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Technical Note #1

to accompany the USAID Legislative Handbook On Integrating Political Economy Analysis into Parliamentary and Legislative Strengthening Activities

This note is a resource for USAID activity managers on using Political Economy Analyses (PEAs) in legislative strengthening programming. This technical note serves as an addendum to USAID's handbook on legislative strengthening, entitled [A Practitioner's Guide: Strengthening and Working With Legislatures To Achieve Development Results \(June 2022\)](#). The technical note is divided into these sections:

- Why use a PEA to inform legislative strengthening programming?
- What are specific areas that PEAs of legislative strengthening should cover?
- What is the recommended solicitation language for PEAs in legislative strengthening?
- What are some quick pointers on executing a PEA?
- Relevant resources



WHY USE A PEA TO INFORM LEGISLATIVE STRENGTHENING PROGRAMMING?

A variety of organizations recommend a PEA for legislative strengthening programming.¹ The main reasons for this growing consensus is:

- **Working with stakeholders:** Legislative strengthening programming must grapple with interests and stakeholder management in order to move beyond low-risk 'capacity building' trainings and move into real parliamentary development (Democracy Reporting International, 2015)
- **Navigating the context:** Contextually relevant programming requires an understanding of the context (SIDA, 2012); For cross-sectoral programming seeking national policy reforms, PEA can provide an understanding of the dynamics and potential obstacles related to those reforms.

¹ Since the 1990s USAID along with other donors has engaged in strengthening legislatures and parliamentary programming on multiple continents. Organizations such as the National Democratic Institute (NDI), Westminster Foundation for Democracy (WFD), United Nations Development Programme (UNDP), and numerous other organizations have been part of this strengthening effort. In the early 2010s, evaluations and critiques of programming in this sub-sector began to surface and a common thread emanating from this analysis was the lack of political awareness of technically oriented programming and its ability to react to emerging findings (Citations at the end for Democracy Reporting International, 2015; SIDA, 2012 & 2015).

- **Addressing root causes:** A PEA ensures that outputs align with the desired outcomes, given there is often a gap between a project design and the actual understanding of the organizational issues, power structures, interests and patterns that hamper the development of a democratic and fully effective parliament (Democracy Reporting International, 2015)

Specific PEA experiences, such as in Malawi, Sri Lanka, and Honduras, provide insights into the uses of PEA.



Malawi: In Fall 2022, a new activity, the [Malawi Parliamentary Support Project](#) (PSP), conducted a PEA as part of the inception phase. It identified many of the usual constraints (high Member of Parliament (MP) turnover, limited institutional resources, and limited strong oversight practice), but recognized strengths as well (strong audit institutions and high quality senior parliamentary staff). The analysis then sought to better understand the institutional, cultural, and capacity constraints in utilizing these oversight tools for proper accountability and oversight. The implementing partner suggested altering some outputs initially planned in the design that were deemed less likely to gain traction based upon the analysis. New activities were also identified and presented to the Mission based upon the PEA that might serve as either quick wins or entry points to longer-term gains.



Sri Lanka: The Inclusive Participatory Processes (2020-2024) activity embedded annual PEAs into the workplan to “provide a crucial insight into the current dynamics and drivers of this emergent context.” The PEAs are produced by a local organization that specializes in political analysis and are updated annually to provide political insight to the team. The PEAs authored to date explored the factors affecting democracy in Sri Lanka, including detailed political intelligence on existing and emerging key actors. The analyses employed stakeholder mapping, which was used to guide the implementation team on where they may find democratic champions whose values and interests align with the activity’s objectives. This mapping and political intelligence covered a wide spectrum of political actors and institutions, which is not just limited to the Parliament, as the project engages a broader set of stakeholders. The reports also provided insight into “significant changes on the horizon” as it relates to separation of powers and constitutional reform, given the frequent political upheaval in recent years.



Honduras: In late 2022, the USAID/Honduras Mission commissioned a PEA of the National Congress to understand its dynamics and determine where there were openings for potential programming interventions. The study analyzed how the National Congress operates, formally and informally, in order to deliver (or not) legislative outcomes. There were five core questions that guided the research to include identification of opportunities and democratic champions, who benefits from the status quo and their motivations and interests, and critical relationships and roles. This research uncovered relevant dynamics and incentives through in-depth interviews with a wide array of stakeholders.



WHAT ARE SPECIFIC AREAS THAT PEAS OF LEGISLATIVE STRENGTHENING SHOULD COVER?

A PEA can be distilled into some basic questions, which need to be adapted to the needs of the Mission and/or implementing partner. Overall, the up-front work to define a clear purpose and overarching questions for the PEA is perhaps the most critical phase. The research may focus more on the sector more broadly (particularly when more background is needed for overall strategy) or on a specific, intractable problem or issue, among other options. An example of a specific issue would be the limited parliamentary scrutiny of the national budget for an activity that is focused on national public financial management (PFM).

According to [USAID’s Applied PEA guidance](#), the PEA can be boiled down to the question: *Why do things work the way that they do?* Some possible broad PEA questions related to legislative strengthening are:

- Who are the powerful actors in parliament, what are their political priorities, and what explains those political priorities? What are the main drivers of the political behavior of parliamentarians, whether protecting or promoting executive priorities, providing patronage to constituents, etc.?
- To what extent does parliament hold the executive accountable and what factors explain this? Similarly, what explains the priority given to government oversight, including addressing corruption?

Some specific topics that could be explored are:

- **Actors and priorities:** Who are the major power players in parliament? What are their priorities? What are their interests, and what factors drive those interests? Interests could vary between serving the executive, developing personal patronage networks, generating quick and tangible results for voters and many others.
- **Patronage:** What drives the political calculations of parliamentarians and how much does patronage play a role? What form does patronage take, and in particular, what do voters get for their vote and support? How does this system influence the interests of the parliamentarians, including their national alliances, as well as the role of political parties?
- **Local vs national issues:** How much are parliamentarians focused on local issues and disputes, as well as local patronage, vs. national issues? To what degree are members responsive to voters and constituents vs. party leadership, leadership in the Executive or national economic and social elites?
- **Internal functioning of the legislature:** Who controls the legislative agenda? Through what formal and informal means do legislative or party leaders control the way that members vote and ensure party discipline? Are caucuses, factions, or blocs that work across party lines effective arbiters or advocates to address the public good? To what extent are parliamentary caucuses and other legislative organizations dependent on the performance of their leaders, and what drives that performance?
- **Selection and election:** How are leadership positions within Parliament determined and how are they influenced? Does the electoral process shape candidates and their motivations, including the process of being nominated to the election and effects of any quota systems on individual MPs' priorities post-election?
- **Committee powers:** Is parliamentary power vested within the committee system? Are there committees that are more powerful and more competitive to serve on, and if so, why? Do committees hold any official or unofficial power, and what determines that? Who decides who serves on which committees and is there an associated price based on preference? Why do members serve on their particular committees, especially leadership? Who decides who leads which committees? What benefit does serving on a particular committee give to its members?
- **Executive-legislative relations:** Does the legislature have any ability to hold the executive accountable? What political factors allow the executive to control parliamentarians, and what political factors support their independence?
- **The internal dynamics of political parties:** How structured are political parties and how much do they determine the political choices of parliamentarians? Are parliamentarians dependent on the parties for their selection as candidates and for support for their campaigns?
- **The external dynamics of political parties:** How are the relations between political parties? Are the opposition parties independent and strong enough to hold the party in power accountable?
- **Foreign influence:** What is the susceptibility of parliamentarians to malign foreign influence and how is this influence exercised? Do international political forces and movements (i.e., Communist parties in South Asia or Serbian nationalist parties in Kosovo) exert power or predominate influence over policy debates?
- **Social and behavioral change:** To what extent do norms and expectations of peers, and not political interests, drive the behavior of parliamentarians?
- **Media and civil society :** In what ways can the media drive the behavior of parliamentarians? What issues engage the media to cover Parliament? Is there a specific agenda or topic? Are the media or civil society a proxy for other actors?

- **Understanding change:** What have been the major changes in parliament in recent times and what has driven those changes?

A PEA offers the opportunity not just to cover broad topics, but also to look at them in depth using these four analytical elements:

- **Foundational factors:** How does the history of politics determine the relationships between citizens and politicians, such as caciques in Latin America or traditional leaders in indigenous and tribal aligned societies? How do governance systems adapt to geography; for instance, what governance systems did a country with many islands develop to manage the relationship between island governments and the national government? Are there post-colonial legacies that shape how the legislative body was formed and public expectations to address their needs? How do ethnic tensions or economic and social inequality influence the politics of the country, and therefore the legislature?
- **Rules of the game:** What are the formal and informal laws and rules determining legislative and political processes, including the legislative agenda? How do these rules determine the make-up of the body and their willingness to toe the line to the political elites?
- **Here and now:** What are the most recent, relevant events in politics, such as a national crisis? And how do these relate to and influence the priorities of the legislature?
- **Dynamics:** What is the relationship (i.e., the dynamics) between and among these elements? For instance, a PEA may find that a general reliance on the executive for access to funds for patronage allows the executive to require laws that undermine the independence of parliament, thus preventing any parliamentarian from the same party to vote independently or even publicly scrutinize the executive.



WHAT IS THE RECOMMENDED SOLICITATION LANGUAGE FOR PEA IN LEGISLATIVE STRENGTHENING?

The majority of PEAs are conducted during one of two phases: 1) The activity design phase; and 2) The inception phase of an activity (i.e. Year 1). While implementing a PEA earlier in the project cycle helps to ensure the activity goes in the right direction early on, with sufficient flexibility, a PEA during the inception phase will also contribute to activity effectiveness. To ensure its completion during the inception phase, it is recommended that USAID put language into solicitations which require a foundational PEA. While there are a number of [relevant tips](#) for adapting to the context, here is an example of language that can be applied within solicitations:

The application of planned interventions should be informed by an initial Political Economy Analysis (PEA) of the [Parliament/Legislature]. The PEA should seek to guide how the intended results and the theory of change can be applied through interventions (i.e. illustrative activities) based upon the rules of the game, foundational factors, and how things actually work. This analysis should give priority to specific interventions and related outputs based upon identified opportunities and engaging relevant champions. These opportunities should positively leverage the identified political incentive structure while also steering clear of approaches that are likely to encounter strong resistance and a lack of local interest.

The PEA should be conducted during the start-up phase of the activity with the participation and collaboration of USAID. The fieldwork should engage a broad range of stakeholders to include current and former Parliamentarians/Legislators and staff, and relevant key informants such as civil society leaders, journalists, academics, and the legal community.

The PEA findings should be reviewed and updated, and programming adapted [annually] based upon this review to ensure feasibility, buy-in, and sustainability of programming interventions. Significant changes or shocks that affect the political and/or economic climate may necessitate a revision or recommencement of the analysis. [Add language from the section below on applying PEA as relevant.]

[If there is a clear preference for PEA staffed internal to the implementing partner, please indicate it here]



WHAT ARE SOME QUICK POINTERS ON EXECUTING A PEA?

Planning for a PEA

PEA in the design vs the implementation phase: There are advantages and disadvantages to USAID conducting the PEA during the activity design phase vs. during the implementation phase. The main benefit of the pre-activity approach to a PEA is that it can inform the initial design. This “upstream homework” can more efficiently direct the activity to align with the incentives structure, while also ruling out approaches that are not likely to work. Given the time to procure and conduct a PEA, this is usually done when there is significant lead time in the procurement process. The advantage to conducting PEA during implementation is that the IP is part of this learning process. This approach is often taken when there is not significant lead time in design and procurement. In this case, the project design should be highly flexible and adaptable (see below) to ensure the findings and recommendations coming out of a PEA inform the approach and illustrative tasks are revisited.



The Chair of the Gender Equality Council, Nino Tsilosani and the GEC members held a meeting with the USAID Mission Director, Peter Wiebler and the program representatives.

USAID and Implementing Partner (IP)-led PEAs may be conducted both internally and externally:

USAID or the IP may choose to conduct the PEA internally through an exercise conducted directly by staff with home office support, or they may choose to conduct it with an external partner under a grant or sub-contractual agreement. A notable advantage to conducting a PEA internally is that there is immediate buy-in and direct engagement in the analytical process by the design or implementation team. A disadvantage to an internally conducted PEA is that the team is often not fully qualified or experienced to appropriately conduct the analysis. Another factor to consider is time. Mission staff often have limited time for learning processes, and work under tight deadlines during the design phase, meaning that the work is often contracted out. During implementation, the implementing partner may not be able to concurrently conduct both the PEA and initiate start-up of the project based upon the limited scale of the team or expectations of a rapid startup. In Malawi, for example, a sub-grantee within a larger consortium with expertise in parliamentary PEA's conducted the PEA, while the consortium moved forward with project start-up.

Applying the PEA through Adaptive Programming

The PEA as an analytical tool should be employed to adapt programming to the political and economic realities of the country and thus should always be paired with an adaptive approach to program management. To facilitate adaptability in strategic planning and implementation, USAID and the IP may consider the following approaches:

Design adaptations and flexibility :

- **Incorporate Scenario Planning to Enable Flexibility:** By examining and preparing for a range of possible short-term outcomes you will be able to rapidly address the range of contextual changes that may occur in the life of a project. The focus of scenario planning is to anticipate, track, and prepare for changes in the context that might occur during implementation. The most common scenario affecting a project in the legislative and parliamentary space are scheduled or unplanned elections that shift power dynamics. It could also include a re-alignment of political allegiances or partnerships with government officials whose level of commitment is unclear, among others. A PEA may help analyze likely scenarios on the political horizon.
- **Enable a crisis modifier and flexible procurement instruments:** Flexible approaches to budgeting and work plans, taken from programming in crisis and shock-prone contexts, may also be written into procurement

instruments. This can include flexible budgeting and funding amounts reserved to adapt to a crisis situation. For legislatures and parliaments in conflict or post-conflict scenarios and where the context is asymmetric you may want to consider a crisis modifier. More information on the shock responsive programming [approach can be found here](#).

- **Flexibility in targeting parliamentary recipients:** As the PEA will help to identify potential opportunities and programmatic risks, building in flexibility in order to target new and emerging stakeholders may be beneficial. These can range from internal stakeholders like committee clerks and senior policy advisors to external stakeholders including civil society, media, think tanks, or independent audit institutions. In an institution where you are seeking to improve oversight or representational practices, giving this flexibility will create the opportunities that begin to demonstrate improved institutional behavior and establish necessary precedents for a strong, more democratic, and representative institution. It is important to remember that unlike other institutions, legislative bodies speak with many voices.²

Project Learning and Insight :

- **Provide an extended inception period focused on learning:** Despite the pressures to achieve results quickly, an extended inception period can provide the IP with space to learn and focus the most effective approaches to the activity. Too often, and sometimes at the urging of the donor, IPs charge out of the gates without an adequate understanding of the situation, leading to inefficiencies down the line. Activity managers and implementers may also use a PEA to gain consensus or agreement on the underlying dynamics and deeper issues in parliament. Though it is not always possible to delay start-up tasks, the IP team should avoid locking the activity into a particular direction with long-term commitments; instead, start-up tasks should still allow the flexibility to apply learning and insight from a PEA into longer term planning. Identifying a few start-up tasks that an IP can begin implementing during inception can help address the need for short-term results. Developing and approving a full work plan should occur after the PEA, to incorporate findings. An interim or short-term work plan may be requested as an alternative.
- **Use Learning and Reflection Opportunities:** Instituting a mid-course stocktaking to assess how project results are contributing to achievement of Intermediate Results and progress toward the Development Objectives is necessary. If instituted, this period should revisit and update the PEA. It is also commonly known as a “pause and reflect” session and it should review PEA findings, discuss new learning, and adapt or reconsider planned tasks. It should be a collaborative event with the USAID activity managers along with project stakeholders. These exercises should not be conducted without USAID involvement, particularly if external stakeholders from related USAID projects can be brought into the process to collaborate or align efforts.
- **Establishing project advisory or steering committees:** To ensure an activity is relevant to the context, some programs have instituted advisory or steering committees from the legislature or parliament and sometimes with additional representatives from academia, think tanks, and political parties to assist in advising and guiding project interventions. These committees may present insights useful to the analysis of the political economy, and can be particularly useful to engage when an activity is not gaining results as anticipated.



Umushyikirano 2013, Rwanda Parliament , 6-7 Dec 2013, © Rwanda Government

² USAID’s Political Party policy states that we “will assist all significant democratic parties with equitable levels of assistance” (p.3) and thus it is critical that we do not favor one faction over another when working in legislatures. See: https://pdf.usaid.gov/pdf_docs/PA00Z2Z7.pdf

- **Contact the DRG Center if you require support:** The DRG Center has both a Legislative Strengthening Advisor and several PEA experts who can provide support. You may reach us at kgash@usaid.gov and jonrose@usaid.gov.



RELEVANT RESOURCES

- A. USAID: [A Practitioner’s Guide: Strengthening and Working with Legislatures to Achieve Development Results](#) (see pp. 24-26 on PEAs)
- B. [USAID: Thinking and Working Politically Through Applied Political Economy Analysis: A Guide for Practitioners](#) (2018)
- C. [ODI: Applied political economy analysis: a problem-driven framework](#) (March 2013)
- D. [Global Partners Governance \(GPG\): The Politics of Parliamentary Strengthening Understanding political incentives and institutional behaviour in parliamentary support strategies](#) (2011)
- E. [NDI: Context Analysis Tool](#) (2014)

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