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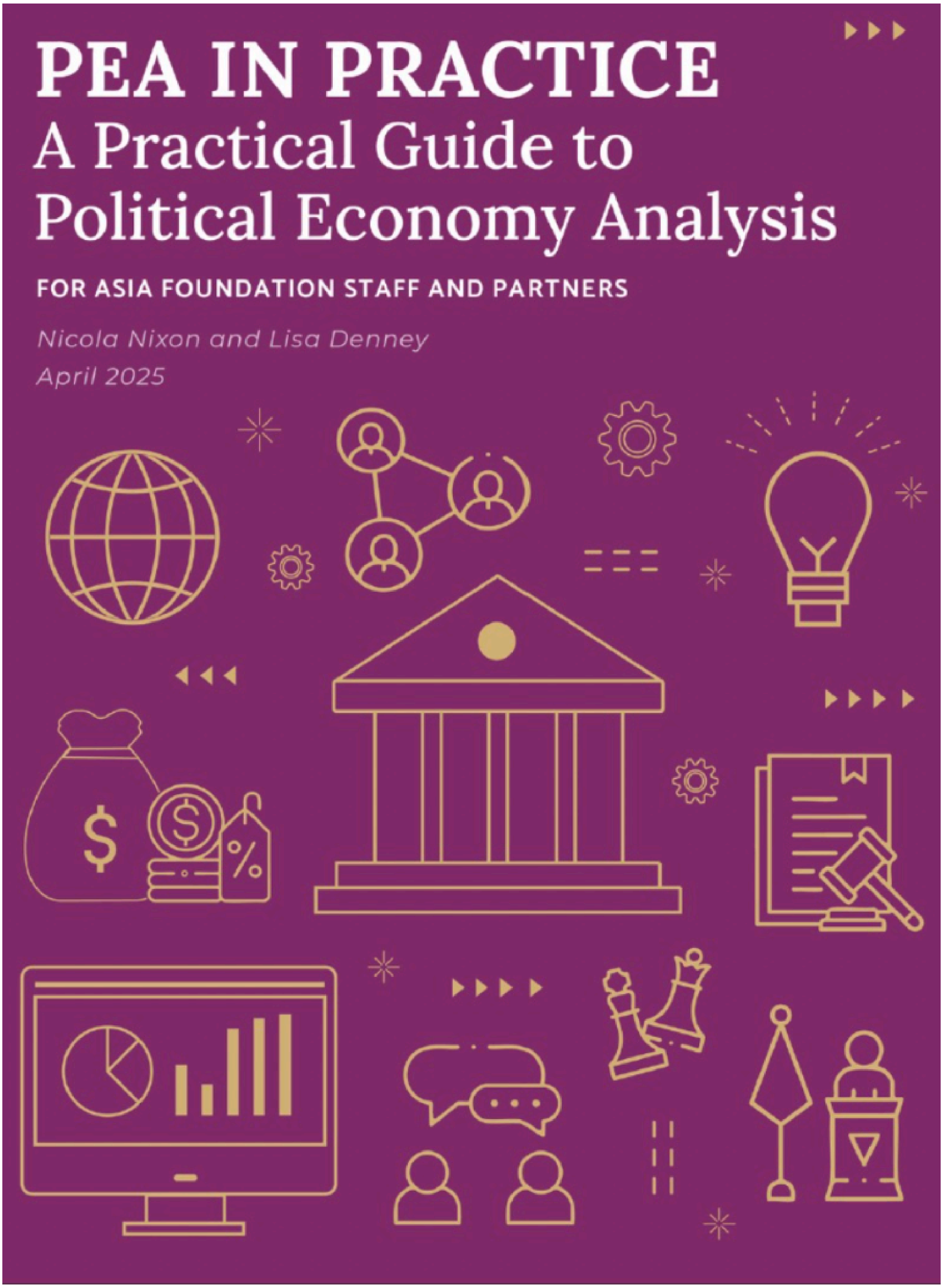
The past, present and future of Political Economy Analysis in aid and development

Spoke on Wednesday on a webinar on 'Navigating Crisis with Insight: Why the future of development cooperation needs political economy analysis'. Despite the rather intimidating title, 120 people showed up on the call. It was hosted by the Asia Foundation, so the hour difference made it way too early in the morning for my brain. Luckly, the other speakers – Gopa Thampi, Nicola Nixon, Lisa Denney and Kirsten Bishop were great and I soon woke up.

The topic was Political Economy Analysis (PEA) which feels a bit old hat, but as the campaigners always say, if you are getting bored with something, that probably means it's just starting to reach the wider public. And it was indeed a really interesting and up-to-the-minute convo (we even had the inevitable discussion on AI). Here are some thoughts from me, and the other panelists.

PEA, in the wise words of Heather Marquette, is about how to get 'from political won't to political will' (see what she does there?) and 'not fxxx things up'. But I have big doubts about the way it has been developed so far:

- The framing is exclusive and nerdy (a bit like systems thinking).
- The only word of the three I like is 'Political'. Why does Economics have to insert itself into everything rather than, say Geography or Anthropology? And Analysis sounds v static – lending itself to big documents, churned out by consultants and of little use to people on/near the ground. Analysis paralysis – if something changes, commission another report.
- This is language for outsiders, like donors or INGOs, trying to convince them that history, politics, informal rules and relationships matter. They would never doubt that when discussing their own countries, but somehow, aid has ended up in a technocratic place that sometimes airbrushes them out.



What to do?

- Shift from big documents to sets of questions, facilitated conversations etc designed to develop more politically attuned ways of working, rules of thumb
- Test/reform the aid system to see where it enables/blocks that transition.

So what are the blockers to a more intelligent use of PEA?

As always when discussing why a Good Thing is not being implemented, I go to the 3xI model: Ideas, Interests and Institutions.

Ideas: PEA is inter-disciplinary, combining politics, economics, history, geography, anthropology and just about everything else that can shine a light on how change does/doesn't happen in a given context. But being inter-disciplinary is hard – different disciplines use different language (or different meanings for the same words), assumptions about the world, and often jealously guard their patch.

Interests: Power permeates the aid system. Donors are big players in some contexts, minor ones in others. Same goes for INGOs, civil society organizations, thinktanks, academics and any of the other players who may be involved in PEA. Those with power (e.g. donors) typically find it hard to surrender it (even though they may talk a good game on localization). But good PEA relies on the local knowledge of informal relationships and practices that is often not written down and largely invisible to outsiders. A superficial, helicopter PEA written by some fly in-fly out consultant is unlikely to capture these.

Institutions: Aid agencies are institutions, so are all the other players. They have their processes, ways of working, redlines, and preferences, which can often interfere with thinking and working politically. Eg compliance, upwards accountability to the governments or other funders whose money is involved. Most recently, an upsurge in political pressure for aid to further immediate donor national interest has made *donor* PEA a potential obstacle.

Judo moves for PEA

Several ideas for arguing that PEA fits with the current direction of travel. Here are some claims worth developing

- PEA fits naturally with a 'Beyond Aid' agenda that incorporates trade and diplomacy
- Value for money is enhanced by the intelligent use of PEA.
- Good risk analysis (rather than merely avoiding all risk, however remote) relies on PEA

PEA in Crises

Gopa Thampi argued that in Sri Lanka, the predictions of PEA 'make astrology look good', but the conversations involved hone the instincts and insights needed to work in a constantly changing environment. Namely, 'unpacking the relational ecosystem of trust, legitimacy and informal alliances behind the formal system'. That helps you 'sense resistance, anticipate backlash and spot opportunities.'

In a crisis, PEA helps you see who *really* holds power, and what opportunities might be emerging. Even during times of stasis (of which there are not that many in Sri Lanka in recent years), helps you see 'what is brewing beneath the waters'.

I really liked Gopa's take – the Asia Foundation in Sri Lanka gave up on big picture PEA in favour of 'granular political context analysis and joint sensemaking sessions with local partners and experts, including rumours and anecdotes, not just data'. A form of intellectual localization, I guess. This helps 'build your antennae – when to hold back, push back or accelerate.' It should also help you choose the frames and language that may appeal to those you are trying to influence, or at least not drive them away.

He shared my worries about the PEA industry's offputting language and privileging of outside 'experts', and stressed the need to bring together 'the people who know the words with the people who know the world.' Nice.

The Q&A was also great, if brief. Picking out a couple:

Matt Clancy described a typical PEA believer as a 'political tragic who reads the paper every day'. I've certainly seen a lot of what are called PEA conversations quickly degenerate into a bunch of (usually) men, regurgitating what they have just read in the FT or Economist and trying to look wise. Instead, what we need is tools and frameworks to make you ask better questions, and locally grounded insights that don't make it into the press.

Geordie Fung asked about the threats and opportunities of AI for the quality of future PEA work. I think it offers a great opportunity, in that it can rapidly get you to first base in terms of summarizing the formal literature on a given topic. That should be the launchpad for local conversations about the informal channels of power, influence etc – everything that doesn't make it into the press.

Great convo, thanks for inviting me.

The video of the webinar is now online and was part of the promo for a recent TAF paper, *PEA in Practice: A Practical Guide to Political Economy Analysis, by Nicola Nixon and Lisa Denney.*

About the author

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