Reflections on Ten Years of USAID's Experience with Political Economy Analysis and Thinking and Working Politically

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Abbreviations and Acronyms

CDF	Constituency Development Fund
CDCS	Country Development Cooperation Strategy
CLA	Collaborating, Learning, Adapting
CSO	civil society organisation
IP	implementing partner
LGBTQ	Lesbian, Gay, Bisexual, Transsexual and Queer/Questioning
PEA	Political Economy Analysis
MEL	Monitoring, evaluation and learning
PFM	Public financial management
TWP	Thinking and Working Politically

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Introduction

Donor agencies have grappled for decades with how to achieve sustainable results from international development assistance. Upward accountability pressures – that is, accountability to back donors and taxpayers in the donor country to show results and demonstrate 'value for money' – have pushed agencies to focus on technical solutions and predetermined outcomes that tend to downplay the importance of socio-political forces and particular contextual histories in shaping prospects for change. Yet evidence from analyses of programme implementation has consistently shown that contextual and systemic factors, particularly the effects of politics, have been critical determinants of effective development assistance.[1] Consequently, international development agencies have to navigate a challenging balancing act – to reconcile performance pressures for tangible outcomes with the uncertainties and contingencies of politics and local systems.

The search for more effective engagement has led to a proliferation of analytical approaches, tools, and processes intended to enable international development actors to take politics more fully and consistently into account in programme strategies, designs, and implementation. An alphabet soup of terminology has emerged, capturing a variety of initiatives to think and work in more politically aware ways: DDD (Doing Development Differently), PDIA (Problem-driven Iterative Adaptation), PEA (Political Economy Analysis), CLA (Collaborating, Learning, Adapting), and TWP (Thinking and Working Politically).[2] The 10-year anniversary of the 2013 publication of *Development Aid Confronts Politics: The Almost Revolution* by Thomas Carothers and Diane de Gramont [3] offers a timely opportunity to examine experiences and lessons from these efforts.

The global Thinking and Working Politically (TWP) Community of Practice (CoP), hosted at the University of Birmingham, the Washington DC TWP CoP, and USAID organised a webinar on 5 December 2022 to take stock of how USAID and its partners have used PEA to inform programme strategy, design and implementation, and support TWP.[4] The webinar participants were: Wilfred Mwamba (Chief of Party, Local Impact Governance Project, Zambia, Development Alternatives Inc.), Laura Pavlovich (Deputy Director, Center for Democracy, Human Rights, and Governance, USAID), Geraldo Porta (Senior Democracy,

[1] See, for example, Sue Unsworth and David Booth's 2014 paper: https://odi.org/en/publications/politically-smart-locally-led-development/
[2] See, for example: https://frompoverty.oxfam.org.uk/what-were-missing-by-not-getting-our-twp-alphabet-straight/
[3] Carothers, T. and de Gramont, D. (2013) *Development Aid Confronts Politics: The Almost Revolution*. Washington, DC: Carnegie Endowment for International Peace.
[4] The webinar may be viewed here: https://twpcommunity.org/peaandtwplearning-from-ten-years-of-usaid-experience

Human Rights, and Governance Specialist, USAID/Philippines), Sarah Swift (Governance Advisor and PEA Lead, Center for Democracy, Human Rights, and Governance, USAID), María Inés Velasco Sodi (Director of Regional Cooperation, Violence Prevention and Reduction Activity, Mexico, Chemonics International), and Alina Rocha Menocal (Director, TWP Community of Practice, and Senior Research Fellow, University of Birmingham). Lisa McGregor (Technical Director, Governance, RTI International) facilitated the webinar.

This paper synthesises the key points arising from the webinar, including observations on the impacts, opportunities, challenges, and prospects for PEA/TWP to become more deeply adopted and sustained as a development methodology and approach across sectors. It starts by defining key concepts. It then highlights insights from the discussions of the impact of the application of PEA and TWP principles across sectors. The paper concludes by looking at progress achieved to date, as well as constraints and opportunities to increase the uptake of both thinking *and* working politically in USAID-sponsored programming.

PEA and TWP defined

PEA is an analytical approach with a long tradition in the social sciences that uses methods drawn from economics, political science, history, sociology and anthropology to uncover and understand the political, social, and economic forces that influence why things work in the way they do, and how those forces influence prospects for change.

The PEA toolkit relates most directly to the *thinking* part of TWP. As used in international development, including by bilateral agencies like USAID and implementing partners (IPs), PEAs can range from formal analytical exercises conducted by a team of experts – who may be project staff, or external consultants, or a combination of both – to project team 'pause-and-reflect' discussions or ad hoc informal desk studies. PEAs can be conducted at various levels of analysis ranging from the national to the local, the sector to the sub-sector, or the general to the problem-specific. The common feature is the effort to explore how and why structural, institutional, and actor dynamics, which may not always be readily apparent, influence stakeholders' interests, space and capacities for supporting, opposing, or pursuing the desired change.

The purpose of PEAs is to use the insights gathered from the analysis to identify entry points, strategies, and interventions that take account of the challenges and opportunities identified and therefore may be more likely to be effective. This is the shift from the *thinking* part to the *working* part of TWP. In USAID Missions, PEAs have been used to inform Country Development Cooperation Strategies (CDCSs), sector programming, and/or individual project or activity designs. For implementing partners, PEAs often contribute to annual work plans, test theories of change, adjust monitoring, evaluation, and learning (MEL) plans, and make the case for adaptive management.

TWP concerns incorporating PEA into international development organisations' ongoing practice and ways of working to ensure that interventions and activities are tailored and respond to the political context and power dynamics that permeate programme design and implementation. TWP is most useful when it becomes organic to development interventions and moves beyond being simply a toolkit to become more of a mindset. TWP translates political awareness into routine processes and actions that facilitate manoeuvring around constraints and taking advantage of emerging opportunities to achieve desired development objectives.

The consensus among the webinar's participants is that, within USAID and IPs, there has been significant progress in *thinking politically*, but much remains to be done to move towards working differently as a result and making TWP integral to standard operating procedures.[5] This echoes lessons that have emerged across TWP efforts more widely.[6]

Impacts of PEA and TWP on USAID programming

The discussion below encapsulates the webinar participants' assessments on how and where USAID has incorporated PEA and TWP into programming over the past decade. The section begins with the perspectives from USAID staff, and follows with views from two implementing partners, one working in Mexico and the other in Zambia.

USAID perspectives

Since 2013, USAID has conducted numerous case studies that demonstrate the impact of PEA in uncovering hidden social and political dynamics that can help to unlock the 'black box' of political will to gain a deeper and more nuanced understanding of the incentives of key decision-makers in society. USAID has used baseline PEA research to guide country-level planning, deepen sectoral knowledge, and design activities to take account of the political context and achieve sustainable results.

Country level

PEA findings and recommendations have contributed to the design of USAID's CDCSs, which guide programme funding over a five-year period. Over the years, PEA has informed USAID's understanding of how and when to facilitate and broker partnerships with other

[5] See, for example, USAID's 2018 guidance on TWP though applied PEA: https://usaidlearninglab.org/sites/default/files/resource/files/pea_guide_final.pdf

[6] See, for example: https://odi.org/en/insights/working-politically-in-practice-lessons-from-an-innovative-programme-in-nigeria/

donors, host-country governments, the private sector, civil society and other influential stakeholders. In Ethiopia, for instance, USAID shared PEA findings with other donors struggling with similar challenges, which led to improved collaboration. In Niger and Senegal, PEAs were shared with the respective governments to serve as points of discussion on how to work together to overcome barriers to development challenges. In Kosovo, a country-level PEA served to clarify how the country's political economy functions, which provided a reality check for politically feasible programming. In Honduras, a PEA helped USAID to navigate endemic corruption and tailor its programming to focus on 'positive deviants' across sectors who were committed to reforms.

Sector level

At the sector level, as different speakers in the webinar mentioned, PEAs have been helpful to understand where to invest resources most effectively. In Ukraine, for example, a PEA on the agricultural sector revealed insufficient incentives for government actors to initiate reforms, but it also uncovered opportunities for the private sector to use its leverage to support reform efforts. In the Philippines, PEA was used at the sector level to undertake post-election scenario planning. The findings helped sector staff to plan for how to support emerging reform champions under different electoral outcomes.

Activity level

At the activity (or project) level, PEA research has allowed implementation to be more flexible and adaptable in order to navigate political constraints and support locally driven opportunities. In Serbia, PEA guided civil society activities to focus on community-level issues where citizens were still engaged (as opposed to European Union-level issues, where interest had evaporated), and to direct support to local community partners that were driving reform efforts to ensure these could prove sustainable over time.

Implementing partner perspectives

The two IP participants made points similar to those of USAID staff regarding how PEA has enabled projects to reveal underlying socio-political dynamics and to craft strategies to manoeuvre within the context to achieve intended outcomes. They each offered project examples, discussed in more detail below, on the use and results of PEA to support TWP.

Violence prevention and reduction in Mexico

The Violence Prevention and Reduction Activity (PREVI), whose implementation team is led by Chemonics International, is a four-year programme funded by USAID (2020–2024) that works with municipal governments and communities to mitigate local crime and violence

and to improve the functioning of the judicial system at the local level. The implementation team conducted two PEAs. The first, which included attention to issues of gender and social inclusion, focused on electoral politics. To improve prospects for the programme's implementation, the analysis sought to identify candidates for office at the local level who were supportive of PREVI's goals and activities and were likely to win. The analysis enabled the team to understand the dynamics of the local political environment, where many mayors in PREVI's target municipalities requested leave of absence to engage in electoral activities, which left in place acting officials with little decision-making authority to collaborate with PREVI. The second PEA was a rapid exercise to make programmatic decisions and negotiate agreements at various government levels. The team needed to understand power differentials and incentives across diverse actors, including elected officials, police departments, courts, and social service agencies, because the project's activities depend strongly on local buy-in and collaboration.

The conduct of the PEAs provided the implementation team with detailed scenarios for alternative outcomes of municipal elections that could affect the planning and implementation of crime and violence prevention activities, by identifying, for example, which political parties favoured the kinds of reforms the project sought to pursue, and which did not. PREVI's success is highly dependent upon commitments from elected mayors and local civil society organisations (CSOs) to pursue evidence-based interventions to respond to low-level crime and violence in ways that reduce imprisonment, particularly of youth, and that build citizens' confidence in the judicial system. Thus, knowledge of local officials and their interests is critical. The analyses identified new actors and networks and built understanding of women's and LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer/Questioning) populations' vulnerability to crime and violence. This improved grasp of the complexities of the social and political context helped the team to identify implementation risks, develop mitigation strategies, and adapt and learn as implementation proceeded.

Zambia decentralisation

The Local Impact Governance Project in Zambia, which is a five-year initiative (2020–2025) implemented by DAI Global, supports system reforms and capacity development for improved and accountable sub-national service delivery, local revenue generation, and public financial management (PFM) through stronger citizen participation and increased responsiveness. During the project's inception period, the implementation team conducted a PEA to look at macro-level factors that affect how local governance works and why. These included, among others, identifying 'movers and shakers' and power dynamics and tracing the evolving nature of the government's decentralisation policies and practices. The analysis sought to assess how these factors were likely to affect planned activities, how to

align those activities with key national and local stakeholders' priorities, and how to capitalise on local resources and commitments.

Building on the baseline PEA research, the implementation team has incorporated PEA-type questions into quarterly progress monitoring and 'pause-and-reflect' sessions to keep up with changes in contextual realities. These sessions support the project's learning and adaptation component, which engages CSOs along with the project team, to strengthen citizen engagement through assessments of service-delivery needs, participation in local government councils' budgeting exercises, and gathering data on service provision.

The project's formal and informal PEA exercises have helped to build a politically aware culture in the project team, which has enabled making programme decisions regarding when to work 'with the grain' and when to go against it. For example, the implementation team found that, in the different localities of operation, there was considerable political will to pursue reforms and influence changes – such as increasing citizen participation in municipal Integrated Development Planning processes. This provided an important entry point for civil-society and private-sector issue-based coalitions to engage with local officials. Lack of bureaucratic will, however, emerged as a greater problem than weak or absent political will. This gap meant that even when elected officials authorised participatory planning and citizen engagement in service-delivery assessments, technical specialists in municipal sector departments (e.g. waste management, land policy) have on occasion been less than enthusiastic.

The project's focus on outcomes helped the team to look beyond seeking an optimal technical solution and concentrate instead on second-best options that can be more politically feasible. For example, among the mechanisms for intergovernmental transfers is the Constituency Development Fund (CDF), which allocates central government resources to fund local development initiatives. The CDF has become the primary method for transmitting central funds to local governments, but senior officials in the Ministry of Local Government retain the power to approve projects centrally. Recognising that there is little political will in the administration to assign greater spending authority to local municipalities, the team opted not to push for reform, which would entail challenging entrenched power dynamics, and instead chose to take the CDF as a starting point for building local PFM capacities. Because the CDF follows the same regulations, laws, and protocols as all public funds, this strategic decision served to counter the criticism that municipalities could not be trusted with financial management decisions.

Uptake of PEA and TWP: progress, challenges, and opportunities

Progress

The webinar discussion emphasised that it is important to distinguish between the uptake of applied PEA research and the integration of the more politically informed approaches to programming. As mentioned before, while there has been considerable progress on the former, the latter is more nascent and harder to identify and evaluate.

Thinking Politically

Over the past decade, numerous baseline PEAs have been conducted across sectors and regions in the settings where USAID works. Most USAID Missions can claim experience of using PEA, and some, for example in Latin America – such as Colombia and Honduras – have attempted to mainstream politically savvy approaches. In 2018, USAID revised its guidance on Thinking and Working Politically through applied Political Economy Analysis (PEA).[7] The revised guidance deliberately emphasised the importance for staff and partners to develop or nurture a mindset of paying close attention to how politics influences development outcomes. To cultivate champions for PEA and TWP within the Agency, over several years the Democracy, Rights and Governance (DRG) Center at USAID has trained hundreds of staff and IP representatives on how to conduct PEA baseline research and to integrate techniques for working politically. USAID has also created designated posts to provide advice and support to USAID staff and partners on both PEA and TWP.

A qualitative study conducted by the Washington DC TWP CoP and USAID's DRG Center on the uptake of TWP and PEA found that the preponderance of USAID requirements of some form of TWP and/or PEA were in contract or grant proposal solicitations in the Democracy, Rights and Governance (DRG), Environment and Natural Resources/Forest and Biodiversity, and Agriculture and Market systems sectors. These sectors have a long history of looking at power dynamics and policy reform. New interest in the value of PEA and TWP is coming from specialists on climate change as they seek a deeper understanding of how politics influences climate action and what incentives can be offered to improve outcomes.[8]

Uptake of TWP/PEA has been the most frequent in Latin America and the Caribbean and Asia. These are the regions where most PEAs have been commissioned, where PEAs have

[7] See the guidance document cited in footnote 4.
[8] This study is available at USAID Solicitation and Use of Political Economy Analysis by Contractors (chemonics.com).

been undertaken over a long period of time, and where TWP-influenced activities appear to be gaining the most traction.

Working Politically

Several webinar participants remarked that the 2018 TWP/PEA guidance on how to think and work politically through CLA and everyday PEA techniques offers a path towards greater uptake of PEA and TWP. Subsequent updates to USAID policy (Automated Directive System chapters 200 and 201) have provided incentives for iterative learning and adaptation as part of the programme cycle. USAID's DRG Center has developed a series of Practice Notes for USAID staff to encourage staff and IPs to apply TWP principles and approaches and to work in politically informed ways through activity design, contract and grant solicitations, and MEL plans. USAID's Learning Lab has also developed numerous tools on formal and informal ways of encouraging iterative learning practices.[9]

Yet, despite a decade-long investment to disseminate and provide training on how to analyse the impact of politics on achieving development change, both for USAID staff and IPs the uptake of approaches to working politically remains mixed.

The section above on IPs' experience provides examples of how some are using baseline PEA findings to adjust their work plans and approach to programming. They often do this by using CLA and everyday PEA techniques, which facilitate their ability to adapt to changes in the political economy to take advantage of occasional opportunities that contribute to their objectives and lead to sustainable outcomes. However, these examples may reflect the practices of what can be seen as IP 'positive deviants' in a technocratic, accountability-for-results implementation culture.

Challenges

The discussion at the webinar identified four categories of obstacles to the further uptake of TWP and PEA: challenges related to funding, contractual issues, time and resource demands, and organisational culture. Once again, these echo challenges that have been identified in the development field more broadly, and both USAID staff and IPs cited all four of these obstacles, though with slightly different emphases. USAID staff stressed funding, contractual issues, and organisational culture. Implementing partners emphasised time and resource demands, followed by contractual issues. The following discussion elaborates on all these.

[9] https://usaidlearninglab.org/context-driven-adaptation-overview

Funding

As a federal agency, USAID depends upon annual budget appropriations from the US Congress. Legislative politics can lead to fluctuations in budgets and unpredictable funding cycles. Within the appropriations USAID receives, some funds are earmarked for specific purposes through what are termed 'soft' (funds should be spent on X) and 'hard' directives (funds shall be spent on Y). Over time, both sector and country/regional directives have increased substantially, which has limited USAID's ability to pursue long-term development initiatives and to respond flexibly to changing demands and needs in the countries in which it works.[10] For individual USAID Missions, funding constraints make it hard to make 5–10-year engagements that lead incrementally to results. TWP calls for consistent, long-term engagement to build relationships with stakeholders and to test and reflect on emerging solutions to tackle different development challenges. Unpredictable and earmarked funding impedes such efforts.

Contractual issues

Contracts and grant agreements govern how USAID funds are awarded to implementing partners. These legally binding documents specify the 'what, how, and when' of project funding and spending. Modifications require notification, negotiation, and approvals, a heavily bureaucratic process that webinar participants all recognised as contributing to lack of flexibility in implementation. Another contributing factor is pressure to spend against pre-determined targets set out in contracts and agreements, and to maintain so-called 'burn' rates that avoid underspending. These pressures privilege upward accountability rather than flexible adaptation. Contractual rigidities are an impediment to adaptation and TWP, which often calls for greater anticipation of, and rapid response to, changing circumstances. As noted above, there has been some progress through, for example, CLA and dialogue with contracting officers, which has increased contractual flexibility to some extent. However, it remains a widely recognised constraint to TWP.

Time and resource demands

Understanding, analysing, and paying attention to the political context, whether through conducting formal PEAs or more informally through various forms of 'everyday' assessment, is a time-consuming and resource-intensive exercise. Delegating PEA exclusively to external experts can be problematic; it is important to engage project staff (both in USAID Missions and in IPs' project teams) to ensure there is greater traction on the implications emerging from analysis. However, the demands on in-country USAID staff time and energy to participate actively in PEA can be substantial and may also compete with other

[10] See, for example: https://www.csis.org/analysis/earmarks-and-directives-foreign-operations-appropriation

responsibilities and work requirements. The Mexico and Zambia examples of PEA cited by the IP participants vividly illustrate the kind of commitment that may be required to support a given project to work in politically informed ways. In the case of Mexico, the involvement of regional staff, who had trusted relationships with informants, was critical to success of the PEA. They were able to elicit responses via informal interactions rather than formal interviews. In Zambia, the implementation team integrated informal PEA into quarterly progress reviews, a process that can be very useful but does not happen automatically and requires dedicated staff time.

Organisational culture

While this topic was not a major focus of discussion during the webinar, a few speakers referred to the risk-averse nature of USAID's internal culture, and how this can make TWP uptake more challenging. Among contracting officers, concerns about following legally mandated procedures and rules can loom large, and make it difficult to engage in the kind of flexible and adaptive programming and implementation that is more risky but that can also enable TWP. Participants raised a few examples where some USAID Mission staff felt that the agency should stay away from programmes and activities that could be perceived as 'political' and focus on technical interventions that avoided potential controversy or criticism from country counterparts.

Opportunities

Despite the challenges discussed above, there is considerable appreciation of the importance of developing politically smart approaches in development, including in sectors that have traditionally been considered to be highly (or purely) technical. The webinar discussion identified various opportunities to improve the uptake of PEA and the adoption of a TWP mindset at USAID, including staff incentives, activity design, new development models, policies and strategies, and investing in continuous learning.

Staff incentives

While there are few formal incentives directly related to the use and application of PEA/TWP in annual staff performance evaluations, using PEA can nevertheless help staff demonstrate how they have innovated in programme design, and how that has contributed to better outcomes. In this way, PEA can help to shift the way USAID staff design, programme, and engage with IPs and local actors. This is because PEA can illuminate the deep socio-political and historical factors and embedded rules that explain why problems exist in the first place, which has helped USAID staff to rethink theories of change and the role donors play in these conceptual frameworks. PEAs can help USAID identify which local actors to engage with and how to support and connect them more effectively to bring about change.

Moreover, PEAs have enabled USAID staff to become more aware of the institutional and political inertia that underlies the complexity of the challenges they seek to address. Path dependence (that is, the tendency to stick with past behaviour patterns) and preferences for maintaining the status quo are well recognised challenges to making change.

Building on the findings of the DC-based TWP CoP/DRG study of solicitations mentioned earlier, there is an opportunity to craft these in such a way that can lay the foundations to embrace TWP principles more fully in the implementation of projects. For example, procurement instruments such as a Statement of Objectives (SOO) are designed to be less prescriptive and to enable greater experimentation by modifying incentives to achieve measurable short-term results and reducing the emphasis on avoiding failure. The challenge, however, is how to make TWP feel like a well-trodden path so that taking risks and potentially failing are viewed as more acceptable from a project evaluation perspective.

New development models, policies and strategies

USAID recognises the value of TWP and PEA as useful approaches to improve the design and implementation of its programming. New development models, such as the *Global Fragility Act*[11] and the *Partners for Democratic Development*[12]initiative, offer incentives for greater TWP uptake by encouraging more flexibility and longer-term iterative approaches. USAID Administrator Samantha Power's *Progress Beyond Programs*[13] initiative is closely aligned with TWP principles, calling for fostering collective action among like-minded actors to build a more nuanced understanding of the local context to ensure that opportunities to sustain USAID's investments are not lost when funding ends.

Understanding power dynamics is inextricable from pursuing effective localisation, and this again is at the heart of TWP. USAID's *Localization Policy*[14] recognises the importance of country-based development entrepreneurs to improve system-level outcomes that are more likely to be sustained. This is also true of anti-corruption efforts.

Building on PEA/TWP experience and lessons, the Agency's forthcoming *Democracy, Rights and Governance strategy*, expected in early 2023, highlights the centrality of politically informed programming for more effective engagement on the ground. The strategy integrates TWP through applied PEA and other approaches to ensure USAID's support to

[11] www.congress.gov/bill/116th-congress/senate-bill/727
[12] USAID Announces Initiatives to Advance Democracy in Support of Presidential Initiative for Democratic Renewal | Press Release | U.S. Agency for International Development
[13] FY 2022 Agency Financial Report: Progress Beyond Programs | Report | U.S. Agency for International Development (usaid.gov)
[14]Localization at USAID: The Vision and Approach

other sectors does not undermine the US government's efforts to strengthen a partner country's democratic governance processes.[15]

Continuous learning

USAID needs to invest in a rigorous assessment of the impacts of TWP and PEA across sectors. Such studies are important to help provide evidence to technical specialists regarding the importance and value of building political awareness into sector interventions. Webinar participants also recommended providing incentives for Mission staff to make greater use of TWP and PEA to learn and reflect, perhaps as part of their annual performance evaluations. Another opportunity to deepen TWP and PEA uptake is through updating and expanding PEA toolkits, such as GESI (gender, equity, and social inclusion), everyday PEAs, and scenario planning.

It is important in a decentralised agency like USAID to continuously collect, document, and disseminate experiences, practices and examples of what works well and less well and why. Podcasts and blogs can help with this dissemination. USAID's Policy Planning and Learning Bureau created a case competition to incentivise IPs to use CLA, which expanded its uptake across Missions. The Washington DC TWP CoP, together with USAID, will launch a similar initiative in 2023 to promote TWP through PEA. This is likely to yield synergies with CLA on how to work politically more effectively.

Conclusion: revisiting the 'almost revolution'

This section raises three key questions to offer some observations on USAID's experience with PEA and TWP over the past decade and assess prospects for future uptake.

How has USAID's experience with PEA and TWP embodied principles and practices of effective organisational change and innovation?

Organisational change depends upon a set of champions who have not only the capacity and willingness but also the incentives and enabling environment to introduce and advocate for new practices, sufficient space and resources to pursue innovation, and high-level support for experimentation. Over the past decade, the efforts of 'thought leaders' within USAID for systems thinking, politically informed development, and adaptive management have converged to foster greater acceptance and uptake of PEA and TWP.

[15] Links to the these models, policies are strategies can be found here: The Global Fragility Act: A New U.S. Approach | United States Institute of Peace (usip.org); FY 2022 Agency Financial Report: Progress Beyond Programs | Report | U.S. Agency for International Development (usaid.gov); Localization at USAID: The Vision and Approach. At the time of writing, the 2023 DRG Strategy is not yet publicly available.

USAID's decentralised structure has enabled an initially small cadre of staff to experiment with approaches and tools to enable politically smart programming. These efforts have created a growing network of internal and external champions that have gradually influenced USAID policies, practices, procurement content and contracting procedures in ways that create bureaucratic space for TWP. As the preceding discussion of opportunities describes, USAID has taken steps to build stronger staff (and IP) incentives to apply PEA and TWP, develop new policies, practices and procedures that are aligned with TWP principles, and invest in training, learning and adaptation. These steps lay the foundation for further progress, although building on that foundation faces challenges, as discussed below.

Is USAID further along the 'long road to politics' and the 'almost revolution' described by Carothers and de Gramont ten years ago?

Examples of politically smart approaches are steadily growing across sectors and programmes supported by USAID. Despite confusion regarding the variety of definitions and meanings of the terms, PEA and TWP are becoming increasingly familiar concepts to development practitioners; for example, USAID's Learning Lab offers PEA/TWP guidance and toolkits.[16] Numerous academic and donor reports have generated knowledge about politically smart programming and the challenges involved in implementation.[17] The existence of growing networks like the global TWP CoP and the Washington DC-based CoP shows some progress along the road and their efforts have heightened awareness and advocated for the need for uptake.

Yet, progress on TWP remains partial and halting. In a March 2022 event on 'Engaging with politics: Towards smarter international support to revitalize democracy' organised by the global TWP CoP as part of its Global Webinar series, Thomas Carothers cited three factors inhibiting faster adoption of politically smart programming:[18]

> 1. Coming to agreement on why things are the way they are takes time. Once consensus is formed, developing realistic theories of change is also time-consuming and contentious.
>
> 2. Politically smart approaches to development programming require donor agencies and their implementing partners to work differently. They need to change their own internal incentives, to work with local popular movements, and to work with (or against) the very power holders who do not want to change.

[16] See footnote 4 above.
[17] See, for example: https://www.rti.org/rti-press-publication/thinking-working-politically/fulltext.pdf
[18] See the video of this event: https://www.youtube.com/watch?v=tJ3stgcP2dM

3. The more actors work in politically smart ways, the more sensitive such action becomes to the politically powerful. The results can be diplomatic crises, declarations of *persona non-grata* for expatriate staff and personal harm or professional ruin for local staff.

In sum, it can often be riskier and more dangerous to work in politically smart ways than to stick with traditional and safer technical approaches. This often involves working with some of the grain in efforts to harness their efforts to bring about change against more powerful actors who may have a vested interest, and greater influence, to block it. In addition to Carothers' three points, we suggest that the incentives for aid agencies to adopt TWP more fully are not obvious. While many aid practitioners would agree that politically smart programming is essential to good development practice, the incentives to mainstream TWP remain limited.

USAID's bureaucratic superiors in the State Department view their roles as the political economy experts who manage host-country politics in an attempt to balance the full array of US interests abroad, of which development assistance is only one. USAID's political master, the US Congress, has, at best, sporadic interest in the ways in which foreign assistance is implemented. Since the Clinton administration, a culture of results management and measurement to assess effectiveness and ensure accountability to taxpayers has dominated Congress's attention. While this culture has led to a better accounting of where USAID spends its money and how, it is largely devoid of a political understanding of the impact of the assistance, focusing instead on budgetary allocations and spending rates. It is ironic that, by and large, US political dialogue seems to pay little attention to whether US foreign assistance is working in politically smart ways to sustain its investments abroad. Yet, it is also understandable because Congress has its own metrics that affect which issues rise to the top of the politically important list, and aid effectiveness is rarely one of them.

Given the webinar's discussion of outcomes, progress, challenges, and opportunities with PEA and TWP, should we be optimistic or pessimistic about the future of USAID's politically informed development programming?

USAID and other development agencies have changed internal rules and procedures, developed policies and guidelines, designed programmes, and issued solicitations that recognise the centrality of politics in shaping prospects for change. Have these changes towards more politically aware programming been revolutionary? Reflecting on this question from the webinar participants' perspective as well as our own experience working at the forefront of such efforts, we conclude that changes in the direction of embracing

TWP principles have been incremental and evolutionary (i.e. encouraging politically informed decisions and approaches within traditional programmes and modalities) rather than revolutionary (i.e. anchored in radically different ways of working).[19] Without a doubt, the use of PEA to inform more traditional aid approaches and country strategies has become much more consistent. There has also been some experimentation with alternative funding models that allow for greater flexibility and adaptation. Some observers with whom we have discussed the issue have also noted that within USAID there is greater risk tolerance for programmes that are politically informed.

From our perspective, there is room for cautious optimism about the overall TWP direction of travel despite the concerns noted above. TWP concepts have been broadly accepted if not yet mainstreamed within USAID. Acceptance and application of TWP remain the terrain of a growing cadre of 'positive deviants' distributed among Washington DC bureaus and some country Missions. The webinar participants offered encouraging examples of how they are applying TWP through supporting reform coalitions, partnering with politically influential groups and relying on more flexible implementation models (e.g. adaptive management) to allow them to take risks and seize fleeting opportunities to support reformers in-country in bringing about internally driven change. However, webinar participants also emphasised that more needs to be done to generate incentives and foster enabling environments and mindsets to support TWP as a more effective development practice – and to build evidence for the difference that this can make in an agency that is driven by the imperative to show and measure results quickly.

[19] See Graham Teskey's paper, which recreates the spectrum of TWP uptake from revolutionary to evolutionary originally developed by Tom Parks: https://twpcommunity.org/wp-content/uploads/2022/01/10-Lessons-learned-in-TWP-final-.pdf