

FEBRUARY 07

Country Governance Analysis

1 Foreword

1.1 DFID's 2006 White Paper 'Eliminating world poverty: making governance work for the poor' emphasises that governance is central to development and sets out three requirements for good governance: state capability, accountability and responsiveness. The UK will put support for good governance at the centre of what we do and help build states that work for poor people. The White Paper commits DFID to adopt a new "quality of governance assessment" to monitor governance, including the causes of conflict and insecurity, and to use this assessment to guide the way we give UK aid. At the country level this will be called Country Governance Analysis (CGA).

1.2 This Note provides operational guidance on how to conduct Country Governance Analysis. The Note is aimed mainly at Country Office staff involved in preparing this analysis as part of the country assistance planning process. This note aims to promote a consistent approach across DFID to ensure the analysis is clearly presented and based on common principles. The exact scope and content of any CGA will depend on the country context.

1.3 This note has been prepared following extensive consultations within Policy and Research Division and with regional divisions, including testing the guidance in country circumstances. Also reflected are comments from the Foreign and Commonwealth Office (FCO). This note will be supplemented with additional guidance as required. In addition, an evaluation of experience in undertaking CGAs will be conducted in 2007 and the How-To Note may be subsequently updated to reflect lessons learnt.

1.4 For further information please contact the Effective States team in Policy and Research Division.

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2 Summary and key messages

2.1 The key strategic objective of the CGA is to put a comprehensive governance analysis at the heart of the country planning process in order to better inform our strategies and our decision making.

2.2 The CGA will provide Ministers and senior management with a better understanding of governance context and trends. This will help inform our decisions on the objectives and focus of aid programming and choice and mix of aid instruments. The CGA will also help us manage risk more effectively. Finally the CGA will also inform our analysis of a partner country government's progress against the three partnership commitments set out in DFID's policy paper 'Partnerships for poverty reduction: rethinking conditionality'. However, the CGA will not constitute a fourth commitment.

2.3 CGAs will be prepared in the context of the country assistance planning process and will be mandatory for all countries required to prepare Country Assistance Plans (CAPs). Undertaking a CGA will be optional for non-CAP countries and in advance of Development Partnership Agreements (DPAs). The CGA will be approved and signed off by the Head of Country Office before submission to the Quality Assurance Group (QAG) as part of the peer review of the CAP. The CGA will be a publicly available document and so should be written for proactive publication. Any sensitive data and analysis not included in the CGA should be set out in the covering submission to the QAG.

2.4 DFID's approach to CGAs aims to combine simplicity and flexibility with rigour and consistency. Undertaking a CGA should be a straightforward process. Country Offices are required to gather information already in the public domain, organise this according to the three requirements of good governance set out in the White Paper, state capability, accountability and responsiveness (the CAR framework), analyse and interpret this information and use existing country level dialogue processes to arrive at a shared understanding of the quality of governance. Country Offices should have maximum flexibility in their choice of governance indicators, their focus on specific aspects of governance relevant to their country context, and their positioning within local processes. Where development partners such as the World Bank, European Commission and other multilaterals and bilaterals have already produced their own rigorous and robust assessments, the CGA may simply provide this assessment reinforced with additional data and analysis if needed.

2.5 The only requirements are that a limited number of key indicators are mandatory (see Section 7: Paragraph 7.2 and Tables 3 - 5), that Country Offices present data sources and analysis using the CAR framework and that the CGA follow a set template (given in Section 4 Table 1) to ensure a consistent approach based on common principles.

2.6 Five key principles have driven the production of this guidance. The CGA should:

- be rigorous and credible, and *set within the framework established in the White Paper*, i.e. good governance is to be found where states are capable, accountable and responsive;
- *be based on existing information in the public domain*;
- *support not undermine* the Paris Declaration on Aid Harmonisation through *shared analysis*;
- *support country-led approaches* by building on existing processes of dialogue; and
- *be embedded within the country assistance planning process*

3 The purpose of a Country

Governance Analysis

3.1 The White Paper sets out DFID's commitment to assessing the quality of governance in the countries where we work in order to monitor governance over time, including the causes of conflict and insecurity, and to inform the choices that we make over the use of aid resources. Monitoring governance can help assess the direction of travel of governance, support dialogue at country level and inform the choices that we make over the use of aid resources. It can also help us to manage risk more effectively.

3.2 There are four main purposes of undertaking a CGA:

- to reach a judgment on both the broad trajectory of development and change in governance, as well as trends in critical and specific aspects, and the key short and medium term risks in governance;
- to inform DFID Ministers and senior management understanding of historical and strategic context of governance in any particular country;
- to inform the nature, content and direction of donor governance dialogue in-country (if such a process exists), or to help initiate one where it doesn't; and
- to inform the design of DFID's country programme, and especially the priority interventions for the governance programme

3.3 As outlined in the White Paper, the CGA will help guide aid policy within our partner countries. The analysis will have implications for the overall objectives and focus of the country programme. It will affect the choice of institutions that we prioritise for DFID support and the relative proportion of our aid programme that supports these institutions. It will also affect the choice and mix of aid instruments that we will use to support governments, particularly the extent to which we align our support to government's own strategies and deliver it through their systems.

3.4 The CGA will provide an analysis of a partner country government's progress against the three partnership commitments set out in our UK policy paper 'Partnerships for poverty reduction: rethinking conditionality'. However, the CGA will **not** be used:

- to establish indicators that will be used to trigger aid disbursements;
- to set minimum thresholds for particular aid instruments; or

- to provide specific *judgements* on our three partnership commitments. In particular, the CGA will not constitute a fourth partnership commitment.

3.5 In these regards, the purpose of the CGA is different to approaches used by other multilateral and bilateral agencies. The European Commission Governance Profile is for example used to determine the allocation of the ‘incentive tranche’ of their Governance Initiative.

3.6 **Guiding Principles:** Five key principles have driven the production of this guidance. The CGA should be:

3.7 **Framed within a broad governance framework....** This guidance note has deliberately taken a non-prescriptive approach. As much as possible (in terms of both content and process) is left to the Country Office to decide. Rather, the note aims to promote a consistent approach to governance analysis across DFID; first, by ensuring the analysis is based on common principles, i.e. good governance is to be found where states are capable, accountable and responsive, and second, by presenting the analysis in a common format.

3.8 **... and based on existing information in the public domain.** The CGA should be based on a balanced set of ‘triangulated’, or cross-checked, and credible, governance indicators and existing governance diagnostics, assessments and reports that are in the public domain. These may be on the web or paper based. As such, the CGA should be quick to do. It should be acknowledged that while such data is ‘in the public domain’, many such sources will be unknown to, or unrecognised by, partner governments.

3.9 **The analysis will be a shared one...** In line with the Paris Declaration principles, the CGA should be as far as possible a country level analysis shared among DFID, FCO, partner governments, other donors and civil society. The FCO should be consulted during the preparation of the CGA. Country Offices are encouraged to move toward joint analysis with other donors (especially the World Bank and European Commission), government and civil society where they judge that there are gains to be made to on-going dialogue processes in country or to the quality of analysis.

3.10 **... which supports country led approaches...** Where there is already agreement and momentum around an existing analytical or diagnostic framework, the CGA should draw from this, rather than duplicating processes and imposing new analytical frameworks. In assembling the CGA, each DFID Country Office should take as its starting point whatever ‘core’ donor-government process or dialogue is already in place, or is emerging. Where development partners such as the World Bank, European Commission and other multilaterals and bilaterals have already produced rigorous and robust assessments of their

own, the CGA may simply provide this assessment reinforced with additional data and analysis if required.

3.11 ... **and is embedded within the country assistance planning process.** Country Offices will prepare CGAs as a core component of the country assistance planning process. Its key points and conclusions should feed into country planning decisions.

4 Country Governance Analysis: the basics

4.1 **Who needs to do a CGA and when?** All Country Offices that are required to prepare CAPs are required to prepare a CGA in the context of their country assistance planning process. Country Offices which do not prepare CAPs may choose to prepare a governance analysis based on this guidance but this is not mandatory. Country Offices may also consider preparing a CGA in advance of DPAs but this is also not mandatory.

4.2 Country Offices may choose to update their analysis for various reasons. Governance contexts may change at short notice. This may be precipitated by a change in political leadership or regime. Or there may be a perceived deterioration or improvement in governance that a Country Office may want to analyse further. A Country Office may consider updating their CGA when for example particularly worrying human rights violations occur or when serious concerns are voiced as to the conduct of elections.

4.3 Updates could also be at the request of Ministers and senior management.

4.4 **What should a CGA look like?** Depending on the availability of data and analyses, and governance complexity, the CGA may be as short as 5 pages or as long as 30 pages.

4.5 Governance data upon which the CGA will be based should be presented against the three requirements of good governance as set out in the White Paper: state capability, accountability and responsiveness. Within this analytical framework, Country Offices should aim to cover fifteen elements of governance as listed in the Template set out in Table 1 below. Country Offices may choose to focus on specific aspects that are most relevant to their country context. If possible, Country Offices should aim to disaggregate by gender routinely across all sub-headings.

4.6 While the principle is to have as much “above the line” as possible, in sensitive (and exceptional) cases, Country Offices may need to include such sensitive analysis within a covering submission to the QAG (see Paragraph 4.8). This may include best and worst case scenarios, and potential upcoming flashpoints, and possible DFID response should they come about. If appropriate it could also contain information on country dialogue and other partners that DFID judges important but that might prejudice our relationships if widely available.

Table 1: The Country Governance Analysis template

Covering Submission	Reason for submission	
	Background	
	Sensitive information and analysis	
Executive Summary	Governance trends	
	Prognosis and foreseeable risks	
	Implications for DFID programming and conditionality assessment	
Section A: Preamble	Historical, regional, economic, social and political context	
Section B: Governance Data	2-6 data points on each sub-heading under the CAR framework	
	State Capability	<ul style="list-style-type: none"> • Political Stability and Personal Security • Economic and Social Policy Management Capability • Government Effectiveness and Service Delivery • Revenue Mobilization and Public Financial Management • Conditions for Investment, Trade and Private Sector Development
	Accountability	<ul style="list-style-type: none"> • Political Freedoms and Rights • Transparency and Media • Political Participation and Checks • Rule of Law and Access to Justice • Civil Society
	Responsiveness	<ul style="list-style-type: none"> • Human Rights and Civil Liberties • Pro-poor Policy • Inequality, Discrimination and Gender Equality • Regulatory Quality • Corruption
Section C: Analysis of Data	Governance trends	State Capability
		Accountability
		Responsiveness
	Prognosis	
	Foreseeable risks	
Section D: Country Dialogue and Engagement	Existing donor-government engagement on governance reforms	
	DFID's strategic aims in governance programme	
Section E: Implications for DFID	Implications for Country Programme	Governance spending priorities
		Choice of instruments
		Staffing implications
	Implications for DFID conditionality assessment.	

4.7 Country Office Support: The Effective States team in Policy and Research Division will be the initial source of guidance and support on the CGA process and data sources (if required). Support to Country Offices on conflict data and analysis will be provided by CHASE or other regional units as required. Other teams have expertise on specific issues (e.g. Country Led Approaches and Results Team, Global Development Effectiveness Division, can provide advice on aid effectiveness, country led approaches, conditionality and aid instruments). See Annex 4 for further sources of guidance.

4.8 Peer Review and Quality Assurance: CGAs will be submitted to the QAG as part of the peer review of their CAP. Prior to this, Country Offices have the option of submitting their CGA to the Effective States Team, Policy and Research Division, for quality assurance and peer review. However, where CGAs are prepared separately from CAPs, CGAs will be submitted to the Effective States Team for quality assurance and peer review. The QAG and EST will focus on:

- whether the required structure has been followed and mandatory sections have been completed;
- whether a balanced and relevant set of international and national data sources has been used;
- whether the data has been 'triangulated', or cross-checked;
- how the data has been interpreted; and
- the extent to which the preparation process was aligned and harmonised with existing processes in country

4.9 Evaluation of CGA experience: The Effective States team will lead a review of experience of conducting CGAs in 2007. This will inform an update of this guidance in 2007/2008 if needed.

5 Methodology: how to conduct a Country Governance Analysis

5.1 **Strategic Planning:** A year ahead of the CAP or DPA, a Country Office may want to start preparing for their CGA. It may be helpful to think about a timetable and staff resources for preparing the CGA; the consultation process; and the information and data sources that might help analysis.

5.2 **Timetable and staff resources:** Where possible, the CGA should be aligned with national planning cycles, such as the poverty reduction strategy timetable, and on-going donor discussions with partner governments. This will help reduce transaction costs for partner countries, and move towards alignment of our and other donors planning processes behind country led poverty strategies.

5.3 In some countries, the CGA may be based on agreed and shared analysis (such as the European Commission's 'Governance Profile', the World Bank governance assessment or the Netherlands governance assessment) and so will be relatively straightforward to prepare and draft. In such cases, the CGA may only take a week. In other countries where such analysis is not available, data is patchy and difficult to interpret, or where the governance context is particularly complex, the CGA may take longer.

5.4 Country Offices should make their own decisions on staff resources and management responsibilities based on availability, skill set and experience. Within larger offices, and where a wide consultation process is being launched, a supportive steering committee comprising advisers, programme managers and the FCO may be set up. Consultancy support may be commissioned where Country Offices feel that their analysis would benefit from external independent support by long-standing country 'experts', especially nationals respected by partner governments. The Country Office may then wish to have the draft CGA peer reviewed as part of the in-country CGA process.

5.5 **The consultation process:** In line with the Paris Declaration, the CGA should be as far as possible a country level analysis shared by DFID, FCO, partner governments, other donors and civil society. The FCO should be consulted during the preparation of the CGA.

5.6 With other stakeholders, a shared analysis could mean a range of degrees of sharing: from joint production, endorsement, consultation through to merely handing over a final document. Assembling and agreeing the CGA jointly with other donors, government and key

representatives of civil society will be challenging in most countries. Where political governance is fundamentally contested, it may not be possible.

5.7 Consultation should therefore wherever possible take place within existing and agreed frameworks of consultation as part of the CAP process. Country Offices are encouraged to move toward joint analysis where they judge that there are gains to be made to the quality of analysis or the strength of on-going dialogue processes in country.

5.8 A stakeholder map, a 'drivers of change' analysis or other analyses may help to identify stakeholders that a Country Office could consult during CGA preparation. These may extend beyond the 'usual suspects', such as central government and donor-funded non-government organisations, to include provincial and local government, civil society organisations, and less visible community (such as minority and refugee) representatives. Diaspora may also be consulted. In some contexts, such as federal political systems, Country Offices may want to consider whether country level CGAs might be usefully supplemented with provincial or state level analysis. In other countries, the state of governance may be significantly affected by regional and international governance issues. The consultation map could be shaped by these considerations.

5.9 Consultation should be proportionate, taking into account stakeholder capacity and practical and political feasibility, and have a clear purpose. Country Offices may want to initiate the consultation process by agreeing on the purpose and process of consultation with stakeholders in order to manage expectations.

5.10 **Information and data sources required:** Country Offices should gather existing information and data already in the public domain (particularly data produced or endorsed by the government concerned) as background and the evidence base for their analysis. These would include partner government's own documentation and analysis (including central, provincial, state and local where appropriate); DFID's own analytical documents; FCO and other UK government department reports; other donor, international and local experts' analysis; civil society analysis; and governance indicators. Regional and neighbouring country analysis should also be gathered where it is felt that the quality of governance in a country is driven by regional or international factors. More guidance is given in Section 6.

5.11 The strategic planning process may help to identify whether understanding in a particular area needs to be strengthened, is outdated or in other ways inadequate, and so may trigger any one or more of DFID's own in-depth analytical tools or commissioning of additional independent analysis. Country Offices may also identify a need to support local indicator development. These could then usefully feed into the next CGA, or its update, and CAP.

6 Guidance on the evidence base

6.1 Existing agreed analytical frameworks: In assembling the CGA, each DFID Country Office should take as its starting point whatever ‘core’ donor-government analysis, process or dialogue is already in place, or is emerging. This may be a ‘governance matrix’ under discussion as part of the development of a poverty reduction strategy paper or a development partnership agreement between government and donors. In other countries it may be the European Commission’s ‘Governance Profile’ depending on the extent to which the profile is shared with the government. Where there is no shared analytical framework, the country constitution may even be a good starting point for a dialogue on rights, responsibilities and commitments.

6.2 Partner country government analysis and indicators: Wherever possible the CGA should draw from the partner country government’s own documentation, analysis and reports. These may include the constitution, relevant laws, government statistics, the national budget, audit reports, service delivery reports, departmental reports and civil society consultation reports. Many countries also have a range of national data sources on governance issues – ranging from opinion polls, corruption surveys, report cards and other management information systems.

6.3 International and regional reports: International and regional bodies produce reports and analysis of governance, such as the Africa Peer Review Mechanism reports. The UN human rights system produces various types of human rights reports such as the UN Human Rights Council’s country reports. These may have greater legitimacy than bilateral or non-governmental reports. There are regional human rights systems in Africa, the Americas and Europe, such as the reports of the African Commission on Human and People’s Rights and those of the Inter-American Commission on Human Rights, which also produce useful information.

6.4 DFID analytical tools: Where available, DFID analytical tools such as Fiduciary Risk Assessments, Strategic Conflict Assessments, Social Exclusion Assessments, social audits, gender equality analyses and human rights assessments, should inform the CGA. In particular, Drivers of Change studies will provide important background on the distribution of power between the citizen and state, and power relationships among different stakeholders. This list is not exhaustive and it is important to note that the CGA does not undercut the need for Country Offices to commission any of the above to deepen their analysis and

understanding. At the same time, not all of these are necessary – Country Offices should base decisions on their judgement of need.

6.5 FCO and other UK Government Department reports and analytical tools: The FCO, other UK Government Departments and inter-departmental units produce a number of reports and analysis that should be reviewed and referenced where they are in the public domain. The FCO produces regular human rights analyses in various countries and has also set out a democracy analysis tool in its new 'Democracy Toolkit'. Where the UK Post-Conflict Reconstruction Unit has produced joint stabilisation analyses these could also be reviewed.

6.6 Other agency diagnostics and reports: Other development agencies produce governance analysis of particular dimensions of governance that should be referenced. These may include the European Commission's 'Governance Profile', World Bank governance assessment, Netherlands governance assessment framework, European Commission's Human Rights Fact Sheets, African Development Bank's 'Governance Profile', Swedish International Development Agency's (SIDA's) Power Analysis, SIDA's Conflict Assessments and others. Where such analysis is sufficiently rigorous and robust, the CGA may simply provide this alongside additional and reinforcing data and analysis if needed.

6.7 Independent reports and statements: A number of international and national organisations produce reports and publish statements on different aspects of governance that should be reviewed and referenced as needed in the CGA. These include country reports from international civil society organisations and initiatives such as the Bertelsmann Foundation, International Crisis Group, Clingendael Institute, Human Rights Watch, Amnesty International, Freedom House World Governance Assessment and Global Integrity. These may also include participatory poverty assessment reports commissioned by governments, donors or civil society organisations. In addition, reports that focus on governance impacts of neighbouring countries may be useful when considering the causes of conflict and insecurity within a country. There are also important local sources of information (possibly not in English) such as local human rights reports, civil society reports, media reports, professional association and union reports and non-government organisation perception studies (AfroBarometer is one example).

6.8 Governance indicators: There are a number of global sources of governance data that are publicly available. These include the World Bank Institute's 'Governance Matters' indicator set, the World Bank's International Development Assistance Internal Resource Allocation Index (IRAI, formerly Country Policy and Institutional Assessment or CPIA) and

Transparency International's Corruption Perception Index. More detailed information on these sources is available in Section 7: Tables 3 - 5.

6.9 Political risk indicators: For the prognosis and political risk sections, Country Offices may want to review the political risk indicators and analysis produced by private sector companies, such as the Political Risk Services Group (International Country Risk Guide), Economist Intelligence Unit and Eurasia Group. Country Offices may also consider commissioning bespoke country reports on political risk from Control Risk Group.

7 Guidance on key Country Governance Analysis sections

7.1 **Section B: Governance data:** All information will be presented factually, focusing on main conclusions and directly referenced sources. In order to maintain objectivity and credibility care should be taken to provide a balanced view drawing on a range of credible data sources and presenting conflicting data where this exists. As far as possible, the CGA should present numerical indicators tracked over years to show trends. There will be no additional DFID analysis of information in this section.

7.2 There are a number of data sources which are publicly available and suggested below in Tables 3 - 5. It is for Country Offices to decide which data sets most appropriately illustrate the context under each sub-heading. However, there is a mandatory set of “core” indicators, also listed in Tables 3 - 5, which should be included in all CGAs. When identifying relevant data sources DFID offices may consider consulting national stakeholders to review the range and quality of information available, assess credibility and potential impact of publishing the data.

7.3 All data sources must be given proper citation as endnotes using the Harvard Reference System. For documents, the citation should follow the following format: Author's surname, initial, year of edition used, title of document (in italics), place of publication, publisher. For electronic sources, the citation should follow the following format: Author's surname, initial, date of document, title of document (in italics), <web address>, date accessed.

7.4 Information should be grouped in terms of State Capability, Accountability and Responsiveness and ordered within the common sub-headings given below to allow for consistency in reporting. Country Offices should aim to offer between two and six ‘data points’ under each sub-heading. For example on ‘Political Freedom and Rights’ a Country Office may consider providing data from the World Bank Institute ‘Governance Matters’ indicator set on Voice and Accountability, an extract from the narrative report from Freedom House and an extract from a local national perception study.

7.5 If needed, this Section should also refer to data documenting the ‘spill over’ effects of poor governance in neighbouring countries, and regional and international governance data sources that are relevant to governance in the country, especially when identifying the causes of conflict and insecurity. Public data sources might include international and

regional codes and standards, the number of migrants, refugees and internally displaced people taken from UNHCR Statistical Yearbook Country Data Sheets (<http://www.unhcr.org>), International Crisis Group reports (<http://www.crisisgroup.org/home/index.cfm>) or Economist Intelligence Unit reports (www.eiu.com).

7.6 It is understood that data points may not always be available, especially in fragile states, or may not reflect the *experience* of governance fully, in particular for specific groups, such as marginalised communities or neglected regions. In some contexts where information may not be available or credible, Country Offices may want to note the absence of information and consider whether in their forward work programme this can be addressed.

Table 3: State capability core data sources

	Suggested international data sources (* in bold are mandatory)
Political Stability and Personal Security	<p>* Political Stability – World Bank Institute (WBI) Worldwide Governance Indicators http://info.worldbank.org/governance/kkz2005/</p> <p>Stateness – Bertelsmann Transformation Index (BTI) http://www.bertelsmann-transformation-index.de/28.0.html?&L=1</p> <p>FAST dataset – Swisspeace http://www.swisspeace.org/fast/products.htm</p> <p>UNOCHA country reports on Internally Displaced People http://www.internal-displacement.org/</p> <p>UNHCR statistical yearbook on refugees http://www.unhcr.org/statistics/</p>
Economic and Social Policy Management Capability	<p>* Economic Management – World Bank’s ‘International Development Association Resource Allocation Index’ (IRAI) formerly Country Policy and Institutional Assessment (CPIA) Cluster A and Sub-Indicators 1, 2 and 3 http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~pagePK:51236175~piPK:437394~theSitePK:73154,00.html (2005); http://siteresources.worldbank.org/IDA/Resources/2004CPIAweb1.pdf (2004); http://siteresources.worldbank.org/IDA/Resources/Quintiles2003CPIA.pdf (2003); http://siteresources.worldbank.org/IDA/Resources/Quintiles2002CPIA.pdf (2002)</p> <p>Inflation, Interest and Exchange Rates – World Development Indicators http://ddp-ext.worldbank.org/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6 or http://devdata.worldbank.org/dataonline/old-default.htm</p>
Government Effectiveness and Service Delivery	<p>* Government Effectiveness – WBI Worldwide Governance Indicators see above for web links</p> <p>* Quality of Public Administration – IRAI Cluster D: Public Sector Management and Institutions Sub-Indicator 15 see above for web links</p> <p>* Infant, child and/or maternity mortality; immunization rates – WHO http://www3.who.int/whosis/core/core_select.cfm or World Development Indicators see above for web links</p> <p>* Education share of the budget; primary share of education budget; primary and/or primary completion; gender parity - World Development Indicators http://devdata.worldbank.org/edstats/query/default.htm</p>
Revenue Mobilization and Public Financial Management	<p>* Quality of budget & financial management – IRAI Cluster D: Public Sector Management and Institutions Sub-Indicator 13 see above for web links</p> <p>* Tax revenue as % of GDP – World Development Indicators see above for web links</p> <p>Efficiency of Revenue Mobilization – IRAI Cluster D: Public Sector Management and Institutions Sub-Indicator 14 see above for web links</p> <p>Public Expenditure and Financial Accountability (PEFA) http://www.pefa.org/</p>
Conditions for Investment, Trade and Private Sector Development	<p>Stock of FDI as a ratio of GDP – World Development Indicators see above for web links</p> <p>Structural policies – IRAI Cluster B Sub-Indicators 4 and 5 see above for web links</p> <p>Property Rights and Rule-based Governance – IRAI Cluster D Sub-Indicator 12 see above for web links</p> <p>Investment Climate Surveys – World Bank http://www.enterprisesurveys.org/</p>

Table 4: Accountability core data sources

	Suggested international data sources (* in bold are mandatory)
Political Freedom and Rights	<p>* Voice and Accountability – World Bank Institute (WBI) Worldwide Governance Indicators http://info.worldbank.org/governance/kkz2005/</p> <p>Stateness – Bertelsmann Transformation Index (BTI) http://www.bertelsmann-transformation-index.de/28.0.html?&L=1</p> <p>Cingranelli-Richards (CIRI) Human Rights Dataset http://ciri.binghamton.edu/</p> <p>Political Rights – Freedom House http://www.freedomhouse.org</p> <p>World Values Survey http://www.worldvaluessurvey.org/</p>
Transparency and Media	<p>* Media – Freedom House http://www.freedomhouse.org</p> <p>Worldwide Press Freedom Index and regional and country reports - Reporters Without Borders http://rsf.org</p> <p>Global Integrity Index and country reports – Global Integrity http://www.globalintegrity.org/reports/2006/index.cfm</p> <p>Country reports and various findings – World Governance Assessment (WGA) http://www.odi.org.uk/wga_governance/Findings.html</p>
Political Participation and Checks	<p>* Regime Characteristics – Polity IV Country Reports 2003 http://www.cidcm.umd.edu/polity/country_reports/report.htm</p> <p>* Women in Parliament – International Parliamentary Union (IPU) http://www.ipu.org/wmn-e/classif.htm</p> <p>Country Reports – Bertelsmann Transformation Index (BTI) <i>see above for web links</i></p> <p>Country Reports – International Institute for Democracy and Elections (IDEA) http://www.idea.int/regions/index.cfm and http://archive.idea.int/ideas_work/index_countries.htm</p> <p>Survey results - Afro-Barometer http://www.afrobarometer.org/</p>
Rule of Law and Access to Justice	<p>* Rule of Law – World Bank Institute (WBI) Worldwide Governance Indicators <i>see above for web links</i></p> <p>Rule of Law – Bertelsmann Transformation Index (BTI) <i>see above for web links</i></p> <p>Property Rights and Rule-based Governance – IRAI Cluster D Sub-Indicator 12 http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~pagePK:51236175~piPK:437394~theSitePK:73154,00.html (2005); http://siteresources.worldbank.org/IDA/Resources/2004CPIAweb1.pdf (2004); http://siteresources.worldbank.org/IDA/Resources/Quintiles2003CPIA.pdf (2003); http://siteresources.worldbank.org/IDA/Resources/Quintiles2002CPIA.pdf (2002)</p> <p>Judiciary – World Governance Assessment (WGA) http://www.odi.org.uk/wga_governance/Judiciary.html</p>
Civil Society	<p>Civil Society Index Country Reports – CIVICUS http://www.civicus.org/</p> <p>Various – World Values Survey http://www.worldvaluessurvey.org/</p> <p>Civil Society – World Governance Assessment (WGA) http://www.odi.org.uk/wga_governance/Civil.html</p>

Table 5: Responsiveness core data sources

	Suggested international data sources (* in bold are mandatory)
Human Rights and Civil Liberties	<p>* Civil Liberties – Freedom House http://www.freedomhouse.org</p> <p>Human Rights Indicators and Country Reports - Danish Institute of Human Rights http://www.humanrights.dk/frontpage/</p> <p>Cingranelli-Richards (CIRI) Human Rights Dataset http://ciri.binghamton.edu/</p> <p>Country Reports - Human Rights Watch http://www.hrw.org</p> <p>State reports to UN Treaty Bodies http://www.ohchr.org/english/bodies/index.htm</p> <p>Country Reports - US Department of State http://www.state.gov/g/drl/hr/c1470.htm</p>
Pro-Poor Policy	<p>* Equity of Public Resource Use – IRAI Cluster C: Policies for Social Inclusion / Equity Sub-Indicator 8 http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~pagePK:51236175~piPK:437394~theSitePK:73154,00.html (2005); http://siteresources.worldbank.org/IDA/Resources/2004CPIAweb1.pdf (2004); http://siteresources.worldbank.org/IDA/Resources/Quintiles2003CPIA.pdf (2003); http://siteresources.worldbank.org/IDA/Resources/Quintiles2002CPIA.pdf (2002)</p> <p>* Social Protection & Labour – IRAI Cluster C: Policies for Social Inclusion / Equity Sub-Indicator 10 <i>see above for web links</i></p> <p>Expenditure on health and education – World Development Indicators http://ddp-ext.worldbank.org/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6 or http://devdata.worldbank.org/dataonline/old-default.htm</p>
Inequality, Discrimination and Gender Equality	<p>* Policies for Social Inclusion/Equity– IRAI Cluster C: Policies for Social Inclusion / Equity and Sub-Indicator 7 <i>see above for web links</i></p> <p>UNDP Gender Empowerment Measure http://hdr.undp.org/hdr2006/statistics/indicators/230.html (2006); http://hdr.undp.org/statistics/data/pdf/hdr05_table_26.pdf (2005); http://hdr.undp.org/reports/global/2004/pdf/hdr04_HDI.pdf (2004) etc.</p> <p>OECD DAC Gender, Institutions and Development Index http://www.oecd.org/document/23/0,2340,en_2649_34541_36225815_1_1_1_1,00.html</p> <p>Minorities at Risk http://www.cidcm.umd.edu/inscr/mar/data.asp</p>
Regulatory Quality	<p>Regulatory Quality – World Bank Institute (WBI) Worldwide Governance Indicators http://info.worldbank.org/governance/kkz2005/</p> <p>Business Regulatory Environment – IRAI Cluster B: Structural Policies Sub-Indicator 6 <i>see above for web links</i></p> <p>Doing Business – World Bank http://www.doingbusiness.org/</p> <p>Firm surveys – World Bank http://www.enterprisesurveys.org/</p>
Corruption and Integrity	<p>* Control of Corruption – World Bank Institute (WBI) Worldwide Governance Indicators <i>see above for web links</i></p> <p>* Corruption Perception Index – Transparency International http://www.transparency.org/policy_research/surveys_indices/cpi</p> <p>Corruption – Bertelsmann Transformation Index (BTI) http://www.bertelsmann-transformation-index.de/28.0.html?&L=1</p> <p>Global Integrity Index and country reports – Global Integrity http://www.globalintegrity.org/reports/2006/index.cfm</p> <p>Public Expenditure and Financial Accountability (PEFA) http://www.pefa.org/</p>

7.7 **Section C: Analysis of Data:** This section will present a short analysis and interpretation of the data on State Capability, Accountability and Responsiveness presented in Section B, with particular attention given to trends in governance, including the causes of conflict and insecurity. The analysis should be balanced, and based on the outcome of country processes and consultation as appropriate. It will make a clear link to the data set out in Section B and the history, economic, social and political context as outlined in Section A.

7.8 In some cases, governance data sources may not definitively identify trends except over many years, even decades. Yet in many cases, events in one year will change the context for governance in a country. These events can mark fundamental "jump shifts" in governance.

7.9 The importance of interpreting long term governance trends comes to fore when an 'event' in a country needs to be understood in historical and political context. The analysis should therefore focus on direction of travel in governance retrospectively (twenty, five and one year). Within this broad range Country Office may select periods that best suit their context.

7.10 This section should also focus on the prognosis and risks in so far as this is possible from an analysis of the data sources in Section B. This could look forward one year for unstable or changing contexts, three to four years for CAPs and ten years for DPAs. Risks could include latent conflict or the prospect of actual conflict suggested by indicators of territorial insecurity, poor conflict management capability, large numbers of migrants and/or internally displaced people, unresolved grievances between communities and general political instability. The prospective forecast could also try to identify milestones and forward looking political risk indicators that the Country Office intends to monitor in the future and that future CGAs will revisit.

7.11 It is important that governance data sources are selected and interpreted with care. In particular, three 'golden rules' are suggested:

- understand what the indicators are actually measuring and their sources;
- recognise that indicators are just that – indicators; and
- use a variety of indicators to 'triangulate' and cross-check (i.e. do not just use one)

7.12 For further guidance on using governance indicators, see: UNDP/EU 2004 handbook - Governance Indicators: A Users' Guide. Other useful guidance is listed in Annex 4.

7.13 **Section D: Country dialogue and engagement:** This section should set out existing joint agreements, dialogue processes and working relationships at the local, national, and regional level if relevant, between DFID, other donors, government and civil society on governance issues. It should then outline DFID's longer-term strategic aims within its governance programme.

7.14 **Section E: Implications for DFID:** This section needs to consider the following country programme implications:

- a) How we will support governance reforms
- b) Which aid instruments we will use and the appropriate mix
- c) Governance risks to the three partnership agreements underpinning the country programme

7.15 This section will assess how far the partner government's programme of governance reform or development is adequate to meet the challenges identified as a result of this analysis. It will also consider if initiatives by non-government organisations and other stakeholders are helping to meet the key challenges. DFID country programming should be based on an understanding of the partner country government's strategy. If there are gaps in it, this section will outline the feasibility and risks of influencing government to incorporate necessary reforms in their own policy agenda and, failing that, the feasibility and risks of pursuing necessary reforms that are not part of the partner country government's agenda. In addition to considering government led reforms, it will consider what DFID might be do as part of its country programming to support the demand side of governance – e.g. direct support to media and civil society.

7.16 This section will also highlight what implications the CGA has for DFID's thinking on resource allocation, and choice of aid instrument. For example, we should consider whether general budget support is appropriate to the context, and the most suitable mix of aid instruments to provide. We may want to combine financial aid instruments with technical cooperation and policy dialogue to strengthen public financial management or to support domestic accountability.

7.17 The CGA will help to identify key governance risks to the three partnership agreements underpinning the country programme. In particular, the CGA will form the basis for DFID's periodic assessment of the government's commitment to respecting human rights and other international obligations. The CGA will also provide much useful analysis (but not complete) to inform our periodic assessment of the commitment to poverty reduction and the MDGs, and to strengthened financial management and accountability.

7.18 However, it is important to note again that the CGA is not the place to make a *judgement* on partner country government's commitment to the three partnership commitments of HMG's conditionality policy. The CGA will not constitute a fourth pillar of our conditionality policy. As the Draft How to Note on implementing DFID's conditionality policy notes, we should carry out periodic assessment of commitment to the three partnership areas to judge progress. The CAP will bring together the analysis from the CGA and draw on wider analysis of the commitment to the three partnership areas, to identify conditionality assessment implications for the country programme and to record that our aid is based on the three partnership commitments with the government. See the Draft How-To Note on implementing DFID's conditionality policy for further information.