



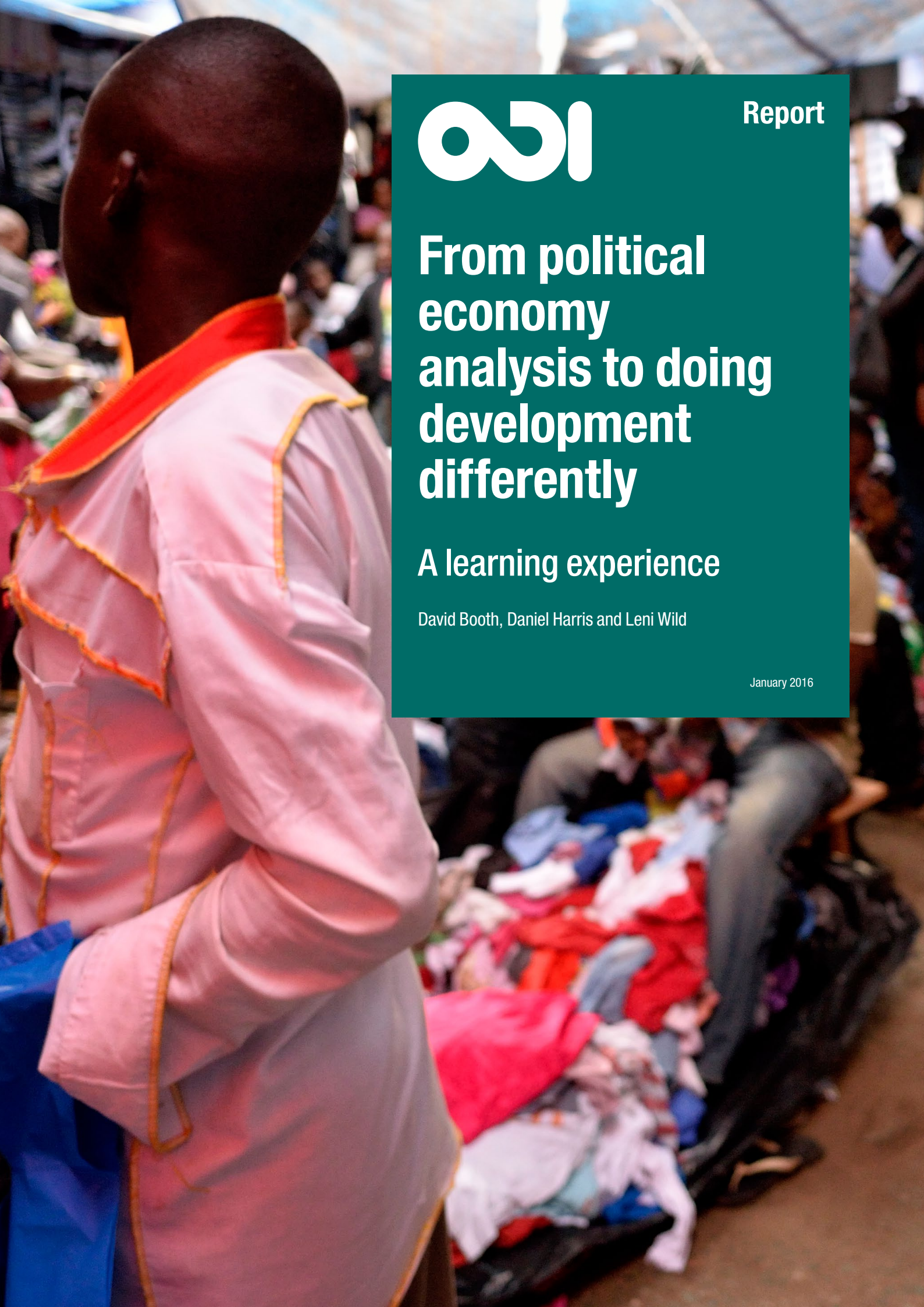
Report

From political economy analysis to doing development differently

A learning experience

David Booth, Daniel Harris and Leni Wild

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Overseas Development Institute

203 Blackfriars Road
London SE1 8NJ

Tel. +44 (0) 20 7922 0300
Fax. +44 (0) 20 7922 0399
E-mail: info@odi.org.uk

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Acronyms

APPP	Africa Power and Politics Programme	PEA	Political Economy Analysis
AusAID	Australian Agency for International Development	PoGo	Politics and Governance
DAC	Development Assistance Committee	QAI	Quality at Implementation
DCED	Donor Committee for Enterprise Development	SAVI	State Accountability and Voice Initiative
DFAT	Department of Foreign Affairs and Trade	SDC	Swiss Agency for Development Cooperation
DFID	Department for International Development	SGACA	Strategic Governance and Anti-Corruption Assessment
GovNet	Governance Network	UK	United Kingdom
M4P	Making Markets Work for the Poor	UN	United Nations
NGO	Non-Governmental Organisation	UNRA	Uganda National Roads Authority
ODI	Overseas Development Institute	US	United States
OECD	Organisation for Economic Co-operation and Development	USAID	US Agency for International Development

Summary

Under what conditions does an understanding of political economy strengthen aid-supported development efforts? This paper sheds light on this question by reflecting on the experience and engagements of a small team of policy researchers in the Politics and Governance Programme (PoGo) of the Overseas Development Institute (ODI). Since around 2009, the work of this group has been largely focused on supporting the movement towards politically smarter development assistance. Three particular areas of work are considered in the paper: problem-focused political economy studies; training in applied political economy analysis (PEA) for development agency staff; and direct engagement with donor operations.

The PoGo team has learned a great deal over the past seven years. Lessons from our own experience have combined fruitfully with intellectual exchanges within the wider community of development professionals that shares our commitments. The effect has been to move our thinking and priorities away from a belief in the independent contribution of well-focused and appropriately timed political economy studies, and towards a perspective that gives a more prominent place to alternative approaches to programme design and management. Awareness of political economy seems to be a natural component of development work that is problem-driven and adaptive, whereas adding better analysis to programmes that are pre-planned in detail and have limited room for manoeuvre has a weak impact. For this reason, those advocating politically smart aid need to get more seriously engaged with improving the internal procedures, practices and incentives of funding agencies and their implementing partners.

We have been led to this conclusion in steps, and to some degree independently in the three areas of our political economy work. In revisiting a 2009 study of roads sector reform in Uganda, we find that it did contribute in a useful way to a Department for International Development (DFID) programme design process. However, the dominant factor in the shaping of the CrossRoads programme, explaining both its strengths and its blind-spots, was the prior exposure of the DFID advisor to a progressive programming approach (Making Markets Work for the Poor, M4P). A parallel experience in Vietnam underlines the primary influence of the thinking inside the agency and the relatively weak influence that can be exercised by commissioned analysis, particularly a one-shot study of a rapidly evolving situation.

Importantly, our experience does not confirm the claim in some academic studies that donor staff have difficulty breaking out of a technocratic mind-set and are uninterested in engaging in a realistic way with the political-economic contexts in which they work. Rather, it highlights that formal analysis can play only a minor role, by nudging programming in the right direction. Much more influential are a set of factors internal to the organisation, to do with incentives and motivations.

In partnership with The Policy Practice, PoGo has committed major efforts since 2008 to training the staff of DFID and several other large development agencies, delivering a three-day course called PEA in Action. The course is generally very well received, thanks to a strong combination of trainer-led sessions and participant-led practicals, with professional facilitation. The course can plausibly claim to have brought a basic awareness of analytical tools for grounding development practice more firmly in an understanding of country realities to around 800 people.

The course has been improved over the years, making more and better use of concrete case studies and participants' tacit knowledge, and tackling the challenge of getting from better understanding to more effective action by incorporating stronger elements of theory of change thinking. However, it continues to suffer from two limitations as a means of promoting politically smart development practice: a limited ability to challenge conventional thinking about the politics of development; and insufficient recognition that starting from country realities includes recognising complexity and its corollary – that politically smart working must be adaptive.

These deficiencies may be able to be remedied with some redesign of the three-day course. The challenges faced in responding to demands for short trainings in PEA within non-governmental organisation (NGO)-led programmes at country level are more severe. Detached from critical consideration of programming options, training in PEA has limited potential.

Partly in response to learning about the limits of studies and training, PoGo team members have become more directly involved in working with or advising on specific donor operations. One strand of this experience has been collaboration with leaders of the movement for 'thinking and working politically' within the Australian aid system. The structure of that system has posed some particular challenges and created some unexpected opportunities for extending political economy concerns and capabilities

concentrated at headquarters into country-level operations. However, a more intractable problem has been finding viable entry points for analytical work within the typical programme cycle.

PoGo political economy research went through a similar learning process on a broader front. Working with DFID country offices, the World Bank and a number of international NGOs, we explored concepts and practices for making political economy insights relevant to particular basic service delivery sectors. Much was learned about how to combat the perception that PEA is of special and even exclusive interest to ‘governance’ specialists. However, a broader and more important lesson was that sector specialists are hindered much less by inability to grasp political context than by a practical dilemma – what to do differently.

Doing development differently is one of the nicely alliterative phrases that have come to be used internationally to express the new attention being given in many quarters to ways of working that facilitate, among other things, politically smart operations. Networks and partnerships around this theme have helped the PoGo team make sense of their own experience. They have led us to the conclusion that refining and applying insights from political economy has an important place in the context of adaptive development work but cannot be expected to contribute much so long as programming fails to deal with complexity and uncertainty by bringing learning and

adaptation centre-stage. Building on current partnerships with The Asia Foundation, Matt Andrews’ Harvard-based group and key interlocutors in DFID and the World Bank among others, our work is now giving priority to exploring how best to realise the potential for politically smart, flexible and adaptive working in funding agencies and their implementation partners. Some of this is about improving the evidence base around different ways of working. A good deal of it is about adjusting rules and procedures so individuals and organisations are protected and motivated to take steps that make good sense but may not be supported by adequate precedents.

Development aid that is fully informed and guided by a sophisticated understanding of context remains, in the memorable phrase of Carothers and de Gramont, an ‘almost revolution’. The literature on the subject is full of dismal interpretations that attribute the setbacks experienced in the movement for politically smart programming to inherent limitations in the business of aid or failures in the analytical frameworks used. Our experience as explained in this paper suggests placing more emphasis on the weaknesses of PEA as an entry point for transforming development work and the feasibility of approaching the same challenges from a different angle – starting with ways of working. Taking this vision forward will call for a broader and more inclusive consensus-building effort than anything that has taken place so far.

1 Introduction

Ten years ago, the Governance Network (GovNet) of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) commissioned a review (Dahl-Ostergaard et al., 2005) and hosted a workshop on the use of Power and Drivers of Change Analyses in development cooperation. The event was one of the early markers of the ‘almost revolution’ eloquently described by Carothers and de Gramont (2013) – the movement towards politically smart development aid. It responded to the growing appetite in DAC agencies for in-depth studies of institutional constraints and opportunities in partner countries.

The 2005 review was cautious about the potential for better understanding of country contexts to transform donor programming for the better. It nevertheless contributed to a number of further trends, including the wider adoption of frameworks for country context analysis by bilateral and multilateral development agencies; the commissioning of more problem- or sector-focused studies; training programmes to familiarise donor staff with principles of applied political economy analysis (PEA); and greater efforts to involve political economy specialists more directly in operational work at country level.

In 2015, the same topic is again on the agenda of GovNet meetings. DAC member agencies are invited to pick up the challenge of delivering better support to developing countries by ‘thinking and working politically’ (OECD GovNet, 2015). This agenda is not the same as that of 10 years ago. There is a great deal more experience to draw on. The global context has changed in some very significant ways. However, the topics under discussion include many constants. Despite 10 years of accelerated effort, the landscape of development cooperation has not yet been transformed to the extent some of us had hoped and even expected. The revolution remains ‘almost’.

Were we naïve? Were the wrong instruments chosen for promoting the agenda? Was the attention given to country context analysis, as opposed to, for example, understanding the incentives built into the business of aid, misplaced? All of these questions are usefully being debated and may well need to be answered in the affirmative. But understanding the how and the why is

important, and, in charting a way forward, the nuances matter. This paper explores some of the intricacies of the experience and underlines a few of its finer points from the perspective of some of those involved actively in promoting political awareness in developmental reform and aid.

The past 10 years have provided a rich learning experience for all those concerned with politics and development assistance, whether as students of the politics or political economy of developing countries, as politically aware development practitioners or as consultants or trainers seeking to make links across the worlds of research and practice. Different things have been learned in different circles, and this paper does not claim to speak for all of them or to provide a comprehensive balance-sheet.¹ It is a record of the experience of one small team of policy researchers at the Overseas Development Institute (ODI)² who have been significant contributors, along with like-minded professionals in organisations such as Agulhas, Oxford Policy Management, Palladium and The Policy Practice, to the movement for politically smart aid in the UK.

Without losing sight of the 10-year perspective, the paper focuses particularly on what we think we learned from around 2009. In 2009, ODI’s Politics and Governance (PoGo) cluster was reconstituted as an independent programme and began a process of steady growth. A major focus of the programme’s business plans from that time to the present has been advancing policies and programmes based on realistic assumptions about the political economy of development.

With members of The Policy Practice, PoGo helped draft the UK Department for International Development’s (DFID’s) first How To Note on Political Economy Analysis (DFID, 2009). Having previously contributed to the first round of Drivers of Change studies for DFID and to the series of Strategic Governance and Anti-Corruption Assessments (SGACAs) for the Dutch, we also ventured into the problem-focused sub-genre of commissioned political economy studies. This started with an analysis of change prospects in the governance of roads in Uganda. Around the same time, we began collaborating with The Policy Practice to deliver what has become a continuous

1 The literature on the subject includes a small number of previous ‘lessons learned’ pieces by participants (Copestake and Williams, 2014; Duncan and Williams, 2012; Thornton and Cox, 2005) and a much larger number of more external assessments based on documentary analysis and interviews, some in a highly sceptical vein (Fisher and Marquette, 2014; Hout, 2012, 2015; Yanguas and Hulme, 2015).

2 Politics and governance work at ODI has other strands, including security and justice research, which are not discussed in this paper.

series of three-day training events called Political Economy Analysis in Action.

The PEA in Action course has now been delivered nearly 30 times for staff of DFID and half a dozen other agencies, with a fixed style but evolving content reflecting internal learning as well as major developments in the field. From the outset, this was seen as something more than routine capacity-building. Between 2007 and 2012, PoGo hosted a major research collaboration, the Africa Power and Politics Programme (APPP; www.institutions-africa.org). The training effort was seen as, among other things, a vehicle for translating major findings from comparative political research into operational advice for practitioners.

In recent years, several opportunities have arisen for broader and deeper engagement with the challenges of using understanding of political economy to transform aid. In 2013, PoGo's work experienced a salutary opening towards Asia and the Pacific, initially in response to growing interest in PEA in the Australian aid programme. A version of the DFID training, PEA in Action was offered in Canberra, and to the then-Australian Agency for International Development (AusAID) posts in Jakarta and Manila. Two streams of further work were opened up following these encounters, one involving a continuous engagement of PoGo staff with Australian country programmes in Melanesia and Southeast Asia, the other a fruitful joint learning experience with The Asia Foundation around Australian- and US-funded reform initiatives in Bangladesh, Cambodia, Mongolia and the Philippines.

These new collaborations in Asia and the Pacific were part of a larger effort to test the practicality of political economy with a range of operational partners, including DFID, the World Bank and international non-governmental organisations (NGOs). The main focus here has been on operations in Africa. Since 2011, with support from a DFID accountable grant and other funders, PoGo has been delivering a research programme whose central questions concern the political and governance drivers of improved public goods and service provision in developing countries. Building on and extending the findings of APPP on governance for development in Africa, this stream of work has added sector specificity to some of the broad propositions generated by research into political barriers. This has led to a gradually deepening engagement with health, education, water/sanitation and, most recently,

economic growth specialists, connecting research findings with operational dilemmas and choices.

In none of these phases was our learning unaided or self-contained. Like everyone else, we have been influenced not only by our own frustrations and inadequacies but also by the emergence of new and sharper ideas in the community of practice committed to smarter development interventions and in the wider fields of political science and development management.

Within the community of practice, the ideas about problem-driven diagnostics developed by the political economy cluster at the World Bank (Fritz et al., 2009, 2014; Levy, 2014) were an important stimulus. From the latest thinking in political science to which APPP exposed us (e.g. Katznelson and Weingast, 2005; Lichbach and Zuckerman, 2009), we learned how to avoid the unproductive intellectual turf wars that used to influence approaches to institutional analysis. This allowed us to draw freely on insights of potential practical value from different academic traditions. We borrowed heavily, also, from the field of policy and programme evaluation, especially the literatures on theory-based and realist evaluation (Funnell and Rogers, 2011; Pawson and Tilley, 1997). And, more recently, we took rapidly to the revival of thinking about adaptive programming initiated by Matt Andrews and his colleagues at Harvard (Andrews, 2013; Andrews et al., 2013).

In all cases, however, the ideas we borrowed met a need that had already emerged from our practical interactions, as clients, trainees or co-workers, with specific country realities, particular aid programmes and different donor constituencies. How exactly those needs were identified and how PoGo's perspectives shifted in response are among the central matters explored in this paper. We believe it is worth sharing these details despite their partial and sometimes rather parochial character. Our hope is that our story can serve, along with other evidence, to enrich discussion of the overarching question: when and how are development efforts strengthened by awareness of political economy?

The paper tells the story in three parts, corresponding to Sections 2-4 below. Section 2 deals with the impact of commissioned political economy studies, assessing in particular the gains that have been had from moving from broad-brush country context analysis to more

problem-driven or problem-focused exercises. Section 3 is about training, particularly the PEA in Action experience with DFID and other official agencies but also smaller-scale interactions with development NGOs. Section 4 recounts experiences and lessons learned about more and less effective ways of working directly with the staff of development agencies to embed political economy sensibilities into routine planning processes. The initial focus is on how we engaged with the rapidly transforming Australian aid and foreign affairs system. We then deal more broadly with our research-based and operational interactions with DFID and a range of other organisations. Section 5 concludes.

To an important degree, the three parts of the story are about parallel processes, all of them ongoing and with an overlapping cast of characters. However, in terms of trends in the field they also represent successive moments, reflecting growing hesitations concerning the value of one-off commissioned studies, however well focused and well managed; increasing recognition of the need to internalise political economy thinking within agencies; and, most important, the inextricable linkages between becoming politically smart and adopting more realistic, adaptive approaches to programme design. Our conclusions on how to move forward support a quickening and deepening of this trend.



Road in Kampala, Uganda. Credit: David Hamill

2 Political economy studies and the problem of uptake

Key messages

- Donor advisers are often hungry for more realistic engagement with political-economic contexts
- Problem-focused analysis, or the interactions involved in producing it, gets us closer to satisfying this hunger
- But the factors enabling or limiting uptake of political economy insights are largely internal to the donor organisation

From the very first reviews of experience with commissioned political economy studies, the principal questions asked and doubts expressed were about whether we could observe any noticeable impact on decision-making. The most persistent doubters continue to be unsurprised by findings about limited or uncertain impact, attributing them to an inherent inability of donor agency staff to think in non-technocratic ways or to embrace in full the political character of development progress. Development assistance is ‘an anti-politics machine’ (Hout, 2012, citing Ferguson, 1990) and it is entirely predictable if insights about politics fall on stony ground.

We think this is too simple. On the basis of extended formal and informal interactions with the professional staff of donor agencies, we have seen little evidence of unwillingness to value and think seriously about power and politics. We do observe plenty of behaviour constrained by unhelpful rules and procedures derived from wrong-headed planning concepts, but these constraints arise to a significant extent from the fact that the aid business is steered by a political and public debate that presents a highly simplified reality. Moreover, we recognise that proponents of politically smart approaches (including ourselves) have not always been very good at articulating what would need to change within donor agencies and the aid relationship in order for better understanding of country politics to have real purchase on decision-making and ways of working.

2.1 What sort of uptake problem?

It deserves consideration, therefore, that the reasons political economy studies have had a less than transformative effect on development assistance programming have to do with either the nature of the studies or the manner of their insertion into donor decision-making processes. The second of these factors, especially whether the exercise was timed and viewed as an input into a country strategy or equivalent planning process, is of obvious importance. In the era in which country studies under the Drivers of Change rubric were the principal type of exercise, few were integrated in a rational way into a country planning process.³ This alone goes a long way towards explaining limited uptake. The principal exception from that era was the comprehensive Drivers of Change exercise in Nigeria, which was designed as a way of reshaping DFID’s country programme and succeeded in doing so.⁴

Some country context studies came up with specific recommendations to the sponsoring donor but the timing was all wrong for their adoption. This applies to the ODI-led Ghana exercise, which warned against general budget support soon after a decision had been taken to adopt this modality as a central part of DFID’s country programme. But, more generally, Drivers of Change studies were pitched at rather a high level, trying to explain the elements of the country’s trajectory and institutions in accessible

3 This was certainly true in the two exercises we ourselves led (Booth et al., 2004, 2006).

4 See the summary in Duncan and Williams (2012).

terms within a limited number of pages. They were good at raising the level of understanding in some country offices (Thornton and Cox, 2005), including – we might add – by stimulating more relaxed exchanges between locally hired and international staff. They were not good at suggesting what new actions the agency might consider, or which they should stop taking. That was true even when – not always the case – the consultants were well versed in current debates about alternative aid modalities and practices.

It was in this context that commissioned studies started to be used less to promote broad understanding of country-level issues and more to illuminate specific blockages in development processes, at sectoral or sub-sectoral levels. The belief that came to the fore in the later 2000s was that, if analysis were problem-driven, it would stand a better chance of contributing to the formulation of solutions. The group at the World Bank began writing up case studies illustrating the argument (Fritz et al., 2014). In the Bank context, problem-driven PEA was a formula that simultaneously avoided any implication of involvement in country politics and maximised the potential appeal to task team leaders responsible for delivering programmes. But the general idea was plausible in other agencies, and DFID's 2009 *How To Note* embraced problem-driven analysis and analysis focused on a specific sectoral or cross-cutting issue alongside macro-context analysis.

Was this a better way of delivering political economy insights to donors? It certainly felt that way to those who had experienced the lukewarm response to our country studies and found a new kind of interest in our efforts among sector specialists facing practical programme choices. But the evidence base does not exist for a general response to this question. At best we can offer some hypotheses based on two experiences we know well, at least one of which has benefited from the desirable follow-up investigations. The countries are Uganda and Vietnam.

2.2 A problem-focused experience in Uganda

Our best-documented experience concerns analysis of the problem of national roads sector reform in Uganda carried out in 2009. The analysis (Booth and Golooba-Mutebi, 2009) was a response to a DFID commission ahead of the design of a new programme of support to the roads sector and in this respect is a clear example of the problem-focused type of study.

The findings were well received by the client, and the eventual design of the CrossRoads programme contained major features that the study had recommended (see Box 1 for a summary). In later years, the training course PEA in Action used the study as a principal illustration of the advantages of problem-driven political economy, and indeed some of its features – especially its 'layered' diagnostic approach – influenced the way the training presented the scope of PEA. Until recently, however, it was not possible to say how much of the CrossRoads design

was the consequence of the study's recommendations or whether Uganda had derived any benefit as a result.

To address this gap for the purposes of the present review, the team that conducted the original analysis carried out a retrospective study. The broad findings, about changes in the sector over the previous six years and the strengths and weaknesses in the CrossRoads contribution, have been published as an ODI Working Paper (Booth and Golooba-Mutebi, 2015). Here, we make some additional observations, considering more specifically the relationship between the study and the programme.

According to the Working Paper, the changes in the Uganda national roads sector since the reform of its governing institutional framework in 2008 include some worthwhile achievements and several missed opportunities. On the plus side, the pace of road building and rehabilitation has increased, thanks mainly to steadily increasing public spending. Measures taken under the umbrella of the CrossRoads programme appear to have improved the efficiency and probity of the contracting and monitoring procedures of the Uganda National Roads Authority (UNRA). The scandal that led to mass resignations and sackings at UNRA in 2015 arose from a scam predating these measures. The ability of local firms to participate in the increased flow of work has marginally improved, thanks partly to the availability of longer contracts for routine road maintenance and partly to CrossRoads initiatives to alleviate financial constraints and skills shortages.

On the other side of the balance sheet, roads spending remains skewed against routine maintenance, and the promised ring-fencing of revenues from road and fuel taxes has not been implemented. De facto government policies on minor roads works continue to be bound up with patronage and electoral politics and leave limited space for domestic private firms. And opportunities to push through legislation and negotiate agreements to give substance to the long-announced industrial policy for the construction sector have been systematically missed.

This pattern of progress and frustration in the sector is mainly due to factors outside the control of the CrossRoads programme. However, the strengths and weaknesses of the programme have been a contributory factor. CrossRoads has done well a number of things that are the stock-in-trade of the Making Markets Work for the Poor (M4P) approach (DFID and SDC, 2008), to which the programme design and management were committed. These include identifying and finding ways of reducing key market failures affecting the local private sector and instituting a clever technical device of parallel bid evaluation to set limits to possible corruption or incompetence in contracting decisions at UNRA. In contrast, CrossRoads' support to conventional World Bank technical assistance at the Ministry of Works and Roads had proven a waste of money. And the actions of the Roads Industry Council, created by CrossRoads to

lead representations and pressure on the more political challenges provided, in our assessment, an inadequate response to the more political dimensions of the problem. A more vigorous effort to organise formal and informal pressure and broker solutions to collective action logjams would have been possible and could have succeeded.

What, then, of the 2009 study and its impact? The conclusions we have to draw are encouraging about the ability of a problem-focused study to connect, in a way that a country context exercise cannot, with the choices DFID advisors face in designing programmes. They do not, however, support the view that commissioned studies are ever likely to play more than a minor role, relative to the big drivers internal to the agency, in influencing what programmes try to do and how they are shaped.

Box 1: Uganda roads recommendations, 2009

- Adopt a process design, specifying the purpose of the project but leaving outputs and budgets to be defined.
- Give priority to identifying people who can act as facilitators, brokers or organisers of networks.
- Hire a good combination of local and international professionals.

Source: Booth and Golooba-Mutebi (2009: 25-26).

2.3 The primacy of the programming approach

The upside is that the 2009 study got most things right. Six years later, its diagnosis and recommendations appear sound and relevant. Our layered analysis began with a consideration of the ‘systemic’ factors associated with the place of roads in President Museveni’s system of rule; we concluded that the president’s concern to stay in power and win elections would in practice limit the benefits to Uganda of his genuine belief in the importance of infrastructure for development. At the level of the sector stakeholders and their interactions, we concluded that unresolved coordination and collective action problems would be an obstacle to successful implementation of the 2008 reforms. Lastly, we drew on international evidence, especially the Latin American reform experiences documented by Grindle (2002), to argue that none of the above should prevent progress being made ‘against the odds’ by a sufficiently agile and empowered, as well as technically qualified, team of reform activists. M4P initiatives in several countries had pioneered this type of practice.

Was this advice (summarised in Box 1) responsible for the useful things the CrossRoads programme eventually did? It was in the rather limited sense that it happened to

coincide with the orientation of the DFID infrastructure advisor who commissioned the study and more or less simultaneously hired the engineering consultants who prepared the programme document (the equivalent of what DFID today calls a Business Case). As he expressed it at the time, our study provided a solid body of well-triangulated evidence that agreed with his sense, based on more anecdotal knowledge, of the constraints and possibilities in the roads reform process. This provided him with encouragement to go ahead with a relatively open-ended programme design permitting a substantial input from implementers trained in the flexible, problem-solving principles of M4P. In addition, the study was able to be cited as evidence to back up the institutional appraisal of the programme and get it approved.

As this implies, however, the principal driver of the strong features of CrossRoads was not our advice but the influence on the DFID staff member of a line of thinking about programme design among a community of economists and private sector development specialists in DFID and like-minded agencies. The credit was mainly due to the M4P movement. Moreover, a similar conclusion has to be drawn about the sources of the relative weaknesses in the CrossRoads design and what CrossRoads failed to do effectively. In 2009, we wrote at some length about the potential for brokering solutions to collective action logjams and for smart interventions to tip the political balance in favour of the reformers and the local private sector. However, we did not say then what we emphasise now, that M4P is better at creatively addressing market failures than at removing institutional blockages, particularly where power and high-level politics are involved. We were in fact only dimly aware of this.

We are highly conscious of it now, not because our appreciation of the Ugandan reality has changed, but because we know about and have helped document a new worldwide trend in development practice. Alongside M4P, a body of thinking and a worked-out set of principles now exist around what is variously called politically smart and locally led, problem-driven and adaptive, or entrepreneurial programming (Andrews et al., 2013; Booth and Unsworth, 2014; Faustino, 2012). In short, diagnostic analysis in the political economy vein has a well-earned place in efforts to improving aid programming, but it is effective only in the context of a strong movement to change practice from inside agencies and within communities of practitioners.

2.4 A water and sanitation experience in Vietnam

In 2011, ODI staff led a DFID-commissioned multi-country study with the objective of improving the operational impact of donor programming in the water supply and sanitation sector through the use of PEA. Case studies included an analysis of the rural sanitation

sub-sector in Vietnam led by PoGo staff and ODI experts in water and sanitation working closely with in-country DFID advisers. The following conundrum was identified as the focus of the research: if rural sanitation outcomes have largely remained disappointing under current government policies while a number of seemingly effective ‘innovative approaches’ have been piloted, why has there been so little progress in promoting the uptake of these approaches at scale?

The research began by investigating the incentives within the official policy framework governing the water and sanitation sector that had served as generic constraints to any progress in the rural sanitation sub-sector. Then it considered the potential for scaling up the alternative approaches to rural sanitation that had been recipients of significant donor support. The findings suggested it might be feasible to adopt features of the so-called innovative approaches in the official system. However, this would require further progress on policy reforms already under way (e.g. ring-fencing of sanitation sub-sector funds); additional alterations to the inter-ministerial guidance governing expenditure under the National Target Programme; and legislation to reduce the political risks facing sanitation planners at local levels.

Our report argued there was less scope for NGO-based implementation of innovative approaches in Vietnam than in other country contexts. On the other hand, if the government of Vietnam, the Vietnamese Communist Party and/or any of the relevant mass organisations (e.g. the Women’s Union) were to adopt the cause of better rural sanitation, this would greatly facilitate scale-up. There was scope for leveraging the strong traditions of democratic centralism and for designing contextually appropriate incentive regimes for local leaders.

How useful was the study and its findings, and what impact did it have on donor thinking? Follow-up with DFID counterparts the following year suggested two lessons.

First, for the DFID advisor, the study was useful as much for the process as for the product. While the terms of reference were framed around the production of a case study (subsequently disseminated publicly), the utility to the advisor was principally in the interactions at the various stages of the analysis. This resonated with the research team, as we too took much away from the interactions, beginning with the earliest exchanges as a

part of the problem identification phase of the study. While the production of a written output may be an essential part of such a process (and its publication may be a useful contribution to wider debate), the face-to-face discussions in which participants are obliged to articulate and contest each other’s assumptions, understandings and visions of feasible change are the key ingredient.

Second, the study had provided a snapshot on a rapidly evolving situation. Both the water and sanitation sector and the rural sanitation sub-sector had experienced significant changes in the period following the completion of the study, including to the key institutional challenges identified in the analysis. In this dynamic context, the commissioning donor was also acquiring new insights into the country context through the implementation of programmes in his portfolio. Yet the work as contracted (a single case study comprising one part of a larger multi-country research project) did not provide for follow-up visits or the revisiting of its political economy assumptions.

The feedback received was thus encouraging, for slightly unexpected reasons. The case study exercise, along with the advisor’s deepening understanding over time, had contributed to a vision of scaling up sanitation innovations that was less linear and technocratic than it might have been, as well as better informed about the messy, flawed and informal character of policy-making for water and sanitation in Vietnam. However, the key contribution was a process contribution, and this was limited by the one-off approach required by the terms of reference of the assignment.

2.5 Summing up

This re-examination of two experiences with commissioned political economy studies is sobering about how much is gained solely by giving the work a strong problem focus. Both contributions were regarded as useful by the client, and no doubt this was partly because they dealt directly with the issues of immediate concern and not just with the wider political economic setting. However, closer inspection of exactly how they proved useful points to the primacy of process, and of the client’s own previous and ongoing learning, with the formal analytical output playing a relatively minor part, nudging programming in the right direction.

One of the main themes of this paper begins to take shape at this point. As we shall argue again in the context of training in Section 3 and direct advisory engagements in Section 4, the potential influence of PEA as such may have been overstated. This is not for the reasons that the usual critiques identify. Donor advisors are often hungry for more realistic engagement with political-economic contexts. Problem-focused analysis, or the interactions

involved in producing it, gets us closer to satisfying this hunger. But the factors enabling and limiting uptake of our insights and recommendations are largely internal to the donor organisation. If we are still dealing with an ‘almost revolution’, it is because the contribution of better analysis has not yet been firmly placed in the context of the reform of donor agency modes of planning and implementation.



3 Political economy analysis and donors: the training experience

Key messages

- Political-economic insight can be taught, although it almost always relies greatly on eliciting the tacit knowledge
- But detached from critical consideration of programming options, it has limited potential
- The dissemination of analytical tools needs to be placed in the context of advocacy for programming approaches that enable their effective use
- Otherwise, PEA training may always have a hard time making headway against conventional thinking

Since 2009, the effort to improve uptake of political economy insights by doing more problem-focused analysis has been complemented by training activities. PoGo staff have been actively engaged, in training mode, with the staff of several types of development organisation, including official bilateral agencies, multilaterals and NGOs.

The largest of these activities has been the three-day course offered with The Policy Practice called PEA in Action. Originally designed for DFID, the course was delivered 18 times to groups of 20-30 DFID staff and close partners over the six years 2009-2014. In addition, between one and three courses each have been provided to groups convened by AusAID/the Australian Department of Foreign Affairs and Trade (DFAT), Belgian Technical Cooperation, the European Bank for Reconstruction and Development, the UK Foreign Office, the German Agency for International Cooperation, the International Monetary Fund, Irish Aid, the Netherlands Ministry of Foreign Affairs and the UN Development Programme. In 2014 and 2015, an online version was piloted with two groups of DFID volunteers. If training is a means of cultivating awareness and influencing practice in the field of development, this surely counts as a significant test. In this section, we describe some of the learning processes associated with the PEA in Action course – designed for

and largely provided to official and inter-governmental agencies – and then reflect on some experiences in attempting to take a similar approach with NGOs.

3.1 PEA in Action

The objective of this course is ‘to equip development practitioners [...] to use political economy analysis in identifying challenges and opportunities, and to draw operational conclusions for strategy, programme design, and ways of working’ (The Policy Practice and ODI, 2015). How successfully does it do this?

Rigorous means of evaluating the contribution of participation in the course to changes in behaviour are hard to come by. Participants’ end-of-course assessments have generally been highly positive, with especially high levels of appreciation for the interactive style of the teaching, the inclusion of a large hands-on element and effective facilitation of the proceedings. A survey carried out in 2011 to test whether participants in the first eight DFID courses believed their thinking or programming choices had changed as a result of the course (The Policy Practice, 2011) was rather inconclusive. The response rate was low (around 25%); for the majority, less than six months had elapsed since attending the course, resulting in

5 This aimed to convey something of the diversity of the applicable political economy ‘toolbox’, including the important place occupied by various applications of so-called rational choice analysis, including principal-agent and collective action diagnostics. However, the treatment was (and is) quite commonsensical and non-doctrinaire, and does not, in our opinion, reflect some of the extreme assumptions of rational choice critiqued by Hudson and Leftwich (2014). It was also quite friendly to the ‘agency’ and ‘contingency’ stressed by these critics, while at the same time trying to avoid excessively abstract language (Booth, 2014b).

many responses on the lines ‘too early to tell’; and many respondents reported that their experience of the course had reinforced what they thought about development rather than changing it.

Anecdotally, it is observable that many participants in the early courses are among those actively promoting innovation in programming today. However, it is not possible to draw very much from this observation, given that course participants are a self-selected group who must be assumed to be unrepresentative of the constituencies from which they come. Plans are being made for a new survey covering the now much larger universe of past course participants, with a better response rate and a questionnaire designed to overcome some of these difficulties. Others may be insuperable

There are reasons, therefore, for making the best possible use of ‘internal’ evidence of various kinds – that is, statements and signals of what the most engaged course participants need, want, do not want and find frustrating observed within the process of delivering the course by the course leaders. Our appreciation of where course participants were coming from and where they wanted to go was from the beginning one of the most important factors influencing the design of the course. We, the course leaders, were constantly updating our perceptions on these points while also forming our own views on what was pointing to beneficial outcomes and what was not. The content of the course has in fact changed several times in response to such considerations, and it is about to change further in the light of our latest appreciations. What these changes have been, and why they were made, may be as significant as any external evidence of impact in addressing the questions posed in this paper. They may be of some interest in their own right.

3.2 Constant features

The course has had several constant features that help explain its longevity. These include the use of practical exercises in which participants, in groups, work through a series of diagnostic and programme design questions around a particular ‘case’. Most usually, one country-level case has been followed by one sectoral or problem-focused exercise. Inputs to the exercise are provided in the form of written and oral briefings and a half-hour filmed interview with a pair of local experts. Real cases have been preferred over fictional simulations, the most frequently used being a macro study of development challenges in Kenya and a problem-focused analysis of police reform in Bangladesh. Instead or as well, staff of the trainee agency have been encouraged to bring their own experiences as more or less developed case studies, with written briefs, oral

presentations and panel debates as inputs for analysis by other participants.

Other standard course features are a mix of instructor- and participant-led sessions, and an effort to achieve a viable balance between conveying ideas and introducing practical tools. Substantial time has always been dedicated on the final day of the course to thinking through the implications of political economy understandings for ways of working in the organisation. Typically, this final session draws together remarks participants have been making at different junctures about the constraints they would encounter in ‘starting from the country reality’ to the extent the course suggests.

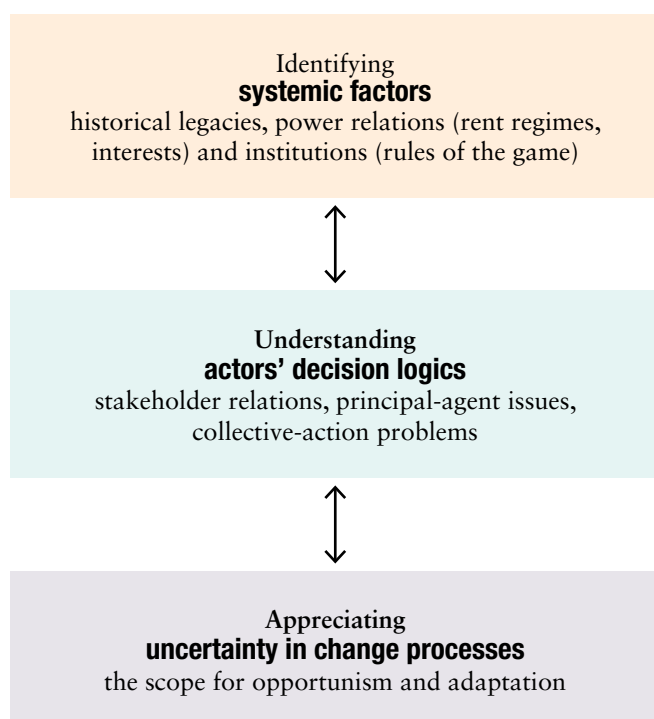
From the outset, the overarching objective of the course has been to encourage and enable donor programming to start from a sound understanding of country realities, not from donor preconceptions and supply-driven impulses. PEA is presented as a toolbox for grasping the basic, including some not immediately obvious, features of the institutional and power structures and trajectories of change in developing countries at macro and other levels. Two things have been more or less substantially adjusted over the course of the seven years in which the course has been running. One concerns the relationship between ‘ideas’ and practical tools. The other involves bridging the gap between analysis and action. These changes and their limitations as solutions to the remaining challenges of achieving change through training are the focus of the remainder of this section.

3.3 Increasing conceptual content

In its first year, the course was a vehicle for promoting and securing buy-in to the recently published *How To Note on political economy analysis* (DFID, 2009). This document was co-produced by members of ODI, The Policy Practice and DFID’s Governance cadre. As required by the format, it was strongly oriented to explaining how a better appreciation of political and economic processes in partner countries could contribute to better and more realistic country plans. It signalled the resources available to guide advisors seeking to use or commission better analysis for a variety of purposes. The distinction between macro-level, sectoral or issue-based and problem-driven analysis was a central aspect of the guidance offered. The final draft of the Note dealt extremely lightly with the concepts available to analysts grappling with typically difficult or puzzling issues in development, providing a glossary of political economy terms in a text box but nothing on their intellectual origins and little on their specific explanatory or predictive potential. The first few outings of the course continued in this vein.

By 2010, however, we were convinced participants needed, wanted and were capable of taking in a fuller introduction to forms of PEA. Drawing inspiration from the layered approach that had proven its worth in the Uganda roads work, we settled on a simple three-way distinction between approaches dealing with ‘systemic factors, ‘actors’ decision logics’ and uncertainty in change processes. Figure 2 shows how this was represented. Each layer or ‘form of analysis’ was presented as a cluster of ways of illuminating typical puzzles about development progress and its limits across a variety of levels and sectors.⁵ From 2011, we dared to complement this scheme with a bit of intellectual history, from Adam Smith through Douglass North and Elinor Ostrom to Merilee Grindle.

Figure 1: Three forms of analysis



It was and remains a constant in course evaluations that most participants like better the sessions that describe frameworks of analysis – meaning checklists of nested questions to be asked about a concrete situation – than those that explain concepts, and best of all those that involve application of frameworks. Nonetheless, we felt and continue to feel that the application of frameworks can be rather unchallenging if not accompanied by exposure to the puzzle-busting potential that academic PEA at its best provides.

A second important change in course content responded to the observation that the programming orientations that

emerged from the practical exercises tended to be rather conventional. Although in principle they were the last step in a framework-driven diagnostic process, the relationship between the action recommendations and the analysis of the stakeholder interests, institutional patterns and decision logics in the ‘case’ was tenuous at best. From 2013 therefore, the session on concepts included an argument for the construction of theories of change, or visualisation of change pathways, as a suitable means of further testing the realism of the diagnosis and the relevance of the proposed interventions. The recommended framework was adjusted to include a new step between analysis and action recommendations, making an explicit separation between what is judged plausible in terms of country change and what, if anything, a donor agency might choose to support.

3.4 Further worries

Our assessment of both of these changes is positive. In the past few years, partly as a result of other dissemination and debate around theories of change in DFID and some other agencies, the linkages between diagnostic analysis and options for donor programming have become tighter in the exercises. Participants are showing a greater tendency to propose and/or contest pathways of change drawing on the insights contained in political economy concepts, such as principal-agent and collective action problems. However, there remains a big question about whether any of this has gone far enough. This question is being asked both by course leaders and by some course participants.

There are two outstanding concerns. One is about whether conventional assumptions are sufficiently challenged by the current approach to introducing political economy concepts as puzzle-busting insights that can be the source of realistic theories of change. The other is about the means by which sound analysis is most likely to be translated into smart programming.

3.5 Failing to challenge assumptions

The idea behind introducing three forms of analysis as ways of illuminating puzzles is to be upbeat about both the ability of political economy to be practically relevant and the diversity of the concepts that can perform this function. The trouble with the approach is that it does not directly question the assumptions that most course participants arrive with.

With a handful of exceptions, participants come to the course without the benefit of in-depth study of comparative history, and few have been exposed to the latest thinking arising from systematic research on governance for development. It is not the case that they

⁶ Chang (2007), Grindle (2004), Khan (2012) and Rodrik (2007) are among the leading lights of this research consensus. The main outputs of the ODI-led Africa Power and Politics Programme (Booth and Cammack, 2013; Kelsall, 2013) take the argument forward. There are grounds for thinking that these ideas have been influencing DFID programming, but not primarily because their messages are conveyed by the training.

take a purely technical approach to their work, as some of the sceptics maintain. They have no difficulty appreciating the importance of politics and political economy. But, until challenged, this appreciation tends to reflect the dominant ideology in the development assistance business, a belief in the universal and timeless relevance of the institutional arrangements and liberal democratic and free market mantras produced in the latest phase of the development of North Atlantic capitalism. The visualised pathways of change typically reflect normative preferences, for transparency, citizens ‘holding officials to account’, the deepening of democratic processes or the busting of monopolies, rather than a sober assessment of probabilities based on history and experience.

As we explained above, the overarching objective of the course has been to encourage and enable donor programming to start from a sound understanding of country realities, not from donor preconceptions and supply-driven impulses. That surely ought to mean bringing participants face to face with the main findings the various large programmes of research on governance for development that DFID has funded over the past 15 years (Booth, 2012; Centre for the Future State, 2010; Citizenship DRC, 2011; Putzel and Di John, 2012). These findings agree on most major points, but they are counter-intuitive and discomfiting to a greater or lesser extent. They cut against common sense and the more simplistic doctrines that often dominate the policy and political debate on development.

Crucially, research-based critiques of ‘good governance’ and Golden Thread ideas have generally concluded that there is no general formula for what power structures and institutions are most enabling of fast and inclusive development; vital development ‘functions’ have been performed in many different ways in history, and the key challenge is to discover the formula that works in the context.⁶ The evidence for this is compelling when properly presented – but disturbing. The messages need to be conveyed robustly if they are to be persuasive. Our self-critical reflection after six years of delivering PEA in Action is we have been insufficiently robust.

The worry is that, in providing participants with an array of conceptual tools and then a ‘framework’ they can apply to a particular country or programming challenge, we are channelling old thinking in a new way rather than opening genuinely new vistas. Insisting that pathways of possible change are spelled out and subjected to critical

scrutiny before action recommendations are made has been a step forward, but it is not sufficient because the scrutiny has shallow roots. Ideologically driven conceptions of how to work on governance in developing countries emerge chastened but otherwise unscathed at the end of the typical course. The objective of starting from country realities rather than donor preconceptions has been achieved in only a partial way at best. Our claims that the course is, among other things, a vehicle for research dissemination and uptake are rather threadbare.

3.6 Acknowledging the politics–complexity nexus

At least since 2010, PEA in Action has recognised the reality that developmental reform sometimes succeeds ‘against the odds’ – contrary to predictions rooted in institutional theory and rational-choice political economy. This happens because the uncertainties inherent in complex change processes can be exploited by politically smart promoters of progress as well as by its opponents. To make room for this perspective, we drew for the most part on the Latin American studies led by Merilee Grindle (2002). Latterly, the references were enriched with examples from the reform processes supported by The Asia Foundation in the Philippines (Booth, 2014a; Faustino and Fabella, 2011). The framework used in the training’s practical exercise has been adjusted to include stronger injunctions to take account of uncertainties arising from complexity as well as those generated by the sheer volatility of some country contexts where aid is most needed.

As mentioned above, however, we have been content to introduce the challenge of complexity as one of, indeed the last of, three forms of PEA. The framework has cautioned users to consider the possible room-for-manoeuve in change processes before specifying the type of intervention that may be most realistic. But, as increasing numbers of alert course participants have pointed out, this is putting the cart before the horse. Recognition of complexity and related uncertainty is not a form of analysis among others. It is a fundamental feature of human systems, affecting all areas of substantial public and private endeavour, from business start-ups to the governance of markets to military strategy (Harford, 2011; Hummelbrunner and Jones, 2013; Ramalingam, 2013). Arrangements for managing complexity wisely, by permitting a measure of adaptive rather than ‘blueprint’ planning, are sine qua

non of development work where institutional factors are involved. Most important, they are a precondition for making sensible use of insights into the political economy of change.

This is an old story, supported by a 30-year-old literature (e.g. Mosse et al., 1998; Porter et al., 1991; Rondinelli, 1983; Therkildsen, 1988), but one practitioners increasingly recognise. The way we have been approaching the matter needs radical revision.

In particular, PEA – understanding context – needs to be introduced as a tool that can contribute to better programme preparation but is unlikely to contribute much so long as programming continues to be done in blueprint mode. This is for two reasons.

First, as the last sub-section stressed, the burden of the research effort of the past decades is that there are no universal or even regional recipes in the field of governance for development; only common challenges and smart solutions. Ex-ante PEA can highlight constraints but can map out only a variety of more or less plausible change pathways. Which will work best or least badly is something that has to be discovered (a theme of Wild et al., 2015). Second, programmes of intervention that have pre-specified outputs as well as outcome objectives are severely limited when it comes to discovering or supporting the discovery of contextually appropriate and workable solutions. In contrast, programmes that have an adaptive set-up, including monitoring arrangements that reward rather than discourage learning, provide a context in which better analysis can improve results by enabling action to be politically smart.

3.7 Political economy training for NGOs?

While the bulk of PoGo's training work has been focused on DFID and a few other official agencies, we have, on an ad hoc basis, responded to demand for training from a number of NGOs. Initially, this took the form of training to a country team as part of a wider commissioned PEA. More recently, we have been included in a number of NGO-run consortia (focused on governance and services), with a specific remit to provide political economy inputs to programme design and implementation. These types of opportunity have added some further dimensions to our understanding of how, and how not, to go about promoting politically smart aid through training.

Our initial approach entailed adapting materials from PEA in Action, including the initial framing of the course in terms of 'starting from country realities'. This was quickly abandoned. Unsurprisingly, NGO country teams, largely composed of nationals, did not need prompting in this way and considered themselves sufficiently aware of and informed about the realities they operated in. Instead, we treated the training sessions as an opportunity to bring out the tacit knowledge national staff have and explore how

well this is integrated into the strategies and programme approaches of the host organisation.

On similar lines, we moved away from introducing concepts and analytical frameworks. It proved more productive to start a set of 'why questions'. Why are things the way they are? Why have past reforms not worked? The answers to these questions often allowed the introduction of concepts and ideas from the toolbox of PEA. In turn, insights would frequently emerge that would challenge some of the prevailing programming assumptions within the organisation – for instance about the ability of communities to really express their 'voice' or the complexities of relationships between service providers and users on the ground. In the best cases, we were able to make explicit in a helpful way the contrasts between how participants understood things really worked and the common models and approaches being used within their organisation.

Feedback from these trainings has not been rigorously tracked. Anecdotally, however, it appears that during the sessions themselves there was often appreciation of the opportunity for open discussion of fundamental political-economic realities and the limits of standard responses to these. On the other hand, the organisations have found it challenging to capture the benefits in an ongoing way, embedding them within a process for changing ways of working.

We have identified two barriers to making headway towards a more satisfactory outcome. One is the presentation and 'marketing' of the activity as training in PEA. Participants were led to expect they would be 'taught' a new set of esoteric methods and tools, and were dissatisfied when told the role of the training was to draw out and reflect on their existing tacit knowledge. However, to respond to this dissatisfaction by placing the accent back on generic frameworks and concepts would be a step in the wrong direction, the trainers believed.

The other and more significant barrier is the lack of explicit attention to options for how to programme differently in light of a realistic understanding of context. The workshops often involved groups' working through a framework of analysis with the aim of generating a fresh set of ideas for future programming. In practice, the programming ideas usually fell back on a fairly standard type of NGO response (e.g. general prescriptions to promote citizens' voice and empowerment) even if this was inconsistent with the realistic appreciation of the political economy constraints and drivers carried out by the same groups. Where training was being carried out without any relation to a planning process, the scope for exploring non-standard options was particularly weak. But even in instances where it was in principle part of a programme design or set-up process, it tended to be seen as a distinct component, an add-on, not a means of shaping core of the programme.

3.8 Summing up

Whether addressing NGO teams or official donors, political economy training needs a good deal of fresh content if not comprehensive repackaging and relabelling. Our experience suggests political-economic insight can be ‘taught’ to some extent, although this almost always relies greatly on eliciting the tacit knowledge of experienced practitioners. But to be effective it needs to be placed firmly in the context of the most advanced available thinking on programming options. Politically aware development practice is a natural partner of flexible and adaptive programming. In contrast, PEA detached from critical consideration of programming options has limited

potential and may always have a hard time making headway against conventional thinking.

In future PoGo work in this area, we plan to put the horse firmly ahead of the cart in this respect. That is, we shall place the dissemination of analytical tools in the context of advocacy for programming approaches that enable their effective use. Within large undertakings, such as the PEA in Action course, there is scope to make this adjustment while continuing to dedicate adequate time and energy to concepts and tools for getting to grips with country realities. Where time is short and budgets are limited, we may seek to convince partners that training in PEA is not the solution to the challenges they face.



A street in Manila, Philippines. Credit: Shankar S.

4 Getting engaged with donor operations

Key messages

- Improving development efforts with PEA poses some generic challenges, and some that are agency-specific
- Political economy work needs to get out of the governance ghetto to engage with sector specialists, without preconditions and jargon
- Awareness of political economy seems to be a natural ingredient of adaptive development work but, on its own, struggles to make an impact
- Therefore, the refinement and dissemination of analytical tools should be subordinated to the facilitation of more effective practice
- This entails a serious engagement with the internal procedures, practices and incentives of funding agencies and implementing organisations

Operational personnel in development agencies are increasingly informed about the theory and practice of applied PEA. This is true across the range of types of official and non-governmental, bilateral and multilateral organisations, albeit with small differences in terminology or emphasis. In this sense, at least, the rollout of training has ‘worked’. But has it also changed practice? Our doubts on this subject have been among factors leading us to engage more systematically with sector specialists and other practitioners in the development assistance system. In a variety of ways, this engagement has led us to a single conclusion: that, for awareness of political economy to have real impact, there need to be fundamental changes in organisations’ systems and processes.

In this section, we begin by describing PoGo’s engagement with one official donor, Australia, and what this has taught us about how best to support donors to ‘think and work politically’. We then tell the wider story of which this has been a part, in which ODI’s changing relationship with DFID has been a key element and learning with the World Bank and NGOs, including The Asia Foundation, has been an important dimension.

4.1 The Australian experience

As AusAID sought to position itself as a development agency with significant knowledge capacity in the late 2000s, it invested in an expansion of its human resources. New hirings included Australian public service staff,

high-quality locally engaged staff and a number of experienced sector specialists. The incoming principal governance specialist in 2012 was steeped in political economy thinking and practice from previous experience with DFID and the World Bank.

The momentum this generated, together with growing interest from AusAID’s Governance Section and the support of a number of internal advocates of political and political economy analysis, led to active collaboration between AusAID (later DFAT) and ODI/PoGo. This began with the delivery of a PEA course in Canberra, based on the DFID model. This was followed by a number of activities, including additional direct training for staff occupying a wide variety of roles in the agency as well as mentorship and training of trainers in the Governance Section.

The perspective informing these initial activities was the development of an organisational home for PEA within the Australian aid programme. Our partners in Canberra had been given primary responsibility for supporting the rest of the agency’s work on politics and governance. Canberra was therefore a natural entry point for our engagement. But we were all aware of some limitations this imposed, particularly regarding the human and financial resources that could be devoted to the uptake of new methods across the aid programme. With the Governance Section unable to carry out or pay for political economy activities on a significant scale, it was necessary to spark interest elsewhere in the agency.

4.2 Engaging with the wider (non-governance) world

For better or worse, AusAID did not have a specialised cadre of ‘governance advisors’ that might be the focus of initial training efforts and a springboard for reaching the rest of the organisation. The agency had some staff with significant knowledge and experience in relation to political economy and its application to international development. However, these individuals rotated through positions with a variety of administrative and sectoral responsibilities rather than constituting a cohesive group.

As is often said during training courses, getting to grips with political context is something that ‘good’ advisors, programme managers and portfolio managers do as a matter of course. However, relying entirely on ‘good’ advisors tends to lead to uneven practice. It also limits an organisation’s ability to learn collectively and contribute to the accumulation and systematisation of experience on a wider scale, including internationally. By this time, the governance team in Canberra was taking the lead in convening a global community of practice in thinking and working politically with the support of the Developmental Leadership Program, founded by Adrian Leftwich and now led by Heather Marquette.

Following the Canberra training, one of the activities aimed at developing interest among sector teams was a joint PEA exercise, with PoGo participation, on the education sector in the Solomon Islands. A sequenced approach was adopted. Three of the Solomons team had attended the Canberra course; training in basic principles was held for those who had not. This was followed up with a supported effort to apply political economy questions and concepts to the specific challenges of education in the Solomons. This proved useful, but the experience also shed light on the challenges involved in spreading of political economy thinking across the aid programme.

On the plus side, the approach proved productive for leveraging existing in-house resources for more politically informed programming. The sector-focused exercise involved a wide range of players, including the education sector team at post in Honiara, governance staff at post, a country desk officer and member of the Governance Section, the last two based in Canberra, as well as the ODI researcher. Those who had participated in the full training course in Canberra found it useful to connect concepts and approaches directly to their daily work. Moreover, the mix of PEA-trained and untrained staff afforded an exciting opportunity for knowledge exchange with sector teams, and particularly with locally engaged staff, whose knowledge of local political dynamics informed the study significantly. The framework and concepts supplied through the training had the effect of legitimising the knowledge of the local staff. A space was created in which that knowledge could be shared, debated and brought to bear on the issues in the sector.

On the downside, we may have succeeded only partially in avoiding a sense of a new package of methods being imposed on the team at the Solomons post. Groundwork done by proactive members of the team who had attended the Canberra training helped identify both existing interest and the incentives that might be used to build new interest among sector teams. It was fortunate that a new sector programme design process was under way and was seen as something to which the political economy exercise might contribute. However, it is not clear that the experience generated a wider change in practice.

Despite its seemingly favourable timing, the exercise appears not to have been repeated or extended in the Solomon Islands programme. It is possible that the exposure of the teams to the new methods and ways of thinking, including the legitimisation of local knowledge, had a longer-term impact but there is no evidence to support this.

4.3 Engaging with DFAT’s systems and processes

The Solomons experience combined with ongoing discussions with the Governance Section to reveal a widespread constraint on the promotion of politically informed working in many donor contexts. Too often, ‘doing PEA’ has been taken to mean the production (or commissioning) of a distinct report, leading to a burst of attention to political economy issues, followed by a return to focus on technical, administrative and managerial issues. This has tended to happen particularly in the design phase of the programme cycle, when ‘one does PEA’ to develop a design that is realistic about the political-economic constraints and opportunities. Implementation then follows as in any other programme. This ignores what we have learned regarding complexity, dynamism and uncertainty in the politics of development, and the need for political economy learning to be iterative and continuous, placed at the heart of ‘implementation’.

In this spirit, we began exploring how to integrate PEA throughout the DFAT programme cycle, identifying key points where political-economic insights might make a difference. The thinking at the time was that part of the reason for the isolation of PEA in the design stage was a lack of specific guidance on its relationship to other standard DFAT processes. Tackling this question called for a crash course in the specific bureaucratic language and rules of the Australian aid programme, which include specific systems and processes required by the government of Australia.

As with the initial acceptance of political economy studies as a normal requirement in the design phase, there appears to be little resistance to revisiting political economy issues as a part of mid-term Quality at Implementation (QAI) processes. As a contribution to ex-post evaluation activities, it was also welcome. But both

of these processes seemed isolated from the day-to-day of development work. Critical reflection limited to these moments would be too infrequent. Given the irregularity and unpredictability of shifts in political context, QAI processes might be useful places to start but corrections would tend to be too little and too late.

Collaborative work with the DFAT Indonesia post that was specifically aimed at assessing the potential for integrating political economy into DFAT systems and processes pointed to another challenge. Recalling the devastating critique of US Agency for International Development (USAID) monitoring systems by Natsios (2010), staff complained of the mounting set of bureaucratic tasks they faced. Hundreds of pages of guidance, tools and templates were already demanding their attention, all driven by legitimate concerns, about safeguards, inclusivity, gender equity, sustainability and so on. Under these conditions, to add any new formal requirements concerning political economy ran two substantial risks:

1. PEA tasks would be carried out as a ‘tick-box exercise’ in order to help staff protect time for tasks seen as more pressing or more important (e.g. risk management).
2. Anything explicitly identified as PEA would be outsourced, which, unless accompanied by substantial staff engagement, is (as argued elsewhere in this paper) a recipe for weak impact.

Instead, the Indonesia review looked at integration of political economy thinking into DFAT ‘ways of working’ by emphasising the development of plausible political narratives within programme logics. In other words, PEA was seen as a core part of thinking about effectiveness, not an additional form of analysis applied after an investment idea has been developed. PEA is treated as an ongoing activity that ensures there is a political dimension to the iterative, adaptive ways of working that are slowly gaining traction in a number of bilateral and multilateral agencies. It was helpful that the Indonesia post was experimenting with the Donor Committee for Enterprise Development (DCED) Standard, an approach from the field of private sector development that emphasises regular revalidation of programming narratives (DCED, 2015).

4.4 The shifting political economy of Australian aid

There is nothing new about the thought that the adoption of politically smart practices in donor agencies is a function of the political economy of those organisations and the aid system in which they sit. However, the

particular circumstances of our engagement allow some fresh insights. Looking back, our engagement came at a time of significant organisational turmoil as AusAID was integrated into DFAT. This transition had significant implications not only for formal systems and processes (important as these are) but also for the culture of the aid programme.

In some respects, the absorption of aid into an integrated department responsible for foreign affairs, trade and development assistance brought improved opportunities for the uptake of political economy methods at that time. To begin with, integration brought Australia’s development professionals into increasing contact with a cadre of foreign affairs and trade specialists for whom political analysis is fundamental to day-to-day operations. Consultations with foreign affairs staff at country posts highlighted the extent to which they consider political economy part of their ‘tradecraft.’ There are, however, important differences between politically smart development assistance and politically informed foreign affairs work. Differences or tensions were observed in two areas.

First, there were potentially important disagreements about priorities. The more optimistic interpretations of integration among the aid professionals expected a high-level (e.g. ministerial) narrative to establish the argument that an effective aid programme is itself in Australia’s national interest. This would have minimised any clashes over programme-level objectives. However, this never quite happened. Possible conflicts between effectively benefiting poor people in partner countries and Australia’s own business, trade or security interests were a constant presence as integration progressed.

Second, discussion pointed to important differences in the relevant time horizons for analysis. Even though short in terms of development processes, the aid programme’s three-to-five-year programming cycles contrasted with the more immediate concerns of the diplomats and trade specialists. This worked against a shared view of the potential utility of PEA in an integrated DFAT. Foreign affairs staff were seen as particularly strong on those components of country context analysis that are concerned with the day-to-day functioning of the state, the political elite of the country and the implications for Australia’s bilateral and multilateral relationships. This echoes much of what we are learning about the nature of developmental leadership (Lyne de Ver, 2008; Wheeler and Leftwich, 2012), including the role key individuals and their networks can play. Aid programme staff, on the other hand, tended to hold important knowledge about deeply embedded structural features and the nature of political institutions. These are often slow to change, but underpin

7 The research consortium is led by the University of Technology, Sydney: <http://www.uts.edu.au/research-and-teaching/our-research/institute-sustainable-futures/news/effective-governance-operation>

state effectiveness and shape the distribution of costs and benefits across diverse populations. Effective use of PEA in the pursuit of DFAT's objectives should entail bringing all of these skills and types of insight to bear on major issues.

4.5 Summing up on Australia

PoGo's engagement with the Australian system has been a usefully distinct learning experience. It has shown to what extent improving development efforts with PEA poses generic challenges, the same everywhere, and which challenges are agency-specific.

We have seen how the substantially decentralised AusAID and DFAT arrangements pose particular difficulties when it comes to capturing and consolidating learning in the system. The integration of development assistance with trade and foreign affairs creates some potential difficulties but also opens new opportunities, not least for harnessing the complementary sources of political-economic intelligence and insight that make for sound applied analysis.

On the other hand, we have again encountered some issues that appear salient across several different agencies, official and non-governmental. These include the weak impact of training when presented, or perceived, as the imparting of skills outside of the contexts in which real decisions about programming are made. Crucially, PoGo's work with the DFAT post in Indonesia adds force to our emerging view about the affinities between politically smart working and adapting programming. Political awareness can be effectively inserted into phases of the programme cycle after initial design and appraisal only if the design is flexible and adaptive.

4.6 Working with DFID and beyond

ODI's relationship with DFID and the UK aid programme is longstanding, and is increasingly multi-stranded and substantial. However, the Institute's funding has never included the kind of core support from government or charitable endowments that major development think-tanks in countries like the US or Germany take for granted. Until recently, policy work, as well as evaluation studies and operational assignments, for DFID were provided under specific contracts. Long-term research was grant-funded and communications activities were supported by a Partnership Programme Agreement of the type used to fund international NGOs. For DFID's Policy Division, including the teams with which we worked on PEA, we were consultants.

The relationship changed in a significant way in 2011 and has continued to evolve since then. The principal change has been the introduction of a new accountable

grant relationship between DFID and several independent development institutes, including ODI. This grant has supported a number of programmes at work at ODI, including a strand on the politics of services, led by PoGo researchers. This has greatly increased our ability to shape the policy research agenda. We still take into account the expressed needs of DFID but are no longer driven by terms of reference on purely consultancy terms. This, in turn, has given us space to develop a range of other relationships, funded and unfunded, with organisations other than DFID. Over time, the resulting network of relationships has matured, generating productive synergies or joint working on several key topics. A central topic has been when and how political economy insights can get purchase on operational development work.

4.7 A new kind of research

A major theme of PoGo's work over the past five years – supported by the DFID accountable grant and other sources – has been the politics of public services. This had been a focus of the PoGo-led research consortium, the Africa Power and Politics Programme (APPP), whose five-year funding ended in 2012. The APPP explored local governance realities and outcomes in a range of basic service sectors, including maternal health, water and sanitation and local justice (Booth and Cammack, 2013). This research gave us a number of evidenced hypotheses from a handful of countries and a limited number of service sectors. It purposely did not take donor-funded interventions as its entry point and therefore had relatively little to say about aid operations. With the DFID grant and related funding from other official agencies and a number of NGOs, we were able to further test and refine those hypotheses in different operational contexts.

This often involved close cooperation with donors or NGOs at global and country levels, through specific pieces of analysis and, over time, more strategic forms of engagement. Our initial approach was to be explicitly demand-driven – to look for opportunities to work with practitioners, who wanted to learn more about and apply political economy thinking to policy and programming issues. We wanted particularly to establish working relationships with sector advisors, deliberately venturing outside of the community of governance specialists that was perceived, rather unfairly, as wanting to 'own' the political economy agenda. In this spirit, we undertook a number of collaborative studies, exploring the contribution of political economy factors to specific barriers to service improvement and the feasibility of managing those factors more effectively. We drew on the methods developed in the Uganda roads analysis and were inspired by the World

8 Recent interest in behavioural economics and complexity at the World Bank could be added to this list (World Bank, 2015).

Bank's problem-driven approach, among others (Harris, 2013).

We were aware of our own limitations as politics and governance specialists, and these in-depth country engagements, working with sector and governance staff, drew attention to our need to better engage with the technicalities of these sectors. In the politics of development literature, there has been a tendency to deal generically with 'services', or with health or education services, without looking closely at the specific features of particular services or sub-sectors and their components. At around the same time, Richard Batley and Clare Mcloughlin at the University of Birmingham were asking questions about the specific technical characteristics of services, which, they believe, have implications for incentives, motivations and accountability relationships. As they recognised in a subsequently published ODI Working Paper (Mcloughlin, 2012), there is broad consensus that political economy matters for services but less recognition that how services operate also matters for their political economy.

To take this further, in collaboration with University of Birmingham, we sought to test the utility of combining political economy insights with understanding of the technical characteristics of sectors. For education, water, sanitation and health, we held small consultations with between 10 and 20 UK-based practitioners, policy-makers and researchers in those sectors. These sessions aimed at refining the approach, documenting cases that exemplify aspects of it and considering the possible policy implications. A number of important reflections emerged. As summarised by Batley and Harris (2014), these include the need to look in much more depth at sub-sector variation and at the range of different modalities and contexts (state/non-state provision, urban/rural, etc.) that affect how technical characteristics interact with the broader political economy.

Our country-level engagement sought to bring these insights to bear on unlocking core problems for service delivery. In Malawi, for example, we conducted an initial problem-driven political economy exercise focused on the specific issue of chronic medicine stock-outs. This brought attention to a set of underlying political economy drivers that help explain why medicine stock-outs persist despite repeated reform efforts – reflecting past histories of rule, erratic decentralisation and disrupted state–society relations (Wild and Cammack 2013). We worked closely with both health and governance advisors in DFID and presented our findings to the DFID office and to other development partners working on medicines.

One of the things that emerged from these discussions was a strong impression that the same underlying factors were having effects in other sectors, helping explain poor performance there too (e.g. textbook distribution or staffing in water and sanitation). A follow-up analysis with a broader remit allowed us to explore in more

detail both the sector-specific and the common challenges across health, education and water/sanitation in the context of decentralisation in Malawi (O'Neil and Wild, 2014). This work got wider traction. It was presented to senior government officials and at a major conference on decentralisation in Malawi, in the run-up to the first elections of local councillors in a decade. This illustrated the strengths of an approach that looks comparatively across sectors, aware of underlying political economy factors while appreciating their similar or different effects at the front line of provision, depending on the service being delivered.

4.8 Getting out of the governance ghetto

This fieldwork, the related consultations and subsequent partnerships with sector specialists within ODI and outside brought home the need to break down some of the language and jargon used. A common theme in feedback we received was that political economy and governance concepts still needed to be much better expressed in 'everyday language'. Another concern was the different meanings given to widely used terms in different professional fields. Concepts like 'governance' or 'institutions', for instance, were understood differently in health and political science.

This led us to reflect, sometimes uncomfortably, on our practice. Too often, we had to recognise that political economy reports (including our own) were being written for a particular, like-minded audience – those interested and engaged in debates on how to raise the profile of political economy in development work. They failed to address effectively those working to deliver or support programmes on the ground in different sectors. At ODI, we often hosted events that attracted audiences interested in a general way in political and governance issues. We needed to 'get out of the governance ghetto' and focus much more on reaching sectoral audiences and communities of practice, as several comment pieces from PoGo researchers have now pledged (Booth, 2015; Foresti and Wild, 2014).

Getting out of this ghetto, however, has been a longer and more difficult process than we might have hoped. For ODI researchers, it has involved incremental processes of getting to know specific aspects of sectors and sub-sectors, which is inevitably slow work. However, it also has to be admitted that we have struggled to integrate insights on technical service characteristics within a broader political economy framework. The different starting points of these analytical approaches pose a continuing intellectual challenge.

In more recent work, led by ODI's own water specialists, an analytical framework has been used that integrates sector characteristics into a mapping of institutional arrangements in preparation for a study of urban sanitation in Indonesia. This is part of a larger DFAT-funded project on effective governance of decentralised

sanitation systems.⁷ The sector researchers and specialists appear comfortable with an approach that combines aspects they are very familiar with (namely, the technical features) with a broader set of political economy questions. Building on concepts, language and ideas already used within the sector, rather than starting with those from ‘governance’ and political economy fields, seems to have been helpful.

PoGo work on security and justice – not otherwise discussed here – has made some of the most progress in connecting to sector specialists and facilitating debate on ways of working, including the capacity to take political economy better into account. A series of workshops has brought together country-level and headquarters practitioners involved in delivering security and justice programmes. This has brought attention to how the political economy of aid is fundamental in determining the direction of programming in this area (Denney and Domingo, 2014).

4.9 An expanding dialogue on ways of working

Progress has been made, therefore, in adapting to the specificities of sectors, and the wide variation within them, albeit in a slow and sometimes uneven fashion. This reflects a deepening of our understanding of how to apply political economy concepts and ideas to a range of development outcome problems. But it has also exposed what remains perhaps the biggest Achilles’ heel of political economy practice to date – namely, that sector specialists do not need to be convinced of the need to take politics or the political economy environment into account, but do need help in devising operational designs that enable this need to be met effectively.

In our experience, those exposed to country and operational realities will, usually unprompted, acknowledge that what we call political economy factors are often the binding constraint on service improvement. The core question for these advisors is: What does this mean for what to do differently? In the absence of strong guidance and innovative ideas about what changed ways of working might be effective, the tendency is to fall back on a set of technical fixes or standard ‘best practice’ models. These are not really seen as good options. They are adopted as a last resort, given the lack of a convincing vision of what a genuine alternative would look like.

We remain interested in more refined approaches to the political economy of sectors. However, since 2014, we have been increasingly concerned with the other side of the matter, with what use can be made of any more specific insights that are generated. Our main focus has therefore shifted again, this time towards discovering and disseminating examples of better ways of working – addressing what is required in operational contexts for understanding of political economy to have real effects, rather than perfecting the content of the understanding.

It is, of course, not a new story that aid agencies’ internal incentives and ways of working are a good part of the problem in getting programmes that are realistic about the interests and incentives that shape development in poor countries (Moss et al., 2008; Ostrom and associates, 2002; Pritchett and Woolcock, 2008; Unsworth, 2009). What we find somewhat new in the current global discussion is the growing perception that there are alternatives – ways of at least mitigating the perverse incentives, and perhaps putting in place more benign arrangements, without necessarily challenging the fundamentals. Landmark contributions that have driven home this message in recent years include the already much-cited publications of Andrews, Pritchett and associates (Andrews, 2013; Andrews and Bategeka, 2013; Pritchett et al., 2010) and the outputs of Jaime Faustino and The Asia Foundation in the Philippines (Faustino, 2012; The Asia Foundation, 2011).⁸

Exploring the scope for alternative ways of working such as Andrews’ ‘problem driven iterative adaptation’ or Faustino’s ‘development entrepreneurship’ calls for, among other things, a sound understanding of how the prevailing rules and procedure look from inside funding organisations. For this reason, PoGo has been committed since September 2014 to working with and providing support to those trying to change internal ways of working within development agencies (Foresti and Wild, 2014). We have sought to combine this with wider exchanges among those coming to similar conclusions in different fields. In 2014, PoGo contributed to the dissemination of the Philippines experience of politically smart economic reform with the first two outputs of a new partnership with The Asia Foundation (Booth, 2014a; Faustino and Booth, 2014). We then collaborated with Sue Unsworth to publish seven case studies of ‘politically smart and locally led’ development initiatives originally presented at a workshop of like-minded practitioners in London (Booth and Unsworth, 2014)

4.10 Doing development differently

Alongside this fine-grained country and sector analysis, we looked for opportunities to engage with a wider set of actors at different levels. One of the largest events of this kind was a conference in early 2014, organised in collaboration with the World Bank. The meeting marked 10 years from the World Development Report 2004, Making Services Work for Poor People, and asked what had been learned about the politics of services since then. It brought together political economy themes and a range of other perspectives – from behavioural insights, through complexity and systems thinking, to impact evaluation and randomised control trials (ODI authors, 2014). Discussions at this conference further highlighted the need for innovation in how governance constraints to services

are addressed, including by achieving better integration of perspectives and disciplines.

Side conversations at this event led to a further opportunity to expand the dialogue. This involved collaborating with Matt Andrews and his colleagues at Harvard University on a small workshop, to be held at Harvard. The idea was to bring together a wide range of examples of what successful programming in more problem-driven and adaptive mode looks like, and to use these to drive changes in conventional ways of working in development.

The Doing Development Differently workshop was held in October 2014. It brought together a relatively small but influential group, ranging from senior representatives of DFID and the World Bank to those at the front line of particular development sectors, running programmes that have achieved strong results by not doing development in the usual way. At the end of the workshop, participants agreed to form a network – to offer support, share lessons and help inspire each other. The aim was for this to be an umbrella network – one that could link up some of the existing communities of practice (on political economy, on working with complexity, on adaptive management and beyond) rather than replicating them.

At the end of the workshop, participants committed to agreeing a manifesto with which to communicate the shared ideas and expand the network's membership. This was published in late November, and gained signatories from more than 60 countries in its first few weeks. Since then, a website has been launched, and a follow-up meeting has been held in the Philippines, bringing together Asian regional experience across a similar range.

Being exposed to a range of perspectives with a shared focus on learning, adaptation and iteration has reinforced PoGo's shift in priorities from analytical products to documenting 'politically smart' approaches – in other words, approaches that are not only informed in some way by understanding of political economy but also 'savvy' or astute in navigating this reality. One part of this effort was a critical analysis of the experience of the State Accountability and Voice Initiative (SAVI) in Nigeria. SAVI was a DFID-funded initiative at state level that has broken with the established conventions of 'voice and accountability' programmes by taking a low-profile approach to facilitating multi-stakeholder processes around locally salient development issues. The programme took a 'learning by doing' approach, but appeared not to be a clear example of adaptive design, since its performance continued to be formally monitored in terms of predetermined governance-improving outputs rather than on the basis of progress in addressing the selected issues (Booth and Chambers, 2014).

In 2014, ODI also extended its collaboration with The Asia Foundation, initiating a phase of collaborative action-research on programmes outside of the Philippines. The aim was to document and distil a subset of the experiences

the Foundation was having under a partnership agreement with the Australian DFAT. These included a range of developmental reform initiatives set up with the explicit aim of 'working politically in practice'. The collaboration entailed case studies in three countries from among the 12 hosting initiatives under the partnership: Bangladesh, Cambodia and Mongolia.

In each country, Foundation offices had been provided with a relatively small amount of money over a limited time frame. Implementing teams were required to embrace an explicitly flexible, adaptive and politically sensitive approach and aim for transformational changes in development outcomes. It was, however, down to each country office to identify a locally salient development challenge on which to work. The case studies, now in their final reporting stage, focus on leather sector reform in Bangladesh and solid waste management in Cambodia and Mongolia.

The appeal of this project for PoGo lies not just in the scope it provided for exploring further what in Section 3 we called the politics–complexity nexus. It has also been an exploratory venture in action research – that is, working with an operational partner in real time, documenting processes and outcomes while also participating in joint learning on the job.

4.11 Adapting development

In January 2015, we brought together some of foregoing arguments in the publication of a flagship report, *Adapting Development – Improving Services to Poor People* (Wild et al., 2015). As we wanted to profile examples of what politically smart ways of working look like, we produced a short documentary film on one of the Philippines reforms at the same time. The report set out a different narrative than previous ODI publications on this theme by focusing on what successful development initiatives can look like rather than on political constraints and barriers. It has been one of the most widely circulated of PoGo's outputs in recent years, and we have been invited to give dedicated briefing on its findings to DFID, DFAT, USAID, the World Bank and a number of NGOs.

In late 2015, we have begun to make good our commitment to working directly on the internal processes of donor organisations. We have been following closely some organisational reform processes under way, including the Better Delivery agenda in DFID and the USAID Forward initiative among others. This has meant examining and critically reflecting on systems and processes (including procurement and contracting rules), staff skills and leadership cultures and public discourse and debate on international development. Previous attempts to influence organisations to use PEA focused on targeting 'like-minded' individuals and groups within large agencies committed to changed approaches (what Pablo Yanguas, 2015, has called 'lone rangers'). Our hope, still to be tested,

is that starting at the administrative and managerial levels may be conducive to more institutionalised responses.

Looking ahead, we are still grappling with how to move beyond select case studies and a set of principles for explaining the meaning of adaptive and politically smart programming. We want to know how to operationalise this within the ‘DNA’ of large development organisations. Our ideas on this agenda continue to evolve, but we see three priorities:

1. Adoption of new ways of working throughout the programme cycle: Too much emphasis has been placed on the contribution of political economy to the design stage rather than embedding this within implementation and ongoing learning. Some of our more recent outputs – such as a paper on theories of change – set out key aspects of a learning approach that is attentive to the politics throughout the programme cycle (Valters, 2015).
2. Sharpening up criteria for programming choices: It may not be that all development practice has to change. There may be some areas where conventional ‘best practice’ continues to be relevant, but there are certainly others (probably the majority) where more adaptive and contextually relevant approaches are needed. Diagnosing the problem or issue, and deciding where politically smart, adaptive approaches are most needed, needs further work.
3. Better mapping and marshalling of evidence: Evidence on better programming is increasingly available but uneven in level and quality, and widely dispersed. We need better ways of answering the sceptics who agree aid needs to be more effective and also accept in principle the case for adaptive working but object that the evidence it can succeed remains too anecdotal. Unless and until we can identify more fully adaptive initiatives working at scale, whose results can be compared directly with plausible counterfactuals, we need a more compelling synthesis of what is already known.

4.12 Summing up

The re-focusing on ways of working described in this section brings us back to some of the themes of previous sections. Not only our DFAT-oriented work but also our DFID-funded research and wider engagements have led us to recognise a basic reality – that, while appreciation of political economy factors remains fundamental to improving development practice, the question of when and how this potential is likely to be realised is the one that deserves the closest attention. This agrees with what we believe we have learned, to some extent independently, from conducting problem-focused studies and delivering political economy training. At least in outline, furthermore, we agree on the answer to the question of how to realise this potential. Awareness of political economy seems to be a natural ingredient of adaptive development work but, on its own, struggles to make an impact.

In this sense, getting out of the governance ghetto is not just a matter of engaging with sector specialists, without preconditions and jargon. It is also about subordinating the refinement of analytical tools to the facilitation of more effective practice. For better or worse, this entails a serious engagement with the internal procedures, practices and incentives of funding agencies (and, as a likely next step, those of major implementing organisations and service providers). Immediate priorities in these discussions include the means by which flexible and/or adaptive working can be made a feature of all stages of the typical programme cycle; defining criteria for judging when interventions certainly need adaptive design and when conventional planning may be good enough; and ways of marshalling better the available evidence supporting our claims.

5 Conclusions

When and how are development efforts strengthened by awareness of political economy? This paper has reviewed the learning experience of ODI's PoGo team in three fields: commissioned political economy studies; training in applied PEA; and advisory support to donor operations. To a striking extent, our findings are similar across all three areas.

5.1 Lessons learned

Commissioned studies in the political economy vein have got closer to influencing programming for the better by being more problem-focused. In our experience, their potential is greater when the work takes place well ahead of the key design decisions rather than after the decisions have been effectively taken. But, even in the best of cases, the political economy input will usually be far less significant than movements affecting the way programmes are shaped that originate inside the funding organisation, and especially those concerning the willingness to countenance programmes that are politically smart, problem-driven and adaptive. The main problem, in any case, is not that donor organisations cannot take politics seriously, but that they may be committed to planning approaches in which political awareness cannot be harnessed.

Training may have a role in helping PEA improve programmes, by bringing new ideas and practical tools to relatively large numbers of practitioners. But it has struggled to satisfy the hunger for practical guidance and hands-on practice that is a feature of the demand for political economy training, while also following through the challenging implications of the idea of starting from country realities.

The PEA in Action course is better now than it was at the beginning. In due time, it found the courage to provide more of the intellectual substance behind key concepts than participants spontaneously expected. Promoting critical thinking about 'pathways of change' as a key activity has strengthened the links between diagnostics and action recommendations on the typical course. However, the training has continued to pull its punches on what research evidence tells us about typical country realities and the irrelevance or worse of conventional thinking in the 'good governance' or Golden Thread traditions. More important, but in a similar vein, PEA has tended to be mis-perceived as a freestanding contribution to programme improvement. In reality, it has a clear role to play within the context of

an adaptive approach to programming. Whether it has real potential as an input to a blueprint type of design is much less clear.

Our findings about advisory support to donor operations, in DFAT, DFID and other contexts, evoke some similar themes. In our advisory work and political economy research we have striven to relate more effectively to sector specialists. This has prompted reflection on language pitfalls and how best to pose political economy issues within different technical fields. But it has also brought us back again to the same big question – about which kinds of development programming leave room for awareness of political economy factors to influence practice for the better and which do not. In a donor context, choice of programming approach is bound up with systems and procedures, meaning advocates of politically smart aid must take an interest in these things.

We are learning, with difficulty, how to do this. Participation in networks like Doing Development Differently has exposed us to a range of perspectives on how to change current practices. It has given us more examples of what politically smart and adaptive assistance looks like. We have gained greatly in this respect from partnerships with The Asia Foundation in the Philippines and elsewhere, and with like-minded thinkers and practitioners in DFID, the World Bank and NGO programmes around the world. In its latest phase, our work has risen to perhaps its greatest challenge yet – that of showing how the internal procedures, practices and incentives within development agencies can, after all, be adjusted to enable flexible and adaptive working by funders and implementing partners, thereby releasing the potential of politically smart aid.

We offer this critical and self-critical review as a contribution to reflection in the broad community of individuals and organisations committed, from one perspective or another, to doing development differently. We invite others to share their experiences in a similar manner.

5.2 Looking forward

Development assistance that is fully informed by understanding of political economy remains an 'almost revolution'. There are many clouds on the horizon of international development as the world begins to address an ambitious set of Sustainable Development Goals. But, in this particular respect, there are reasons to take heart.

After a long period of neglect, the aid community is once again waking up to the implications of uncertainty and the importance of building learning systematically into programme design. If carried through, this should create real space for PEA to re-enter the game in a more productive way.

We are committed to playing an active part in helping make this happen. We shall continue to do so in partnership with the widest possible array of friends and allies. We would not claim to have learned over the past few years particularly quickly. We certainly did not reach our conclusions all by ourselves. Co-thinkers and critical peers are going to be even more important in the next phase of the global conversation about doing development differently.

It is clear, moreover, that the next phase is one that needs to involve a great diversity of kinds of practical actors. It needs to extend to all of the parts of the larger development organisations that have an influence of how programmes are designed, funded, monitored and evaluated. Procurement and quantity control departments are as relevant as technical advisory services. Although funding agencies are usually seen, with some justification, as setting the rules by which everyone else is governed, the large implementing organisations and service providers must be part of the conversation. Unless they are willing and able to propose programme-management arrangements that reflect adaptive design concepts, funders will not be able to fund them. We now need a much broader and more inclusive consensus-building process than anything that has taken place so far.



Ortetha Sampon sells fish in Monrovia, Liberia. Credit: Morgana Wingard / UNDP

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Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ
Tel +44 (0)20 7922 0300
Fax +44 (0)20 7922 0399

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