how the use of applied political economy analysis can support more politically informed ways of thinking and working, with core resource documents and supplemental reference materials intended to support staff in operationalizing the process most effectively. This version of the guide updates the 2015 version.

1. WHY PEA AND THINKING AND WORKING POLITICALLY?

Institutions and Politics Matter for Development

One of the most important lessons to emerge among international development practitioners over the past two decades is that institutions (understood here as the formal and informal "rules of the game" that shape behavior in economic, social and political life) matter for development, and that behind institutions lie politics and power. Despite vast support from the international assistance community, increased resourcing and improved formal policies and systems, many developing countries struggle to adequately provide for the well-being of their people. From this, we understand that the challenge of development lies less in *what* needs to be done (whether it's building schools or providing vaccinations) and identifying the right "technical fix," but rather in *how* it is done (the processes and actors that facilitate or obstruct change). Getting to the "how" requires a solid understanding of the politics at work: Development actors need to understand the incentives, and the formal and informal power structures, in the contexts where they work (Rocha Menocal 2014).

This is potentially a major paradigm shift in international development — an "almost revolution," as Thomas Carothers and Diane de Gramont (2013) have called it. But what does it mean to "take politics seriously"? At one level, thinking and working politically may involve engaging in explicitly political goals, such as elections that are free and fair. Yet, even when addressing goals that are explicitly political, development actors often approach them from a technical perspective that is based on idealized, "best practice" models of change. Political and contextual realities are also critical to effectively advance goals and objectives that are not explicitly political in nature. Finance of health care, education and market regulation, for instance, are political issues in that reforms will create winners and losers. Thus, taking politics seriously needs to be about thinking and working in ways that are politically aware — whether working toward explicitly political objectives (like elections) or traditionally socioeconomic objectives (like health and education). Table 1 includes further reflections on how politically aware approaches may differ from traditional practice (Rocha Menocal 2014).

TABLE 1: MORE TRADITIONAL VERSUS MORE POLITICALLY AWARE WAYS OF WORKING

	More Traditional Approaches	More Politically Aware Approaches
Problem Definition and Identification	Technical problems due to lack of resources or technical capacity. Problems are identified through an orderly top-down process.	Institutions, power dynamics and incentives that are not aligned with reform efforts; problems are identified, debated and refined by domestic actors in an ongoing process of reflection and learning.
Vision of Change	More normative, based on what ought to be.	More strategic and pragmatic, based on what exists.
Changes Sought	"Best practice" based on a pre-established understandings or blueprints, top-down diffusion of innovation.	"Best fit" grounded in contextual realities, more organic change and "good-enough" reforms based on what is politically feasible as well as technically sound.
Implementation Approach	Linear, rational sequencing in fixed annual work plans and results frameworks; fidelity to plan, with more limited attention to risk, uncertainty and the potential of failure.	Iterative cycles of planning, action, reflection, revision (drawing on local knowledge). Explicit attention to risks, which are managed by making "small bets." Incrementalism based on trial and error.
Ways of Working	Provision of expert technical assistance and capacity development within limited timeframes.	Facilitating, convening and brokering partnerships and spaces for collective action based on long-term engagement, with focus on local ownership.
Ways of Learning	Periodic formal evaluation.	Rapid cycles of learning and reflection throughout program implementation.
Key Partners	Traditional donor stakeholders, including government institutions at different levels, regulators, service delivery civil society organizations, etc.	Greater attention to stakeholders outside the traditional comfort zone of donors, including "development entrepreneurs", local chiefs and power brokers, youth leaders, religious leaders, etc.
Indicators of Success	Easily quantifiable (and usually short-term) outputs aimed at higher-level outcomes.	Process-based indicators, with focus on fostering relationships and building trust, as a measure of gradual progress toward higher-level outcomes.

From Thinking Politically to Working Politically

The experience of donors over the last 10 years makes clear that taking politics seriously involves more than strong political economy analyses. Thinking and working politically is intended to be an ongoing process of engaging with and addressing development challenges. Until very recently, however, international development actors have been much more focused on the *thinking* component of TWP, often reducing the process to the production of a specific output or piece of political economy analysis. Acting on the insights and operational implications that emerge from such analysis—or the working differently component of TWP—has proven much more challenging. Working in a more politically aware manner entails asking more searching questions about how programmatic decisions are taken: what assumptions ground interventions; what activities should be undertaken and why; how activities are funded, and through which modalities; how progress is measured and risk is assessed; and what kinds of skills, relationships and networks are needed to deliver progress. Moving away from a focus on reports toward a culture of ongoing analysis, understanding and action is essential. Among other things, this shift calls for:
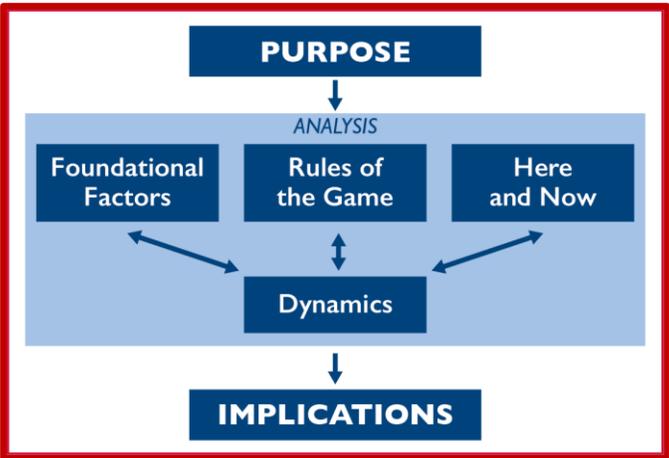
- Developing in-depth knowledge of the context and the multiple dynamics at work;

- Recognizing the complexities of development outcomes, resulting from inherently political processes, in which multiple contending actors seek to assert their interests in diverse societal arenas;

- Engaging with a diverse array of relevant actors (including those outside donors' traditional comfort zones), identifying areas of shared interests and building coalitions to support shared positive outcomes;

- Focusing on more strategic policy formulation and contextually grounded programming supporting sustainability, even where this entails compromises with respect to ideal technical solutions or immediate outputs;

- Embracing (by USAID and other development actors) a role beyond mechanism management, including active partnership in enhancing policy dialogue and facilitating domestic processes of change; and

- Identifying entry points to support reform efforts, even if long-term or "against the odds."

At USAID, these changes have significantly advanced through efforts such as the Local Systems Framework which defines sustainability in terms of a local system; the introduction of Collaborating, Learning and Adapting (CLA) as a framework for improving development effectiveness; and the mainstreaming of both within the updated Agency program cycle guidance, as defined through the Automated Directives System (ADS) 201 and associated supplemental guidance.

2. APPLIED POLITICAL ECONOMY ANALYSIS (PEA) AT USAID

The Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) Center of Excellence on Democracy, Human Rights and Governance (DRG Center) has developed an *applied political economy analysis (PEA)* methodology to operationalize a more politically informed approach to working, and to help USAID interventions recognize and respond more effectively to contextual realities. The components are explored in further detail below, while the "Applied PEA Framework" document provides guidance on the kinds of questions that need to be addressed as part of each component.

FIGURE 1. USAID'S APPLIED PEA FRAMEWORK

The USAID Applied PEA Framework builds on methodologies developed by other donors (most notably the Netherlands, the European Union, the United Kingdom and Australia) to better understand the politics and power structures in a given setting and how those shape development prospects. The framework consists of three main components: **purpose**, **analysis** and **implications**, as Figure 1 illustrates.

Purpose

The purpose defines the reasons for conducting a particular PEA. What are the main questions that the PEA seeks to address, and at what level? The purpose will shape the framing questions, methodology and reporting of findings and their ultimate intended use.

Analysis

The analysis provides the lens through which the questions outlined in the purpose will be explored. It consists of three main pillars and a crosscutting consideration of how the factors identified through those pillars are interacting, or may change in a way that affects the questions identified in the proposed purpose.

- *Foundational Factors*: These refer to deeply embedded, longer-term national, subnational and international structures that shape the character and legitimacy of the state, the political system and socio-economic structures. These tend to be fixed or slow to change, such as geography, borders with conflict-affected countries, natural resource endowments or class structures.

- *Rules of the Game*: These are the formal and informal institutions (rules and norms) that shape the quality of governance and influence actors' behavior, their incentives, relationships, power dynamics and capacity for collective action.[2] This encompasses both the formal constitutional and legal frameworks, as well as informal norms, social and cultural traditions that guide behavior in practice and the extent to which state, civil society and private sector institutions work according to known rules (in predictable ways).

- *The 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. This could include leadership changes, scandals, or natural disasters.

The final aspect of the analytical process is to draw from the three pillars above to consider:

- *Dynamics*: This references the dynamics and interactions between foundational factors, rules of the game and here and now. How do they affect each other, and how do they influence/shape prospects for change? For instance, what features are in flux and may drive an opening or closing of space for change? What international or domestic drivers of change are acting on the state, society and markets already? What levels of complexity and uncertainty are there in any potential changes that are identified? What are the incentives and disincentives for change; who are the potential champions and spoilers; and what kinds of alliances and coalitions can be encouraged to overcome resistance to change and promote reform?

Implications

Beyond the analysis described above, it is critical to consider potential implications for USAID engagement. This includes decisions on the timing, type and level of assistance most likely to maximize returns on investment, specifically the content of programming (e.g., focus and approach, the relevance and applicability of theories of change and embedded assumptions); and the selection of modalities (e.g., procurement mechanisms, budgets and procedures, partners or personnel involved). The analysis directs attention to deep structures and informal institutions (foundational factors and rules of the game) that shape the incentives and behavior of current actors,

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[2] Collective action refers to the work of a group to advance a shared interest. In development, one frequently confronts "collective action problems" — or cases in which many would benefit from an certain action, but the cost of the action makes it implausible that any individual would undertake it, and where the group faces challenges (such as size, geographic dispersion or social cleavages) to working together.

and help explain how governance works and impacts development performance. This can provide new insights into opportunities and threats faced by development actors. Box 2 outlines how PEA (and TWP more generally) can surface operational implications for USAID programming.

> **BOX 2: ASSESSING IMPLICATIONS FROM PEA ANALYSIS: QUESTIONS THAT APPLIED PEA AND ONGOING TWP CAN HELP YOUR MISSION ADDRESS**
>
> - How do the political economy dynamics of a given country, sector, or problem shape opportunities and challenges for development?
> - What is the role and influence of USAID (and the U.S. Government more broadly) in a setting? Given this, how is USAID positioned to respond to identified opportunities and constraints?
> - What contextual factors may pose risks to current or potential programs and activities?
> - Are current programmatic objectives, partners, approaches, indicators and expected outcomes appropriate and reasonable given the local political economy?

While important throughout the process, the engagement of USAID staff in deriving implications relevant to their own programming is critical. Experience indicates that the most relevant and useful implications are identified when USAID staff—who know the type of information they need to inform programming—drive the process. While this is an argument for conducting PEA entirely with USAID staff, external consultants can still play a supporting role. See Section 4 for more detail on how to conduct a PEA and how to involve USAID staff in the process.

3. WHEN TO CONDUCT A PEA

The USAID PEA Framework is designed for use at any stage of the USAID program cycle: This includes, for example, when designing a new country strategy or a new sector program or project, or when seeking additional information about a particular development challenge, or when there is a desire to test assumptions undergirding the theory of change of a given intervention. As such, a PEA can be conducted at different levels of analysis:

1. **Country Level:** To investigate the political economy factors driving development progress. At this level, PEA most often informs or updates broad strategic planning efforts.

2. **Sector level**: To consider the key actors, incentives, relationships and resources at play within a given sector, such as water, health, education, environment, climate change, justice, etc. Sector-level PEAs inform strategies, or come into play prior to new or large investments in the sector.

3. **Problem or issue level**: To analyze the forces that create a specific developmental or governance challenge. Examples include fisheries management, wildlife trafficking, HIV/AIDS, environmental impact assessments and public service reform. Problem/issue-level PEAs often focus on the project/activity level and can be undertaken at the design or implementation stage.

> **BOX 3: KEY PEA TEAM CAPACITIES AND ASSETS**
>
> - Experience with applied PEA
> - Strong network of key stakeholder in the sector (e.g., from a Foreign Service national)
> - Local subject matter expertise (e.g., from a local researcher)
> - Expertise from key mission technical sectors and embassy staff
> - Logistical support
> - DRG technical knowledge
> - Writing capacity appropriate to desired deliverables

"PEA Levels of Analysis" provides greater detail on these levels of analysis and their advantages and limitations. In the end, the best level to focus on will depend on the intended purpose of a given PEA, the kinds of questions it seeks to address and when within the program cycle strategic PEA inputs or programmatic adjustments are sought.

See also the "Applied PEA Framework" for guidance on the kinds of questions that can be asked at different levels of analysis. As this guide has emphasized, applying PEA is not about producing a single report or output at a given point in a program cycle. When conducting an applied PEA study for the first time, the goal is to help the mission begin a regular exploration of development challenges from a more politically aware perspective, build this perspective into ongoing learning and adaptation and offer new ideas to consider in adjusting a program to achieve deeper or more sustainable results. The processes of understanding political dynamics, adjusting and tailoring USAID practice accordingly, and learning and adapting are intended to be ongoing. Many missions have found that an initial study that involves their team in field research and builds a shared understanding of a particular development challenge can be of critical support to their ongoing efforts to think *and* work politically. Section 4 outlines the process for this initial study.

4. GETTING STARTED: CONDUCTING A BASELINE PEA STUDY

The applied PEA process begins with a mission team's decision that they need to pursue a deeper understanding of a development challenge — whether to inform strategic planning, a sector strategy, a project or activity design or a specific issue that emerges in implementation. (Please also refer to "Pre-PEA Checklist", highlighting issues and questions a mission should keep in mind to decide whether or not to embark on a PEA process.) Within the PEA framework, this is framed as the purpose of the research, as described above. A mission will then take the lead in writing a statement of work (SOW) reflecting this purpose, the questions to be addressed, the methodology, the roles of team members and the skill sets required to guide identification and recruitment of team members, whether internal or external. (Supplemental reference materials include sample SOWs for PEA studies). Mission engagement and leadership are essential throughout the PEA process; although Box 3 provides an illustrative list of the skill sets required to conduct a PEA study, such a "dream team" of expertise is not always possible. The research team must, however, include skills in applied PEA research, subject matter technical expertise, knowledge and access to relevant local contacts and logistical support. See Box 4 for a general description of resources required for PEA baseline study.

> **BOX 4: RESOURCES REQUIRED**
> **FOR A BASELINE PEA STUDY**
>
> The time required for a baseline PEA depends on the nature of the topic(s) being addressed, the depth and rigor of the research and the size and capabilities of the team, including their level of initial knowledge of the question. The overall resource commitment can vary greatly depending on different models, and should reflect the intention for a PEA to launch an ongoing process, to reflect on rapidly changing dynamics.
>
> PEA costs include wages, travel, lodging, meals and communications for researchers and logisticians, in addition to mission staff time. While PEA leads are frequently ex-pats, where the capacity exists, working with a local PEA lead can be an excellent lower-cost option. Examples of scopes of work with indicated level of effort (LOE) are available in the Guide's supplemental reference materials.

A thorough literature review related to the questions under study is a critical component of an effective PEA process. Synthesizing existing knowledge in a brief inception report ensures that team members have the basic minimum knowledge, and identifies knowledge gaps for further research. Further guidance on conducting a literature review is in the supplemental references to this document.

At the outset of fieldwork, the research team and key knowledgeable stakeholders should come together for a workshop spanning one to three days to familiarize all participants with the methodology, finalize research questions, develop an interview guide and plan for fieldwork — including, critically, team logistics. Fieldwork is likely to take approximately two weeks, but could be shorter or longer depending on the scope and depth of the inquiry and the resources available. The research question(s) should guide decisions about stakeholders to interview, with an ongoing effort to incorporate new perspectives that collectively provide a balanced view of interests impacting a particular

development challenge. Throughout data collection, the team must analyze the incentives (implicit and explicit) influencing the behavior of key actors. To build confidence in the data, the research team should meet regularly to compare notes or "triangulate" information, and consider approaches (including follow-up meetings) to address areas of disagreement. Different interpretations of data should be noted and recorded, as they may inform focal areas for further learning over time.

BOX 5: STEPS OF AN APPLIED PEA STUDY		
PEA Step	**Time Required**	**Staff Member**
1) Identify purpose and prepare a detailed statement of work.	12 – 8 weeks prior to field research	Mission lead
2) Confirm PEA team: mission staff, USAID/Washington support, local experts, logistical and support staff.	8 – 6 weeks prior to field research	Mission PEA team
3) Conduct a literature review with initial analysis.	6 – 4 weeks prior to field research	PEA team
4) Produce initial draft agenda and proposed research questions/interview guide.	One -two weeks prior to field research	PEA team
5) Hold an applied PEA workshop in country to finalize research agenda and questions.	1 – 3 days before field research	Team member experienced with PEA
6) Conduct the field research.	2 weeks	PEA team
7) Analyze and synthesize data.	2 days	PEA team
8) Brief mission and sector leadership on preliminary findings and discuss implications.	After the conclusions of field research and prior to departure of international team members	PEA team
9) Report on preliminary baseline findings.	2 – 3 weeks following field research	PEA team
10) Prepare final report.	4 – 6 weeks following field research	PEA team
11) Consider implications and further learning.	Ongoing	Mission staff

Upon completion of field research, the team should meet to discuss findings, debriefing(s) (with the mission and other stakeholders) and reporting. The latter can take multiple forms (standard report, PowerPoint, bulleted findings, etc.) but should reflect the question(s), the strategic or programmatic need and the PEA framework. It should address where learning from the PEA may inform these processes over time. Whatever the form of output, it should be concise and clear to encourage reading and application. Reporting should be shared with key people in the mission to serve as a baseline record for ongoing iterative PEA processes, to be discussed further below. Box 5 provides a brief outline of the steps and effort involved in conducting a baseline PEA study. Please see "The Applied PEA Baseline Assessment Process" for a detailed description.

The ultimate strength of the PEA process depends heavily on the level of engagement of the USAID staff commissioning the study, whose guidance will make the implications emerging from a particular study actionable or practical. Ideally, these staff will assume a degree of leadership in the initial scoping workshop and participate in the research team. By doing so, they learn directly about actors and interests that affect the potential for reform and broaden their networks to update this understanding in the future. Second best, but far from optimal, they would be involved in PEA planning and attend PEA out-brief meetings to discuss findings. Past experience with PEAs has demonstrated that ultimate uptake of PEA findings in the planning, design or modification of development interventions depends heavily on the extent to which USAID mission staffs understand and own the PEA research process. While true of many assessment frameworks, it is especially important given that programming from PEA

findings can force a reconsideration of previous assumptions. Commitment to mission ownership of the process and findings is a key aspect of planning to conduct an applied PEA.

5. INSTITUTIONALIZING PEA: RELATIONSHIP WITH CLA AND ADAPTIVE MANAGEMENT

While conducting a PEA can help USAID staff gain a deeper appreciation of the country, sector or problem context in which they will make decisions on how to invest USAID funds, it is just the beginning of the process of *thinking and working politically*. *Working politically* requires translating insights from the PEA into their implications for USAID support, and adapting programs accordingly through an ongoing process of testing and learning. USAID actively supports these more flexible and adaptive ways of working through *Collaborating, Learning and Adapting*, detailed in Box 6 (right).

Even when an initial baseline PEA helps answer the questions under study, it is only a snapshot of a given moment. Changes in the operating environment can — and often do — impact a project or activity's basic assumptions, theory of change and the efficacy of project/activity design and technical approach. Moreover, as activities are implemented, learning naturally emerges from challenges and successes. Planning systematically to collect, organize, document and analyze a stream of (relatively) real-time information to monitor a project or activity's progress — as well as contextual factors that are likely to impact future progress — can help address challenges more immediately and support programmatic success. Working politically calls for a strong collaborative relationship between key USAID mission staff and implementing partners. See Box 7 for some key ingredients to support working politically.

> **BOX 6: COLLABORATING, LEARNING AND ADAPTING (CLA)**
>
> USAID's CLA is a process of strategic collaboration, continuous learning and adaptive management. CLA is designed to facilitate adaptive management to ensure that progress toward development objectives is guided by continuous learning, through analysis of a wide variety of information sources and knowledge. The intent is to continuously assess the causal pathway to desired outcomes and adjust activities as necessary to yield the most effective course of action.
>
> Given the similar methods and goals of PEA and CLA, their combined use can enhance program effectiveness. CLA can enhance iterative PEA by offering an ongoing monitoring, evaluation and learning system that Mission and implementing partner staff can use simultaneously to operationalize thinking and working politically. This can be achieved through indicator monitoring and analysis to investigate the suitability of indicators over time in measuring outcomes. It can also be achieved through learning agendas that focus on power relations and other political economy dynamics.
>
> Iterative PEA can inform CLA processes through research on issues relevant to programs and the convening of issue-based forums with partners to discuss the possible strategies to achieve certain program outcomes. These activities are designed to keep partners aware and informed on key and unexpected socio-economic and political developments and are considered highly significant to achieving desired outcomes.

How can USAID staff engage in applied PEA and TWP as an ongoing and iterative process that does not begin and end with a single study? One option is to conduct formal PEAs at various time intervals. While it offers a robust update of the understandings of the political economy around particular issues, this kind of effort and engagement may not always be possible or desirable given time constraints and other limited resources. A less onerous alternative is to carry out a simpler form of analysis

on a more regular basis. One example of this is the Everyday Political Analysis (EPA) tool developed by the Developmental Leadership Program (Hudson, Marquette and Waldock 2016), which is explicitly intended as a "practitioner-friendly" tool. Another light-touch strategy to keep up with shifting political realities is the "one-hour conversation" approach developed by the Effective States and Inclusive Development (ESID) Research Center to explore headline questions related to areas of interest.

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BOX 7: INGREDIENTS TO SUPPORT POLITICALLY INFORMED PROGRAMMING

Programming in a politically aware manner incorporates ongoing learning related to relevant political economy factors, along with procurement instruments that enable sufficient flexibility to respond to findings from this analysis.

Likewise, key USAID mission and implementing partner staff must: recognize the value of PEA processes; have the skills required to actively engage in learning, analysis and adaptive management; and be incentivized to prioritize these functions, including within job descriptions.

The resources required to maintain sufficient knowledge of the political economy vary. It may require an investment in development of analytical skills and allocation of time to engage and learn from stakeholders. Where this is impractical, staff can work with partners and implementers to supplement their internal knowledge and analysis.

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Ultimately, TWP — involving both PEA concepts and CLA approaches — calls for a different relationship between USAID and the implementer. USAID staff must incentivize partners to continue learning about the environment, and to share that information in a way that supports shifts in programming as possible and necessary. For the implementer, this means using public events, training workshops, embedded technical assistance, monitoring and evaluation data collection, etc., to gain a deeper understanding of the prospects for change and implications for the program outcomes.

Key partner staff trained in PEA can compile and analyze issues affecting programing to be shared and discussed with key mission counterparts on a regular basis. This both builds understanding of the contextual variations impacting targeted project/activity results and supports a renewed relationship between USAID and partners. More precisely, this can be achieved through the use of context indicators, updates on key PEA questions/issues in quarterly reports, partners' meetings, annual reports, work planning and portfolio reviews.

Applied PEA represents an ongoing process of reflection and adaptation as contextual realities evolve or are better understood and as lessons emerge about how interventions could be adjusted to make them more responsive to conditions on the ground. *In other words, applied PEA enables a process of thinking in a more politically attuned manner and adapting our work in response.* Since its introduction in 2015, USAID's Applied PEA Guide has supported the development of more contextually grounded programming in a range of sectors and every region where the Agency operates. With the support of ongoing reforms to promote greater adaptability, flexibility and learning in the way USAID works, including CLA and ADS 201, prospects are strong for continued progress around thinking and working politically in the coming years.

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For additional core resources and supplemental reference materials, please see:

https://usaidlearninglab.org/library/thinking-and-working-politically-twp-through-applied-political-economy-analysis-pea-guide

**For more information or to inquire about a PEA for your Mission or activity,
contact the Cross-Sectoral Programs Division at dcha.drg.cspmaillist@usaid.gov.**

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CORE RESOURCES

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

The Applied PEA Baseline Assessment Process

PEA Levels of Analysis

Glossary

Pre-PEA Checklist for Missions