

JULY 08

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 a Country Governance Analysis. The Note is aimed mainly at country office staff involved in preparing this analysis as part of the country planning process. It 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 Initial guidance was published in February 2007 following extensive consultations within Policy and Research Division and with regional divisions, including testing the guidance in country circumstances. Also reflected were comments from the Foreign and Commonwealth Office (FCO). This version is based on learning over the last 18 months when 19 countries have been working on CGAs. The revised guidance also reflects the conclusions of an independent review and the findings of an OECD conference on Governance Assessment and Aid Effectiveness. The revised approach has been further discussed within DFID and with the FCO.

1.4 For further information please contact the Politics and the State team in Policy and Research Division.

Table of Contents

1	Foreword	1
2	Summary and key messages	3
3	The purpose of a Country Governance Analysis.....	5
4	Country Governance Analysis: the basics.....	7
5	Methodology: how to conduct a Country Governance Analysis	12
6	Guidance on key Country Governance Analysis sections.....	15

Annex 1: Guidance on evidence base and data sources

Annex 2: Questions you might want to ask

Annex 3: Useful international governance analyses

Annex 4: Table of CP countries against availability of suggested core governance data sources

Annex 5: Signposts to other useful guidance

Annex 6: FAQs on Country Governance Analysis

2 Summary and key messages

2.1 The key strategic objective of a CGA is to put comprehensive governance and conflict 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'.

2.3 CGAs will be prepared in the context of the country planning process; they are mandatory for all countries required to prepare Country Plans (CPs). Undertaking a CGA will be optional for non-CP 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 Country Planning Review Committee (CPRC) as part of the peer review of country planning.

2.4 It is important that CGAs provide a short, sharp and robust overview of the key governance and conflict issues, the scenarios and the implications for DFID/HMG. Broad comments on implications for programming should be included, but CGAs would not include detail.

2.5 Consultation on and communication of CGAs is important but should be handled pragmatically based on country context. Transparency is desirable and, if possible, CGAs should be written for proactive publication. In sensitive contexts, this may not be possible and there may be different versions submitted internally and for public communication purposes (after consultation with the FCO). All countries should publish some version of the governance analysis.

2.6 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, analyse and interpret information to outline the governance and conflict situation. The CGA should be an "umbrella" document, pulling together the key findings of available analysis.

2.7 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 governments or 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 analysis and data as needed.

2.8 The only requirement is that a limited number of key governance information points are mandatory (for an Annex on governance information). A preferred presentational template (given in Section 4 Table 1) is provided to encourage a consistent approach based on common principles. However this is optional.

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

- be *rigorous*, based on robust sources of information;
- be *embedded within the country planning process*;
- be *set within the framework established in DFID's 2006 White Paper 'Eliminating world poverty: making governance work for the poor'*, i.e. good governance is to be found where states are capable, accountable and responsive;
- *support country-led approaches* by building on existing processes of dialogue; and
- *support not undermine the Paris Declaration on Aid Effectiveness* through shared analysis and by enabling us to decide how far to align with the partner government to achieve poverty reduction results.

3 The purpose of a Country

Governance Analysis

3.1 The 2006 White Paper 'Eliminating world poverty: making governance work for the poor' 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 in 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 political and conflict risks;
- 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 HMG strategy.

3.3 As outlined in the White Paper, the CGA will help guide DFID's strategy within our partner countries. The analysis will have implications for the overall objectives and focus of the country programme. It should inform the choice of institutions, processes and sectors that we prioritise for DFID support and the relative proportion of our aid programme that supports these. 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 inform 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 outline final judgement on the three partnership commitments.

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

3.6 **Rigorous**, based on robust sources of information. The CGA should be based on a balanced set of 'triangulated' (or cross-checked) and credible sources of governance and conflict indicators, diagnostics, assessments and reports that are in the public domain. It is important to use sources in the public domain, but private information and staff knowledge can be vital and should be used.

3.7 **Embedded within the country planning process.** Country offices will prepare CGAs as a core component of the country planning process. CGA key points and conclusions should feed into country planning decisions.

3.8 **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 robust and based on common principles; and second, by taking a broad view of governance i.e. good governance is to be found where states are capable, accountable and responsive and by presenting the Annex on governance information in a common format.

3.9 **Supportive of country-led approaches.** Where there is already agreement and momentum around an existing process or framework, the CGA should draw from these. In assembling the CGA, each DFID country office should take as its starting point whatever 'core' government or donor-government process or dialogue is already in place or is emerging. Where governments or 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. As such the CGA should be easy to do.

3.10 **Shared.** In line with the Paris Declaration principles, the CGA should be as far as possible shared among DFID, FCO, other UK government departments (OGDs), partner governments, other donors and civil society. The FCO must 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.

4 Country Governance Analysis: the basics

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

4.2 **What should a CGA look like?** A CGA will comprise two documents: (i) a main document and (ii) an Annex with detailed information. Depending on the complexity of the country context and availability of information, the main text should be 10-15 pages. It is preferred that the main text of the CGA uses the template suggested below, but country context may lead offices to use a different structure to best tell the story. The Annex with detailed governance information (data and reporting) must be structured according to the CAR framework.

4.3 **Communication.** While the principle is to have as much “above the line” as possible, communication of the governance analysis should be handled pragmatically based on country context. Transparency is desirable and, if possible, CGAs should be written for proactive publication. In sensitive contexts, this may not be possible and there may be different versions submitted internally and for public communication purposes (after consultation with the FCO). All countries should publish some version of the governance analysis.

4.4 **Country office support:** The Politics and the State Team (PST) in Policy and Research Division will be the initial source of guidance and support on the CGA process and data sources (if required). Support on conflict data and analysis will be provided by CHASE or other regional units as required. Support on gender and human rights issues will be provided by the Equity and Rights team (ERT). Other International Finance and Development Effectiveness Division (IFDED) teams have expertise on specific issues (e.g. on aid effectiveness, country-led approaches, conditionality and aid instruments). Regional statisticians can also be consulted on the availability and interpretation of data. See Annex 5 for further sources of guidance.

Table 1: The Country Governance Analysis suggested template

MAIN REPORT

Summary / overview (for Ministerial briefing)	Governance and conflict analysis
	Scenarios and Risks
	Implications for DFID partnership principles and DFID / HMG assistance strategy
Section A: Introduction	Brief country and historical context (economic, social and political)
	CGA objectives and process of preparation
Section B: Governance and Conflict Analysis (reference key data)	Structural issues – Global and regional drivers; natural resource issues; societal divisions, etc.
	State Capability: explaining key issues and trends
	Accountability : explaining key issues and trends
	Responsiveness: explaining key issues and trends
	Actors and politics
Section C: Scenarios and Risks	Scenarios
	Implications for key areas (e.g. conflict, growth, service delivery, democracy, corruption)
	Risks – political and conflict
Section D: Implications for DFID/HMG	Analysis regarding DFID partnership principles
	Implications for strategy, aid modalities, partner selection and spending
	Implications for HMG strategy

ANNEX

Annex 1: Governance Data	2-6 information 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 Mobilisation & 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

4.5 Peer Review and Quality Assurance: CGAs will be submitted to the Country Planning and Review Committee (CPRC) as part of the peer review process. Prior to this, country offices have the option of submitting their CGA to the Politics and the State Team (PST), Policy and Research Division, for quality assurance and peer review. However, where CGAs are prepared separately from country planning, CGAs will be submitted to PST for quality assurance and peer review. The CPRC and PST will focus on:

- whether the guidance has been generally followed;
- whether a robust and balanced set of international and national data sources has been used, and ‘triangulated’, or cross-checked;
- whether the scenarios, risks and implications for DFID sections are clear and based on the data in the analysis; and
- the extent to which the preparation process was aligned and harmonised with existing processes in country.

4.6 Monitoring. Monitoring should be part of regular processes to review country planning. Often, governance indicators are included in country planning results frameworks and thus are monitored directly. Following recent NAO reviews, we recommend that Governance Advisers in country offices feed into the light-touch annual review of country planning to help monitor changes in the government’s commitment to poverty reduction, human rights and strengthening financial management and to consider the implications for the country strategy. This should be a combination of (i) monitoring a few selected indicators that are most relevant, and (ii) considering the implications of information received from FCO colleagues and other key stakeholders. The key question is whether the governance context or risks have changed (for better or worse) to a degree that affects country planning. This is important since it will help us demonstrate that our country strategy is based on up-to-date evidence and analysis, as recommended by the NAO.

4.7 Updating. Country offices may choose to update their analysis for various reasons; a number already do so annually. 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 its CGA when, for example, particularly worrying human rights violations or problems with the electoral process occur. CGA updates may also take place at the request of Ministers or senior management.

Box: Lessons from the CGA Pioneer Countries

Nineteen countries have been working on CGAs over the last year and a half; eleven have been formally quality assured. An independent review found that our CGAs “*achieve their multiple purposes to a significant degree.*” There has been much innovation and learning.

We have learned (or been reminded) that:

- a) CGAs must focus on their **core objective of informing aid strategy** based on an analysis of governance and conflict issues. The information must be pulled together clearly and systematically and used to inform an assessment of the partner government’s commitment to the UK’s three partnership commitments and thinking about aid strategy.
- b) CGAs should be **prepared in line with the process and principles of the new DFID Country Planning guidance**. The new process aims to reduce the burden on country offices and to make country planning sharper, more concise and more results-focused.
- c) CGAs need to be **shorter and tell the core governance / politics / conflict story in a clear way**. It should selectively outline and explain the main issues and trends. Comprehensive collection of data remains important but will be located in an annex.
- d) CGAs need to **include better political economy analysis**, drawing on existing drivers of change work and FCO (and others) political analyses. The analysis should also cover regional and international drivers more robustly.
- e) CGAs must be **stronger on analysing the causes of conflict and insecurity** with findings pulled together cohesively in the scenarios, risk and implications sections.
- f) Consultation helps and we must publish some governance analysis, but **the exact approach to consultation and communication is a matter for country offices** depending on context and existing processes.

5 Methodology: how to conduct a Country Governance Analysis

5.1 **Strategic Planning:** A year ahead of a new country planning process or DPA, a country office may want to start preparing for its CGA. It may be helpful to think about a timetable and staff resources for preparing the CGA; the consultation process; and the information, data sources and underpinning analysis needed for the CGA. An early start is particularly important due to the centrality of the CGA in informing the partnership principles that are central to thinking about aid strategy. Offices may also need time to fill important gaps in 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 an existing, agreed and shared analysis (such as African Peer Review Mechanism reports, the European Commission's 'Governance Profile', any World Bank governance assessments or the Netherlands Strategic Governance and Corruption Assessments) and so will be relatively straightforward to prepare and draft. In such cases, the CGA may only take a couple of weeks. 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. Country Heads and Governance Advisers may lead the CGA process and drafting, but Conflict Advisers, Social Development Advisers and Statisticians in country, region or London should be drawn in early as co-writers and reviewers. A supportive steering committee comprising a multi-disciplinary group of advisers, programme managers and the FCO may be set up. Consultancy support may be commissioned where country offices feel that local, national and international data would be time consuming and difficult to locate, triangulate and interpret, or where their analysis would benefit from external independent support by long-standing country 'experts', especially nationals respected by partner governments. The

country office may also wish to have the draft CGA peer reviewed locally 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 partner governments, DFID, FCO, OGD, other donors and civil society. The FCO and where appropriate OGDs should be consulted during the preparation of the CGA. If possible, CGAs should be joint HMG analysis. 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 or making a summary version available on request.

5.6 Consultation should therefore wherever possible take place within existing and agreed frameworks of consultation as part of the country planning process. In assembling the CGA, each DFID country office should take as its starting point whatever 'core' bilateral or joint donor process or dialogue is already in place or is emerging. 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.

5.7 Underpinning analysis and data sources required: Country offices should gather information and data as background and the evidence base for their analysis. Where credible, this should centre on data produced or endorsed by the government and other local sources. Overall, the CGA should pull together a balanced data set: local, national and international; quantitative and qualitative data; expert and citizen-led. These would include partner government's own documentation and analyses (including central, provincial, state and local where appropriate); DFID's own analytical documents; FCO and OGD reports; other donor, international and local experts' analyses; civil society analysis; and governance indicators. CGAs should also draw on private sources where credible and on staff knowledge and experience. 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. A combination of political economy and conflict analysis has been shown to be most effective in underpinning the CGA. More guidance is given in Annex 1.

5.8 The strategic planning process for a CGA may help to identify whether knowledge and 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. Ideally a combination of political economy and conflict analysis should be readily available to underpin the CGA. 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 country planning cycle.

Box: Key Issues and Examples from Existing CGAs

With nineteen CGAs completed or nearing completion, there is a lot of experience and many examples of good practice to draw on. Below we point to CGAs that provide practical examples to illustrate important points.

- **Joint analysis with Government:** DFID is part of a Joint Governance Assessment in Rwanda which is being prepared by the Government of Rwanda and donor partners.
- **Joint analysis with FCO:** The DRC CGA was a joint one with the FCO. The FCO described this as helping make joint working a much smoother process, leading to *shared analysis, understanding and HMG strategy*.
- **Joint donor analysis:** The Ghana CGA draws heavily on the Ghana African Peer Review Mechanism (APRM) Progress Report and the Ghana Joint Assistance Strategy. Cambodia undertook a joint CGA with AusAid. Sierra Leone worked closely with the EC and the FCO who have both approved its CGA.
- **Strong political analysis:** The Ethiopia CGA is a good example of a CGA that is *strong on political analysis*. The Ethiopia CGA is also very clear on drawing out the implications of the analysis regarding DFID's *partnership principles*.
- **Short and punchy CGA:** The Vietnam CGA was identified by the independent review as *a model of a short, punchy CGA*. It also provides good analysis on *implications for programming* – both on substantive focus but also on ways of working.
- **Monitoring:** DFID Ethiopia has been the most active on *continual strategic monitoring* of governance. The full CGA was also produced jointly with the FCO and joint quarterly updates, structured around the CAR framework, are produced.
- **Sub-national CGAs:** DFID Nigeria has done *state-level* CGAs in four states to inform state level programming and to ultimately inform the full CGA. India is also a good example of a national CGA that includes a lot of *state-level data* in key states.
- **Working with inadequate data:** The Sudan CGA, especially sections on South Sudan, provides a good example of how to work in *contexts where data is very patchy*.
- **Responding to a crisis:** DFID Kenya is a good example of a country office that *responded to a step-change in the governance context by revising the CGA*.

6 Guidance on key Country Governance Analysis sections

6.1 **Section A: Introduction:** This section should provide a very brief outline of the main country context factors (e.g. history, economic, social, political, demographic). It should also outline the specific country objectives of the CGA and the process of preparation.

6.2 **Section B: Governance and Conflict Analysis:** This section will present a robust, clear analysis with particular attention given to trends in governance and the causes of governance outcomes, including those related to conflict and insecurity. It should explain how historical, structural and political factors explain the governance and conflict outcomes described, drawing on the information and data on state capability, accountability and responsiveness set out in Annex 1. The CGA should focus on how things *really* work – not just formal systems.

6.3 It is very important that the causes of conflict and instability are addressed in CGAs. This is especially important for security and counter-terrorism priority countries, as well as fragile states. As appropriate, the process should include Conflict Advisers centrally, either in-country or from regional advisers or central units. The CGA should draw on Strategic Conflict Assessments, Countries at Risk of Instability analysis, or other analysis of the causes of conflict and instability as well as the data. The analysis on conflict should then be pulled together in the scenarios section.

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

6.5 The importance of interpreting long term governance trends comes to fore when an 'event' (e.g. an increase in political instability or violence) 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 Offices may select periods that best suit their context.

6.6 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).

For further guidance on using governance indicators, see: UNDP/EU 2004 handbook - Governance Indicators: A Users’ Guide. Other useful guidance is listed in Annex 5.

6.7 **Section C: Scenarios and Risks:** This section should use available information to focus on three main sets of issues: (i) Scenarios; (ii) Implications for key development agendas; (iii) Risks - political and conflict.

6.8 *The scenarios* section could look forward, two to four years for country planning and up to ten years for DPAs. It should draw on available analysis, particularly more in-depth scenarios work that will also be carried out as part of the country planning process. In many cases, judgement will need to be exercised to connect the various strands of analysis together.

6.9 Senior management are keen that CGAs link the governance analysis to key *development agendas* that affect the country’s development and DFID’s work. In particular, country offices should try to synthesise the analysis to draw conclusions regarding the implications for major development issues for each country such as conflict, growth, service delivery, democracy and corruption.

6.10 Finally, *risks* should cover particular political and conflict risks that the analysis suggests. This could include foreseeable critical changes in the political power nexus. It could also include the prospect of state fragility or violent conflict suggested by indicators of territorial insecurity, poor conflict management capability, large numbers of migrants and/or internally displaced people, unresolved grievances between communities (horizontal inequalities), repressive or abusive behaviour by the state, and general political instability. The section should also identify likely flashpoints during the country planning period, such as elections. The analysis should refer to violence and political risk indicators (DFID subscribes to two risk rating providers that cover our PSA countries).

6.11 **Section D: Implications for DFID/HMG:** Country offices should use their governance analysis to consider:

- a) what the analysis implies for an assessment of the government’s commitment to the three partnership commitments underpinning the country programme;
- b) implications for country aid strategy; and
- c) implications for HMG strategy.

6.12 **Informing our assessment of the three partnership commitments:** The starting point for a discussion of strategy is to identify what the CGA tells us about the partner government's commitment to the three partnership commitments as set out in the joint DFID, Treasury and FCO policy paper *Partnerships for Poverty Reduction: Rethinking conditionality*. It sets out a framework within which aid partnerships are likely to be effective – namely a shared commitment to:

- poverty reduction and the MDGs;
- respecting human rights and other international obligations; and
- strengthening financial management and accountability.

For each of the three commitments, this section of the CGA should pull together the salient points in the previous analysis and say what they tell us about the partner government's commitment to that principle, including whether the long-term trend in commitment is strengthening or weakening. The CGA can particularly help DFID understand the political interests and incentives for achieving poverty reduction, human rights and strengthened financial management and accountability. It could identify any key indicators that would help DFID monitor changes in the partner government's commitment over time.

6.13 In particular, the CGA will form the basis for DFID's assessment and monitoring of the government's commitment to respecting human rights and other international obligations. It should clearly outline our assessment of the extent to which the government is committed to respecting economic, social, civil, political and cultural rights. The CGA will also provide much useful analysis to inform our assessment and monitoring of the commitment to poverty reduction and the MDGs, and to strengthened financial management and accountability.

6.14 However, the CGA is not the place to make a final judgement on a partner government's commitment to the three partnership commitments. The Issues and Options Submission, created as part of the country planning process, will bring together the analysis from the CGA and draw on wider analysis of the commitment to the three partnership areas to make this judgement, as set out in country planning guidance and guidance on implementing the UK's conditionality policy.

6.15 **Country Aid Strategy.** The next step is to outline the implications of the analysis for our aid strategy in that country. This depends centrally on country context. The 2006 White Paper outlines that the government's commitment to the three partnership commitments and to improving governance determines how we provide assistance to developing country partners. What does the analysis of the three partnership commitments and more broadly in

the CGA, tell us about the extent we should align with the partner government in order to reduce poverty effectively?

6.16 If we decide that broadly we should align with the government, what does the CGA tell us about the quality of government's strategies, policies and systems? This will inform decisions about the two aspects of alignment – whether to fund government's strategies to reduce poverty, and whether to deliver aid using the government's own systems. If we decide that broadly it is not appropriate to align with the government, the CGA can also inform discussions of the approaches that might be appropriate.

6.17 The 2006 White Paper suggests that where governance is relatively good or improving we will consider the use of budget support. More detailed guidance is provided in the updated budget support policy of February 2008. In cases where governance is not so good, we will still provide aid and sometimes budget support. Where government is not committed to its citizens we will work outside government and work to promote better governance.

6.18 **HMG Strategy.** A strategic objective of the CGA is to provide an analytical base for co-ordinated work across HMG, particularly FCO and MOD. Following from a sharing of analysis, the CGA should be a joint document where possible. This section should outline the broader objectives and implications for OGDs, and how HMG departments can jointly contribute to the country strategy.