Report No. 36442 - GLB

Understanding Socio-economic and Political Factors to Impact Policy Change

Social Development Department
November 2006









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This report is based on the analysis of 14 pilot country social analyses, interviews with the task team members, the staff of the World Bank's country management units (CMUs), and representatives from various bilateral donor agencies which have developed similar approaches to mainstreaming political economy issues into policy dialogue and country programming. Preliminary results of this work were presented at a World Bank-organized conference on Macro Social Analysis, held in Washington DC, May 16–19, 2006. Feedback received during the conference was included in the drafting of this document.

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Abbreviations and Acronyms

AFTSD	Africa ESSD Front Office
ARVIN	Association, Resources, Voice, Information, and Negotiation
BMZ	German Federal Ministry for Economic Cooperation and Development [Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung]
CAF	Conflict Analysis Framework
CAS	Country Assistance Strategy
CDD	Community Driven Development
CEM	Country Economic Memorandum
CMU	country management unit
CPIA	Country Policy and Institutional Assessment
CSA	Country Social Analysis
CSAT	Civil Society Assessment Tool
CSO	civil society organization
DAC	OECD Development Assistance Committee
DGA	Democracy and Governance Assessment
DFID	UK Department for International Development
DOC	Drivers of Change
EASSD	Social Development Sector, East Asia and Pacific
ECSSD	Environment and Social Sustainable Unit, Europe and Central Asia
ESW	Economic and Sector Work
FAO/TCP	Food and Agriculture Organization/Technical Cooperation Programme
FLACSO	Facultad Latino Americana de Ciencias Sociales
GOVNET	Governance Network of the OECD Development Assistance Committee
GTZ	German Agency for Technical Cooperation [Geschellschaft für Technische Zusammenarbeit]
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFI	international finance institution
IGR	Institutional and Governance Reviews
IMF	International Monetary Fund
KfW	German Bank for Reconstruction [Kreditanstalt für Wiederaufbau]
LCSEO	Social Development Family, Latin America and the Caribbean
LICUS	Low- Income Countries under Stress

MDG	Millennium Development Goal
MNSRE	Rural Development, Water and Environment Group, Middle East and North Africa
NGOs	Non-governmental organizations
OECD	Organization for Economic Co-operation and Development
OPCFS	Fragile States, Operations Policy and Country Services, World Bank
PA	Poverty Assessment
PMAS	poverty monitoring and analysis system
PRA	participatory rapid appraisal
PREM	Poverty Reduction and Economic Management Network
PRMGE	Gender and Development, PREM Network
PRMPS	Public Sector Governance, PREM Network
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
QER	quality enhancement review
SASES	Environment and Social Development, South Asia
SDV	Social Development Department
Sida	Swedish International Development Cooperation Agency
SWAP	sector-wide approach
TF	trust fund
TFESSD	Trust Fund for Environmentally and Socially Sustainable Development
TTL	task team leader
UN	United Nations
UNDP	United Nations Development Fund
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Agency for International Development

Executive Summary

Development practitioners are increasingly aware of the role that social and political structures play in shaping countries' development paths and results. Failure to anticipate political and institutional challenges is a chief cause of unsuccessful policy reform processes. Recognition of these relationships has prompted the donor community to explicitly address how social and political factors shape economic development and vice versa. In this context, various donor agencies have developed and piloted individual approaches to macro-level social and political analysis. This report reviews the experiences of the UK Department for International Development (DFID), the German development agencies (German Federal Ministry for Economic Cooperation and Development—BMZ; and German Agency for Technical Cooperation—GTZ), U.S. Agency for International Development (USAID), and Swedish International Development Agency (Sida) and compares them to the World Bank's Country Social Analysis (CSA), which was evaluated on the basis of 14 case studies.

A draft of this report was presented and circulated at the conference, "Making Macro Social Analysis Work for Policy Dialogue," organized by the World Bank's Social Development Department in Washington, DC, in May 2006, and comments from conference participants have been incorporated into the final version. The conference brought together representatives from the donor agencies mentioned above, as well as a range of other representatives from the international donor community, civil society, and academia, to discuss the lessons learned and remaining challenges for integrating social and political analysis into policy making and planning processes.

The report highlights lessons in several key areas. First, it highlights the need for sound analysis of a country's political context and how this relates to planned development interventions. Different donor experiences show how valuable such analysis can be to internal planning and policy dialogue. In several cases, a more nuanced understanding of the political environment helped donor agencies select policy issues more strategically and communicate better with government counterparts.

Second, the review demonstrates that, regardless of the particular analytical approach, the process of conducting the different studies is as important as the analysis itself. To be effective, planning and implementation should be closely integrated with policy dialogue. Practical considerations, such as the engagement of operational staff and in-country policy makers or the timing of the exercise, can greatly influence the final impact on decision-making.

Thirdly, both the different donor experiences and the CSA case studies show that the formulation of actionable policy recommendations remains a key challenge for the effective implementation of macro-level social and political analysis. It is, therefore, essential to manage expectations and define the most important sectors, on which to focus policy advice. Policy recommendations for these areas should not only specify policy objectives but the measures through which the goals can be achieved as well. The report highlights the primary types of policy recommendations formulated in the different studies and outlines ways to integrate them with findings from economic or sectoral analysis.

Finally, the report identifies further challenges to the effectiveness of macro social and political analysis as an instrument for promoting pro-poor policy reforms and enhancing aid effectiveness. Most notably, the report highlights the potential gains of more closely coordinated donor

approaches, while acknowledging that different operational needs may complicate the implementation of joint studies. It also emphasizes the importance of further opening the process of macro social and political analysis to participation by partner governments and other in-country stakeholders. A strong recommendation emerged from the 2006 conference on the importance of contributing to deliberative processes and policy debates in recipient countries. Macro social and political analysis can provide entry points to inform or initiate debates on relevant policy issues, while also providing donors with the necessary background to position themselves within these highly political processes.

Analytical Approaches

By strengthening their capacity in the area of macro social and political analysis, donor agencies hope to better understand the conditions necessary for successful policy dialogue and successful implementation of pro-poor reforms. In this context, macro social analysis is generally geared toward understanding the ways in which power relations act to circumscribe the opportunities available to poor people to improve their situation.

The different donor approaches to social and political analysis reveal a number of important commonalities. Each of the donor frameworks gives special consideration to key political economy variables, including institutions and actors. Similarly, the impact of power relations on development processes is addressed by all the donor approaches, whether they focus on governance, conflict, or state fragility. Differences in the different analytical frameworks are primarily a matter of emphasis rather than more fundamental conceptual disagreements.

The CSA pilots placed slightly less weight on the analysis of political actors than some of the other donor approaches. Instead, CSA focuses on linkages between a country's political context and the underlying social structures. The review of the different CSA cases shows that this analysis typically starts by providing an understanding of relevant social structures, such as clan systems, informal institutions, or other relevant social practices. This provides an entry point for understanding the broader political environment or challenges in a particular sector or reform process. Furthermore, CSA places greater emphasis on the analysis of livelihoods and economic opportunities and their relationship to equity and social inclusion than do most other donor approaches. With few exceptions, the 14 CSA pilots discussed here took into account institutional and other obstacles to accessing assets and services by different social groups.

Within the different approaches to macro social and political analysis, there is a significant degree of variation across individual country cases. None of the frameworks is considered a blueprint for the analysis, and each approach is adapted to the context of the particular country. Nevertheless, based on the review of the different donor approaches, macro social and political analysis focuses on five main areas. The first is the inequities in social inclusion and obstacles to it. The second concerns the risks to the livelihoods or human security of poor and vulnerable social groups. The third area covers the political environment and relevant factors that contribute to the stability of the political system and the mobilization of coalitions for pro-poor reform. The fourth area is the space for collective action by citizens and the enabling environment for civil society. Finally, it focuses on the capacity of institutions to deliver basic goods and services.

Policy Recommendations

Policy recommendations have frequently been limited to identifying areas of particular concern without providing specific advice on how to address them. The main shortcoming of macro social and political analysis has, therefore, not been the analysis itself but rather the difficulty of

translating its findings into actionable policy recommendations. Nevertheless, there is agreement among the donors that, despite the lack of specific operational advice, the different approaches have yielded relevant analyses for their engagement in partner countries. Depending on the availability of existing information, the studies may or may not generate new insights or analytical findings. However, the studies are generally perceived to have improved the donor agencies' knowledge of the countries they work in and, in some cases, they are said to have challenged conventional wisdom or assumptions on a particular country. In particular, several studies alerted donor agencies to the risks of their programs and planned interventions.

The USAID Democracy and Governance Assessments have the most direct link to policy, since they are utilized for the development of country-level democracy and governance strategies. Sida's Power Analysis and DFID's Drivers of Change studies inform the planning process more generally. In several cases, these two analyses led to the adjustment of existing programs as well as the introduction or discontinuation of particular elements of a country program. Moreover, these studies are also perceived as an important analytical underpinning for planning more effective policy dialogue with a partner government. The CSA studies were most effective when linked to key policy documents, such as the World Bank's Country Economic Memorandum or Poverty Assessments, which allowed CSA recommendations, both country-level and sector specific, to inform policy dialogue at key junctures in the planning process.

In discussions during the "Making Macro Social Analysis Work for Policy Dialogue" conference, a consensus among donors emerged that several steps can be taken to enhance the effectiveness of policy recommendations. The studies can and should provide broad analytical inputs to country strategies or other macro-level policy processes. In particular, the recommendations should flag important social and political risks to donor programs and the overall stability of the country. More specific policy recommendations, however, should be limited in scope. In discussions with policy makers, the focus for policy advice should be narrowed to particular sectors, for which specific policy recommendations would be developed. These recommendations should be developed in close cooperation with sector specialists. Finally, these sector-specific recommendations should not only propose policy objectives but spell out clear steps for their implementation.

While all policy recommendations are highly context specific, particularly those on the sector level, participants at the World Bank conference identified several key themes for policy recommendations on the macro level. First, recommendations should address specific actions for removing barriers to social inclusion, such as lack of access to assets, employment opportunities, and participation in policy making. Second, the analysis should lead to proposals on how to mitigate social and political risks, including conflict risks and risks deriving from planned development interventions. Finally, macro social and political analysis should provide entry points for building coalitions for pro-poor change and managing policy reform processes (which include identifying political economy risks and social impacts of policy reforms). In some cases, sector-specific poverty and social impact analyses may be integrated into the country-level analysis. In other cases, this may go beyond the scope of one particular study and additional analysis (such as a Poverty and Social Impact Analysis) may be recommended for a particular sector.

Process

As mentioned above, the donor experiences with macro social and political analysis show that the process of policy dialogue and the feedback provided during the preparation process are as important as the final paper outputs of the exercise. The following points have proven to be

important for enhancing policy impact and a successful implementation process:

- Clear policy objectives and appropriate timing in the policy process are crucial for ensuring the impact of macro social and political analysis.
- Policy dialogue and the analytical process must go hand in hand.
- Integrating political and social analysis with economic analysis offers a way to provide focused inputs to the development of macro-level policy.
- Engaging country donor staff in the process encourages their ownership of the findings and invites their help and expertise in developing actionable policy recommendations.
- Joint analysis conducted by two or more donor agencies is a useful vehicle for greater donor harmonization.
- When possible, engaging the government and civil society builds ownership for the findings and enhances policy impact.
- Teams conducting this type of analysis should combine local knowledge and an understanding of a donor's operational needs.
- Dissemination should be tailored to a specific audience (or audiences) and can take multiple forms, such as workshops, briefings, reports, etc.

Future Challenges

It is important to recognize that there still are many challenges for making macro social analysis relevant to more inclusive and equitable policy reforms and their implementation. The work by the Organization for Economic Co-operation and Development (OECD), via its Development Assistance Committee's Governance Network (DAC-GOVNET), has highlighted a range of issues related to the policy implications and dialogue in partner countries. In terms of engaging partner governments, there are tensions between the need for transparency and the political sensitivity of the issues raised by macro social and political analysis. Furthermore, there may be tension between the pressure to spend aid resources and the constraints to providing effective development assistance that political and social analysis may identify. In terms of policy recommendations, political and social analysis may suggest priorities based on the country context which may not always coincide with the MDG-based approach favored by the international community. Finally, while there is a need for greater donor coordination in the implementation of macro social and political analysis, the operational needs of the individual agencies often complicate the implementation of joint studies or approaches.

These tensions affect both the context and the practice of country level social and political analysis. They suggest that deeper understanding of the country context challenge donor agencies in terms of their own "political economy" and institutional procedures. For example, it may be difficult to balance the pressure for short-term results with the reality that social and institutional factors may not be amenable to rapid transformation. In dealing with these tensions, development agencies need to understand their own positions as political actors—both in relation to their structures of accountability and their actions in partner countries.

Given the nature of the World Bank, the CSA pilots placed particular emphasis on the involvement of partner government counterparts. Engagement of the government and civil society in the process should be planned carefully and based on the local context and specific objectives of the exercise. In all cases, it is advisable to develop a clear strategy for disseminating recommendations and integrating them into policy advice that is compatible with the

circumstances and objectives of the study. This strategy should be designed in cooperation with country-based staff and should be considered an essential step of implementing macro social analysis.

Individual CSA pilots show that a well-planned process of stakeholder engagement can facilitate deliberative in-country processes and build momentum for pro-poor reforms. Nevertheless, strengthening country ownership of the analysis and resulting policy recommendations remains a primary challenge. To move in this direction, it is essential to emphasize the use of local, experience-based knowledge of a country and its context and to engage all relevant stakeholders in discussions of policy alternatives. This requires a flexible approach to communication, dialogue, and open debate of sensitive issues (for example, ethnic- or caste-based social exclusion), which may not exist in every context.

Introduction

This study was conducted to inform the discussion among the international donor community on how to improve the quality of macro-level social and political analysis, and how to enhance its impact on policy dialogue, program design, and implementation. This report also intends to contribute to the harmonization of approaches to macro social and political analysis employed by donors. The study examined these approaches as they were deployed in various institutions to analyze social and political processes at the country level. Specifically, the report analyzes the World Bank's experience with Country Social Analysis (CSA) and compares this approach to other donors' experiences in conducting macro-level social and political analysis. It provides an overview of these different experiences, summarizes the key lessons learned from their work, and outlines the major conceptual antecedents of the macro-level approaches to social and political analysis. On this basis, it then analyzes the World Bank's experience in implementing CSAs and suggests recommendations for conducting future macro-level social and political analysis, including ways to enhance its operational relevance and its related policy implications.[1]

The study builds on previous work, such as the review of Power and Drivers of Change Analyses commissioned by the Organization for Economic Co-operation and Development (OECD)[2] (Dahl-Ostergaard et al. 2005). These efforts have yielded a diverse set of experiences and results with important lessons for conducting macro social analysis. Rather than promoting a universal approach, this report offers guidance on how to use macro-level social analysis more effectively in policy dialogue and development programs. Donor agencies, development organizations, as well as Bank staff responsible for CSA, will be able to draw upon these findings to strengthen their approaches to macro-level social and political analysis, while preserving their own objectives, interests, and areas of comparative advantage.

Development practitioners are increasingly aware of the role of social and political factors in shaping development outcomes. The most recent World Development Report, "Equity and Development" (World Bank 2005a), emphasizes the importance of understanding how inequalities in power and wealth translate into unequal opportunities, which lead to loss of productive potential and increased political instability. The report also asserts that political power relations tend to reflect and shape social and economic distribution patterns in so-called "inequality traps" that constrain economic growth and poverty reduction and increase social tensions. Similarly, a report by the Independent Evaluation Group (IEG)[3] on the World Bank's development effectiveness has indicated that successful programs require a sound understanding of the country's political economy (Singh 2005).

The recognition of these relationships has prompted the donor community to look for better ways to understand and anticipate the social and political factors that influence and shape the countries

[1] A draft of this report was presented at an inter-agency conference on macro social and political analysis hosted by the World Bank in May 2006. This conference featured an informed discussion with key stakeholders on next steps to be taken to enhance the effectiveness of macro social analysis in influencing donor policy and contribute to the coordination of approaches across agencies. The draft report presented at the conference provided a comparative analysis of the use of macro-level social analysis within the World Bank and across donors. Additionally, the conference served as a basis for building the analytical capacity of donors for conducting independent macro-level social analysis. The conference concluded with a set of recommendations for sharing experiences and harmonizing practice of country-level social analysis between donors and in-country stakeholders.

[2] Specifically, the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD) Network on Governance (DAC-GOVNET).

[3] Formerly the Operations Evaluation Department of the World Bank.

they work in. Several donor agencies have recently developed analytical instruments to analyze these issues and bring them to bear on policy making. Existing approaches range from frameworks for the analysis of governance and political economy, such as DFID's Drivers of Change (DOC) approach, GTZ's Governance Questionnaire, Sida's Power Analysis, and USAID's Democracy and Governance Assessments (DGAs), to conflict and state fragility assessments.

Similarly, the World Bank has made significant efforts to understanding how different social and political variables influence the context for its development interventions.[4] The Public Sector Governance Group (PRMPS) has developed Institutional and Governance Reviews (IGRs) to trace the institutional roots of poor government performance, using empirical tools to quantify performance failure, as well as institutional analysis to identify specific causes of poor governance in the public sector.[5] The Bank also periodically assesses the gender dimensions of development within and across sectors in the countries in which it has an active assistance program. These Country Gender Assessments (CGAs) are a tool for diagnosing gender-related barriers to poverty reduction and for identifying priority interventions. Such gender assessments may be stand-alone assessments or may be carried out as part of other Bank Economic and Sector Work, such as Poverty Assessments.[6]

The Social Development Department's Conflict Prevention and Reconstruction unit developed a Conflict Analysis Framework (CAF) in order to integrate sensitivity to conflict in the Bank's assistance strategies.[7] The CAF considers the factors that may affect conflict within six areas (social and ethnic relations, governance and political institutions, human rights and security, economic structure and performance, environment and natural resources, and external forces) along a series of dimensions. Also, the World Bank's Fragile States Unit[8] has contributed to the development of analytical and operational tools for designing donor programs that take into consideration the political-security-development nexus in fragile states.[9] Finally, the Social Development Department's Participation and Civic Engagement unit has developed civil society

[4] See, for example, the Country Policy and Institutional Assessment (CPIA), which assesses the quality of a country's present policy and institutional framework. For further details, see the "Country Policy and Institutional Assessments 2004, Assessment Questionnaire," Operations Policy and Country Services, December 6, 2004.

[5] PREM Notes 75, November 2002, "Institutional and Governance Reviews: A New Type of Economic and Sector Work." PRMPS is conducting a review of lessons learned with the IGRs. Preliminary results of this work were presented at the "Making Macro Social Analysis Work for Policy Dialogue" inter-agency conference hosted by the World Bank in Washington, DC, May 2006.

[6] See the World Bank's Operational Policy 4.20, "Gender and Development," March 2003, as well as *Gender-Responsive Social Analysis: A Guidance Note*, Social Analysis Sector Guidance Note Series, June 2005. The Gender and Development Group is finalizing an assessment of the institutional impact of the CGAs. Preliminary results of this work were presented at the "Making Macro Social Analysis Work for Policy Dialogue" inter-agency conference hosted by the World Bank in Washington, DC, May 2006.

[7] See the World Bank's Operational Policy 2.30, "Development Cooperation and Conflict," which mandates the integration of sensitivity to conflict in Bank assistance through conflict analysis; "The Conflict Analysis Framework," April 2005; and "The Conflict Analysis Framework: Identifying Conflict-related Obstacles to Development," Social Development Department Dissemination Notes Number 5, October 2002. The conflict team has prepared a report that assesses the application of conflict analysis within several development agencies: "Effective Conflict Analysis Exercises: Overcoming Organizational Challenges" (June 2006). A draft of this report was presented at an inter-agency conference "Making Macro Social Analysis Work for Policy Dialogue," hosted by the World Bank, Washington, DC, May 2006. These and other reports on conflict analysis are available online: http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTCPR/0,,contentMDK:20486708~menuPK:1260893~pagePK:148956~piPK:216618~theSitePK:407740,00.html

[8] Formerly, Low Income Countries Under Stress (LICUS) Initiative.

[9] See "World Bank Group Work in Low-Income Countries Under Stress," September 2002.

assessment tools and used the ARVIN[10] framework to assess opportunities for civic engagement and the potential of civil society for delivering services to the poor and improving governance. The experiences with and lessons learned from these analyses have been examined by the respective teams and will not be discussed in this document.[11]

The World Bank's Social Development Department, in collaboration with regional staff, has developed and piloted Country Social Analysis, or CSA. The approach builds on the World Bank's Social Development Strategy (World Bank 2005b), which calls for a better understanding of social and political issues to promote the three core social development objectives of inclusion, cohesion and accountability. CSAs examine relevant social, political and institutional factors to identify significant opportunities, constraints, and risks to development. Based on this analysis of a country's social and political context, they provide policy recommendations for achieving more inclusive and accountable institutions and for mitigating country-level social and political risks. The CSA approach is discussed in detail in a later section of this report (see pp. 23-34).

1. DATA SOURCES AND METHODOLOGY

The study is based on a desk review of fourteen completed CSAs of the World Bank plus other examples of macro-level social and political analysis from the donor community. This desk review was complemented by interviews with donor representatives, World Bank task team leaders, and other World Bank staff, who have implemented or used CSAs to inform policy dialogue and program design or implementation (see annex 1). Additionally, the study draws on the relevant academic literature, as well as existing reviews and dissemination notes that have been published by other donor agencies on the application of macro-level social and political analysis.

The review of the Country Social Analysis approach comprises a general review of the 14 CSA pilot studies (completed or in draft stage), plus a more detailed analysis of five of these case studies. Each of the five case studies (Yemen, Guinea-Bissau, Angola, Haiti, and Nepal) represents a different type of CSA, characterized by its approach to providing inputs to policy and programs. These five types of CSA can be described as follows:

1) Stand-alone CSAs—conceptualized and conducted as independent reports, even if they provided inputs to other pieces of analytical work (Yemen)

[10] The ARVIN acronym synthesizes various conditions that affect the ability of civil society organizations to engage in public debate: association, resources, voice, information and negotiation. For further detail, see ARVIN Descriptors Association (2003) International Center for Not-for-Profit Law: http://siteresources.worldbank.org/INTPCENG/1220276-1118059556158/20526727/Descriptors+--+final.pdf

[11] For IGRs see PREM Notes 76, "Lessons from Armenia's Institutional and Governance Review"; and minutes of the Public Sector Governance Board, January 19, 2006. For CGAs, see "Draft Report Country Gender Assessments: First Progress Report and Preview of Quality," July 4, 2003; or "CGA Assessment Brief," June 2006. For conflict analysis, see "ESW—The Process of Conflict Analysis: Way Forward," June 2006. For CSAT, see "Engaging Civil Society Organizations in Conflict-Affected and Fragile States," Report No. 32538-GLB, June 28, 2005. For ARVIN, see "The Enabling Environment for Social Accountability in Mongolia," Report No. 32584-MN, June 27, 2005; Shea, Thindwa, Schneider, "An Assessment of the Legal and Regulatory Environment for Civil Society and Civic Engagement in Albania," draft report, August 27, 2004. On the Fragile States Unit, see "Fragile States: Good Practice in Country Assistance Strategies," December 19, 2005, World Bank Operations, Policy and Country Services.

2) Joint CSA processes—in which the CSA was conceptualized and conducted while being integrated with another study, such as a World Bank Poverty Assessment (Guinea-Bissau)

3) CSAs conceived as inputs to other reports—such as the World Bank Country Economic Memoranda (CEM), Country Assistance Strategies (CAS), etc., even if conducted independently (Angola)

4) CSAs that evolved during implementation—which may yield multiple outputs (Haiti)

5) CSAs that have been planned and conducted over a long period of time—which may produce multiple outputs feeding results into programming (Nepal)

For each case, all relevant documentation was analyzed.[12] Interviews with the leader of the CSA team and staff from the country management unit[13] were also conducted (see annex 1). Table 1 gives the distribution of all fourteen cases according to this typology.[14]

***Table 1*: Type of CSA**

Country	*Type of CSA*
AFRICA	
Somalia	Stand alone (conflict)
Angola	Input to CEM
Guinea Bissau	Integrated poverty and social assessment
Sao Tome & Principe	Input to Poverty Assessment
Kenya	Stand alone
LATIN AMERICA AND CARIBBEAN	
Paraguay	Stand alone
Costa Rica	Stand alone
Haiti	Evolving
Ecuador	Stand alone
MIDDLE EAST AND NORTH AFRICA	
Yemen	Stand alone
Morocco	Input to CAS
West Bank & Gaza	Input to policy notes
EASTERN EUROPE AND CENTRAL ASIA	
Tajikistan	Stand alone
SOUTH ASIA	
Nepal	Multiple outputs

[12] This includes concept notes outlining the conceptual framework of the CSA, drafts of the CSA, and minutes from review and decision meetings.

[13] The country management units (CMUs) manage the World Bank's country work programs at the country level. They are each composed of a core management team and sector specialists.

[14] Not all CSAs discussed here have been formally published. Those that have been are listed in the references.

The general review of the CSA pilots focuses on practical lessons learned from the process of implementing the CSA and is based on available CSA draft reports and interviews with World Bank task team leaders who conducted the studies. For the five case studies, the analysis provides a more detailed review of the policy recommendations as well as a preliminary assessment of the policy impact.

2. STRUCTURE OF THE REPORT

The report has five sections. In addition to this introductory section, the second reviews the literature and summarizes the rationale and conceptual underpinnings for macro-level social and political analysis and its linkages with development assistance. The third section looks at the various donor approaches to macro-level social and political analysis and extracts key lessons learned, focusing on DFID's Drivers of Change (DOC) studies, Sida's Power Analysis, USAID's Democracy and Governance Assessments (DGAs) and conflict and fragility assessments, GTZ's Governance Questionnaire, and the German development ministry's (BMZ) Peace and Conflict Assessments. The fourth part outlines the CSA analytical framework, and the main policy recommendations emerging from the pilot CSAs. The final section summarizes the primary lessons learned from the CSA pilots and the other donor approaches to conducting macro social and political analysis. Based on these lessons, the study offers recommendations for conducting macro level social analysis and for increasing its impact on policy dialogue, including identifying challenges for future work in the area.

Chapter 1: The Political Economy – Social Development Policy Nexus

This section summarizes relevant recent literature in order to identify important concepts and approaches for the practice of macro-level social analysis. It starts by outlining two main reasons for drawing on political economy research to inform development practice. It continues by examining the key factors that condition the uneven distribution of endowments across social groups and the way in which institutional factors intervene to modify this distribution. A discussion of the use of social analysis to promote social change follows, with a strong emphasis on understanding the historical context and human agency.

Political economy concepts are increasingly relevant for development research due to 1) the widely recognized insufficiency of economic models to explain development outcomes, and 2) a changing geopolitical environment, which has brought new security concerns to the development arena. A growing trend in contemporary development research is to define development not only in economic terms but also as freedoms and capacities that individuals have to improve their social and economic standing (see Sen 1999, and World Bank 2005a). While economic growth is crucial to sustained poverty reduction, institutional and social changes are also essential to the development processes and the inclusion of poor people (World Bank 2001, 2005). At the same time, themes of political stability and corruption have called for an analysis of global and national political structures and of their impact on socio-economic relationships.

Over the past two decades and, particularly after the Social Summit in Copenhagen, development practice increasingly has paid more attention to the underlying causes of poverty and social exclusion. The World Bank, like other international agencies, has concluded that understanding the socio-cultural, political, and institutional context is essential for developing actions that induce and support changes leading to poverty reduction and more inclusive, accountable, and cohesive societies and institutions.

The Arusha conference of December 2005[15] confirmed the growing international consensus on the complementarity of economic and social policy, and formulated three priority goals for social policy: citizenship with universal rights and responsibilities for all individuals, accessible, accountable and transparent public institutions, and states' ability to mobilize resources and reduce dependence on aid for development. By gathering in-depth knowledge on the social and political context at the country level, macro social analysis offers the opportunity for an informed social policy deliberation and is a vehicle for carrying forth the message from the Arusha conference.

In recent literature, there is a significant overlap between macro social analysis, political economy, and economic sociology. These similarities highlight the complementarities and synergies between these approaches and explain how constraints and opportunities created by the socio-political environment shape policy processes, allocation of resources, access to services and, finally, development outcomes. Macro social analysis focuses on the structure of society. It looks at attributes of societies and social groups, and it provides a method for understanding the

[15] "New Frontiers of Social Policy: Development in a Globalizing World" conference in Arusha, Tanzania, December 12–15, 2005, sponsored by the World Bank, Sida, and the Finnish and Norwegian ministries of foreign affairs.

ways in which social groups interact through processes and institutions. Economic sociology examines the social dimensions of economic exchanges, including the social meanings they involve and the social interactions they facilitate or obstruct.[16] Similarly, political economy refers to the interrelationships between social, political, and economic processes in society. It focuses particular attention on the understanding of how production, distribution, and consumption processes are influenced by political and economic actors and how they shape institutions and policies.[17]

This paper is substantiated by economic, political economy, and sociological theories that suggest that economic factors and processes are affected by social structures. The allocation of factors of production and the access to goods and services across social groups is often shaped by their social characteristics and the social relations established among them. These relationships, in turn, are influenced by the resulting distributional structure.[18] Power relations circumscribe the opportunities available to specific social groups to advance their interests. Similarly, social structures determine the reallocation of resources (inputs) and the distribution of goods and services (outputs) either through markets or other mechanisms. In other words, power relations shape economic exchanges and vice versa (Granovetter 2005, Alsop 2004), [19] which is the main focus in this section.

1 EQUITY AND DEVELOPMENT

The distribution of public goods and resources is unequal in most countries. As a result, certain social groups experience inequality by virtue of their race, ethnicity, gender, religion, family/clan affiliation, political views, etc. (World Bank 2005a). The distribution is not only unequal but inequitable when it deprives the excluded groups of the opportunity to access civil, political, and economic mechanisms to improve their status (World Bank 2005a: 20–21, 48–50, 107–108).

Social structures, norms, and values, which are internalized by groups in order to sustain existing social arrangements, provide a framework in which inequitable structures persist and "inequality traps" become perpetuated (Keizer 2005, Granovetter 2005). Pieter Keizer outlines a socio-economic model, in which culture conditions, economic preferences, resources, and the distribution of resources in turn influence culture through their impacts on social structure. Similarly, Dolfsma, Finch, and McMaster (2004) argue that markets are influenced by socio-cultural values, such as transparency, accountability, and efficiency. Markets are often ruled by asymmetric information and, as such, are shaped by social groups and networks where information is distributed. Individuals are unevenly distributed across pre-existing networks,

[16] For further discussion on the relationship between macro level social analysis and political economy, see Etzioni (1967); Granovetter (1985); Keizer (2005); and Gibbons (2005).

[17] For example, see how these similarities are analyzed by Robin Eric Hahnel (2003) in "The ABC's of Political Economy: A Modern Approach"; Andrew Sayer (2004) in "Moral Economy"; Peter Boettke et al. (2005) in "The New Comparative Political Economy"; Alexander Ebner (2005), "Entrepreneurship and Economic Development: From Classical Political Economy to Economic Sociology."

[18] Pierre Bourdieu (1992, 2005). Bourdieu introduces the notion of "*field"* to express the location where individuals and social groups try to win control over resources. This social space is defined by the different types of capital (symbolic, social, economic, and cultural) the groups have control of in order to reproduce the existing power relations from one generation to other.

[19] While all the approaches described here share a common object of analysis, there are disciplinary and cognitive differences that result in various contingent ways of perceiving, evaluating, and studying the subject matter. For further discussion, see Mayntz (2005).

creating an uneven playing field in the labor market without any premeditated intention (Granovetter 2005).

Understanding social structures and the mechanisms through which these structures create or perpetuate exclusion is thus a necessary step in achieving more equitable outcomes. Focusing on one dimension only (for example, access to assets) is not enough since certain groups may be socially excluded without being poor, and poor without being socially excluded (Mitchell and Shillington 2002). The challenge is to identify and then transform the processes that impede a social group's participation in the economic, social, cultural, political, and institutional arenas (Gacitua et al. 2001). Labor in its different forms, from formal wage labor to informal self-employment, is an important way of looking at the relationships between different social groups, their access to assets and resulting production, and consumption of goods and services. Focusing on the role of labor in social structures also helps link macro and micro processes, which contribute to understanding the different reactions of social actors to government policies (Stallings 2000).

To approach the relationship between equity and development from this perspective, one needs to account for as many aspects of social diversity as possible so as not to miss any essential aspects of discrimination that limit the potential of individuals and social groups to choose or create. In a society in which cultural bias has no reflection on economic and political life fewer barriers to social mobility would exist and an optimal system of allocation could be achieved. Barriers to social mobility (also to education, information, infrastructure and other public services) obstruct people's economic behavior and retard growth. At the analytical level, this implies that it is essential to understand how the relationships between different groups and their competing demands are processed by the existing power structures into patterns of access and consumption. According to Moser (2004) this requires the analysis of the associated social and political processes that determine the likelihood of poor people's claims being reflected in the definition, interpretation, or implementation of rights.

Moser et al. (2001) have also shown the importance of understanding the relationships between institutions, assets and livelihoods, and rights. The identification of groups that lack access to certain assets and rights contributes to unpacking the structural causes of the generation and perpetuation of social exclusion. In that framework, the examination of these relationships contributes to recognizing how political processes can influence the access that poor people have to different assets and livelihood strategies.

2. INSTITUTIONS AND GOOD GOVERNANCE

Multiple studies show that functioning institutions translate into better economic outcomes since people (or economic agents) seek trust and social control when making economic decisions, and tend to rely on networks more than on independent rules or information.[20] Acemoglu (2002) offers a historical perspective to support his "institutions hypothesis" that associates economic performance with the organization of society.[21]

[20] See Olson (1971) and "methodological collectivism" research in Keizer (2005).

[21] For example, Acemoglu (2002) argues that imperfectly guaranteed property rights skew economic incentives in favor of elite groups. Individuals with entrepreneurial skills may not undertake investments if their rights are not guaranteed, and elites may also block productive investments if returns will go to those outside of their circle. Similarly, Keizer (2005) points out that property rights are not equally guaranteed for all groups, as economic models often assume, and that instituting equitable property rights is another task often associated with fairness of processes and development outcomes in a state.

The institutional setup can perpetuate higher opportunities for those possessing certain assets (ethnic, social, class, etc.) and limit the participation of others who lack those assets. Economic sociologists have spoken of "vacancy chains" in enterprises that serve as a vehicle for creating job opportunities (White 1970, cited in Gibbons 2005). In this case, job candidates within an enterprise have a greater chance of being hired, not simply by virtue of having more knowledge and experience, but also due to the information available to them or a common practice of preference for insiders. The inclusiveness of institutions may perpetuate itself in the long run, assuming that more outside participation will positively affect rule-setting within the institution and make it more open to future participation. There may be aberrations to this case, however, as elite capture of institutional mechanisms can occur at any time. Knowledge of the socio-cultural context in which institutions exist, as well as the status and power of interested groups, is thus critical for predicting outcomes in institutional reform.

Political economists point to the interdependence of social and economic equity and political institutions. Resource distribution affects political institutions, which in turn influence the future allocation of goods. History and culture condition the extent to which institutions have the capacity to address issues of social cohesion and equal opportunity in any given context. Thus, the temporal dimension, or the timing and sequence of the development of existing institutional arrangements, is crucial to understanding what possibilities and alternatives exist for change.[22]

How state organizations are perceived by different social actors helps to determine the way in which the state is organized, the effectiveness of state interventions, and the impact of state policies and structures on social conflicts.[23] The ability of the relatively powerless to participate in the formal political system, in decision-making processes, and implementation of public policies contributes to the consolidation of good governance (Ginther 1995, UN 2004, World Bank 2005a). As those with less power gain access to alternative sources of information and communication, a better system of checks and balances develops, therefore ensuring increasing accountability and sustainability of the political system, as well as a more effective guarantee of timely action to achieve more equitable development outcomes (Sen 1993, cited in Shin 1994, 155).

In this context, analyzing the issue of legitimacy is essential (Granovetter 2005). Since the way in which those with power perceive what is "acceptable," fair, and efficient may lead to behavior that harms overall equity and fair distribution, it is crucial to understand which factors are perceived as providing legitimacy by groups of different social, political, and economic levels (Von Einsiedel in Chesterman et al. 2005).

[22] Pierson (2004) argues that the institutional arrangements are the result of long historical processes in which the choices available at any point in time are constrained by the decisions made over long time periods. Therefore, he suggests that the analyst should consider institutional development more than institutional choice.

[23] At this level, it is important to look at the characteristics of the elites, the level of autonomy of the state and the elites, and their ability to develop and implement policy reforms, especially when faced with opposition from powerful social groups or adverse socioeconomic circumstances. For more detail, see Grindle and Thomas (1991).

3. SOCIAL CHANGE AND AGENCY

Addressing systemic inequalities requires a deeper understanding of how social change takes place (DFID 2004). Different factors contribute to social change. Processes of conflict are frequently powerful contributors to social change.[24]

Group solidarity, which is based on similar social values and inter-group competition for resources, contributes to social change by defining the group's boundaries and social mobilization strategies. These strategies are translated into organizational structures to help mobilize resources that might challenge the existing power relations among groups and their subsequent access to resources (Dahrendorf 1959, Ritzer 2002).[25] Social agency, or the capacity to act upon the institutions and norms, is the way in which organized individuals and social groups attempt to change the social system (Touraine 1985). This perspective allows one to understand how perception of structural conflicts and institutional processes contribute to explain social mobilization. Only when the members of competing groups perceive the contextual conditions as favorable will they mobilize and use the existing resources to engage in political action to alter the current situation.[26]

The premise that underlies the role of agency in social change is that human beings acting in an organized manner are capable of looking critically at their world and transforming it. Through the definitions that they make of their context, social groups influence the course of the material changes and, at the same time, their perception of that reality and the institutions that they develop are modified by those transformations. As a result of this process, human agency is capable of overcoming the limitations of objective material constraints.[27]

The recognition that social structure (formed through common culture, history, perception of status, etc.) affects economic and political outcomes makes its exclusion from development analysis risky (Granovetter 2005). In order to transform these conditions, macro-level social analysis should not only account for these different analytical categories but should engage in policy making, informing the different stakeholders involved, and provide the opportunity to articulate their understanding of their current situation and the existing institutions that contribute to these inequitable distributions.

Finally, macro social and political analyses are necessary for the design and implementation of mechanisms that prevent the collapse of state systems or violent conflict. Donor approaches to state failure have been criticized for treating state crises mostly as humanitarian problems—that is, as matters of emergency to be ended quickly, rather than as political processes,. Instead, scholars suggest that donors should treat state crises as political collapses to be reversed or, in the

[24] Shin (1994) takes an additional step in this debate. Instead of viewing it merely in terms of "conflict versus consensus," he looks into the processes by which conflict is managed or consensus achieved.

[25] More recently, group conflict and power relations have recently generated new research areas in donor agencies.

[26] See Tilly (1981a, 1981b, 1985) and McAdam and Tilly (2001) on the roots of conflict, social movements, and social change. Also see Laclau (1994), in which he argues that social subjects should be analyzed in the context of an expanding civil society, as the result of multiple social struggles and political processes.

[27] For further discussion, see Freire (1985a, 1985b, 1988); Freire and Shor (1987); also Wresinski (forthcoming); and Godinot and Wodon (forthcoming).

best case, prevented (Woodward, in Chesterman et al. 2005). Establishing mechanisms, such as early warning systems, that draw on the knowledge about the social and political weaknesses in a country, is beginning to emerge as an important part of the donor agenda. The main challenge any macro socio-political analysis faces is finding the correct relationship between factors derived from long-term historical processes and those which reflect short term conjunctures of events (Pierson 2004).

Donor agencies want to understand what factors contribute to social change and how social analysis can be used to influence the policy dialogue process. The review shows that an appreciation of history and context is essential to understand the distribution of endowments across social groups and how institutional factor intervene to modify this distribution. Furthermore, it suggest that only through a clear understanding of the perceptions and motivation that different social groups have to mobilize for change, it is possible to define policy interventions that would be successful.

Chapter 2: Donor Approaches to Macro Social and Political Analysis

A variety of donor organizations are developing approaches to macro-level social and political analysis. The common objective of these approaches is to better understand the social, political, cultural, and institutional context of the countries they work in. With this common objective, different donors have developed approaches that match the particular principles, operational priorities, and institutional framework of the respective agencies. In some cases, multiple instruments that emphasize different social or political dimensions or analytical lenses have been developed within individual agencies.

These different donor experiences and the related lessons learned are summarized in the next section. The review concentrates on the agencies with the most extensive experience in developing different types of social and political analysis, i.e., the USAID, DFID, Sida, and GTZ. Within these agencies, the focus is on DFID's Drivers of Change (DOC), USAID's Democracy and Governance Assessments, Sida's Power Analysis and, at a conceptual level, GTZ's Governance Questionnaire because these approaches are the most similar to the World Bank's CSA approach. Comparisons of conflict and state fragility assessments are limited to a review of the different frameworks and do not extend beyond to their implementation.

This review finds that, analytically, the different donor approaches reveal a significant degree of overlap, despite a degree of variance, in terms of process. The analytical similarities suggest a potential for more joint analyses in the future, which could contribute to greater harmonization of donor programs. However, as mentioned in the OECD-sponsored study on Power and DOC Analyses, this may be difficult in some countries due to the particular operational needs of the different donor agencies (Dahl-Ostergaard et al. 2005). There is a common understanding that managing the process is an important element in ensuring the operational relevance of the studies. Translating the analysis into actionable policy recommendations is considered the most important challenge for improving the effectiveness of macro social and political analysis.

1. OBJECTIVES AND ANALYTICAL APPROACHES

By its nature, the analysis of the political and social context for development is highly context specific. The different donor approaches generally recognize the need for a certain degree of flexibility in determining the particular analytical framework and focus of the individual studies (see table 2). In practice, the same approach may, therefore, yield very different results, depending on the country context, the priorities of a particular country office, as well as the team that conducts the study. As the OECD-sponsored study on Power and DOC Analyses confirms, the particular scope and analytical focus of Sida's and DFID's work differs quite dramatically from case to case (Dahl-Ostergaard et al. 2005). Nevertheless, important commonalities exist between the donors' analytical lenses, which are highlighted below in table 1.

USAID

USAID has developed several tools for analyzing the social, political, and institutional contexts of its work. These include the Democracy and Governance Assessments (DGAs) (USAID 2000),

and frameworks for assessing conflict and state fragility (USAID 2005). The DGAs are designed to develop country specific democracy and governance strategies and related work programs. USAID's conflict assessments, on the other hand, cut across all sectors to inform the whole country program. Their objective is to identify and prioritize causes and consequences of violence and instability, and to define a strategy that addresses these issues in USAID's programs. The fragility assessments are another cross-sectoral tool to assess different governance dimensions in fragile states and to better understand the sources of fragility, in order to design more effective strategies, including interventions that target the main sources of fragility.

Table 2: **Objectives and Analytical Focus of Donor Approaches**

Instrument	***Objective***	***Analytical Focus***
	USAID	
Democracy and Governance Assessments	To assess key governance dimensions to develop country specific democracy and governance strategies	▪ Key political institutions and processes ▪ Key political actors ▪ Social and political inclusion
Conflict assessments	To identify and prioritize causes and consequences of violence and instability, and to define a strategy that addresses these issues in USAID's programs	▪ Incentives for conflict ▪ Access to conflict resources ▪ Capacity for conflict management ▪ Regional dynamics ▪ Vulnerability to conflict
Fragility assessments	To better understand the sources of a country's fragility in order to design more effective strategies, including interventions targeting the main sources of fragility	▪ Social, political, and economic causes of state fragility ▪ Legitimacy and effectiveness of the state
	DFID	
Drivers of Change	To assess key political economy issues and provide recommendations for improving the effectiveness of DFID's programs	▪ Political economy ▪ Dynamics of change ▪ Structures, institutions, and actors
Strategic Conflict Assessments	To assess the impacts and risk of conflict to improve the effectiveness of DFID's programs	▪ Sources of conflict ▪ Political economy approach ▪ Structures, actors, and dynamics
Social exclusion assessments	To assess institutional constraints to social exclusion and develop a country-specific framework for operationalizing social inclusion	▪ Economic, social, and political dimensions of social exclusion ▪ Power relations and institutions

Instrument	*Objective*	*Analytical Focus*
	Sida	
Power Analysis	To better understand power relations in partner countries, in order to improve the effectiveness of Sida's country strategies	▪ Political economy ▪ Distribution of formal and informal power ▪ Institutions and structures
Multi-dimensional poverty analysis	To provide a multi-dimensional under-standing of poverty and its causes to inform Sida's poverty reduction programs	▪ Integrated economic, social, and political analysis ▪ Structures, institutions, and processes ▪ Dynamics of poverty
	GERMAN DEVELOPMENT COOPERATION (BMZ and GTZ)	
Socio-cultural country studies (BMZ)	To provide a brief analysis of country-level social and political issues for designing country strategies	▪ Social groups ▪ Legitimacy and functioning of public institutions and civil society ▪ Structural impediments to development
Governance Questionnaire (GTZ)	To analyze governance and political economy questions in partner countries	▪ Political institutions and their social context ▪ Political actors ▪ Policy making
Conflict analysis (BMZ/GTZ)	To analyze the political and social conflicts in partner countries in order to develop strategies on how to contribute to managing, lessening, and overcoming these conflicts	▪ Drivers of conflict ▪ Actors ▪ Interests ▪ Resources

The DGAs analyze governance, institutions, and political economy dimensions to develop a program that promotes democracy. Within this focus on democratic development, the studies consider the following areas:

1) Level of political consensus or support for the existing institutional framework
2) Application of the rule of law
3) Degree of political pluralism
4) Degree of political and social inclusion
5) Effectiveness of overall governance, such as the delivery of services, infrastructure, etc.

Furthermore, the political economy of democratic reform is assessed, including the interests and resources of political actors. Finally, the DGAs include a more detailed analysis of key legal and political institutions as well as of civil society.

The USAID framework for assessing conflict is similarly broad in its analytical approach and focuses on explaining the causes and consequences of violent conflict. The analysis includes the following basic categories: 1) incentives for violence, 2) access to conflict resources, 3) institutional and social capacity for managing violence, 4) regional dynamics, and 5) vulnerability to conflict. Under these categories, factors such as economic and demographic trends, conflicts

over resources, social exclusion, institutional capacity, ethnic or religious divisions, political participation and others are addressed.

USAID's fragility framework analyzes a similar set of social, political, institutional, and economic factors to identify the underlying causes of fragility—which is defined by the two main governance dimensions: legitimacy and effectiveness. Within this framework, questions related to the responsiveness of political institutions, support for the political system, access to natural resources and economic opportunities, cultural divisions, and the provision of security are considered.

Analytically, all three assessment types address political, social, and institutional dimensions of development, although with a different focus that is determined by the particular objective of the assessment type. The programming needs of USAID field offices guide the analytical framework and the weight of particular aspects of the analysis. While the DGAs place particular emphasis on the political process, both the conflict and fragility assessments place greater weight on the economic factors underlying political stability and governance. Moreover, the fragility assessments pay particular attention to the state's legitimacy and its effectiveness in providing security and delivering services, while the conflict assessments place greater weight on the broader social and economic context, including regional and other external factors.

DFID

DFID has worked on social and political analysis using three primary approaches: Drivers of Change (DOC) (DFID 2004), Strategic Conflict Assessments (DFID 2002), and its analytical work on social exclusion (Beall and Piron 2005, DFID 2005b). The objectives of all three approaches are to provide cross-sectoral analysis to improve the effectiveness of DFID's programs. The approaches are all relatively flexible in order to respond to country-specific variables and programming needs. None of the analyses is mandatory, although DFID's policy paper on tackling social exclusion includes a commitment to analyze the impact of exclusion on poverty reduction in all country programs, so that priorities are set that fit country and regional planning frameworks.[28]

The DOC approach was developed so that the underlying political economy and overall dynamics of change in DFID's partner countries could be better understood. It has a flexible model utilizing agents, structures, and institutions to identify the opportunities, incentives, and barriers to pro-poor change. The term "agents" refers to the different actors in a particular country, including individuals, groups and organizations. The term "structures" encompasses different social and economic structures, historical context, demographic trends, as well as key external factors, such as global and regional economic and political circumstances. "Institutions" include the formal and informal rules and processes that affect the behaviors of agents. Institutions are viewed as the mediators between structures and agents; and power relations, vested interests, and incentives within the institutional framework are viewed as the core of the DOC.

The Strategic Conflict Assessments also have a flexible approach, which is adapted to the particular objective of each individual study. The assessments include three steps:

1) analysis of conflict itself;

2) analysis of international responses to the situation; and

[28] For the full text, see DFID (2005b), 21.

3) development of strategies to address conflict in programming and approaches.

The analytical model utilizes a political economy approach based on the concepts of structures, actors, and dynamics and how they interact to produce tension and conflict. The analysis of the structures emphasizes longer-term factors underlying conflict, while the analysis of actors centers on shorter-term incentives and interests among key players that may produce violent conflict. Finally, "dynamics" refers to institutions, processes, and the interplay between long-term trends and short-term triggers that may lead to escalation of the conflict. The subsequent steps of the assessment then explicitly address the role of international actors and their responses to conflict situations. Based on the first two steps, the Strategic Conflict Assessment is intended to recommend developing strategies to reduce conflict and ensure that existing interventions are conflict sensitive.

DFID's country-level analysis of social exclusion is based on a social exclusion framework, which guides both DFID's operational and analytical work on the topic. The social exclusion framework defines exclusion in economic, social, and political terms and relates it to the functioning of power relations and institutions. The analytical work that has been conducted identifies entry points for removing institutional barriers and enhancing incentives for increasing assets and opportunities for excluded groups and individuals.

As the *DFID Social Exclusion Review* points out, DFID's analytical work on social exclusion has important commonalities with the Drivers of Change approach, although they use different rationalizations for the analysis. The review finds that both share a similar focus on issues of power and institutions—however, they ask different questions and from different epistemological positions. While the DOC starts from the macro, social exclusion analysis works from the bottom up to understand issues of exclusion, voice, and accountability and how these are translated into macro-level phenomena (Beall and Piron 2005).

The Strategic Conflict Assessment framework differs from the DOC approach in its specific focus on conflict dynamics rather than the broader dynamics of change. Nevertheless, it uses similar foci as the Drivers of Change, such as structures and actors, although the relative weight placed on institutional issues is slightly stronger in the DOC approach. Economic factors seem to be more prominent in the Strategic Conflict Assessment framework. Finally, Strategic Conflict Assessments explicitly include strategy development, while the Drivers of Change studies, which are intended to inform policy, do not necessarily imply the development of a particular strategy.

Sida

In the past four years, Sida has developed and piloted the macro-level Power Analysis (Sida 2005). Its objective is to better understand power relations in partner countries in order to improve the effectiveness of Sida's country strategies. More recently, Sida has launched a multi-dimensional, country-level poverty analysis (Sida 2005), which integrates the analysis of economic, social, and political dimensions of poverty. It is intended to become a key input to the development of Sida's poverty reduction programs.

Like the other donor instruments, Power Analysis is a flexible tool, adaptable to a particular country-context. Broadly, it seeks to understand the political economy of a country, including the distribution of formal and informal power across different actors in the country. This includes the analysis of institutions and structures that shape the opportunities of these actors. Given the ultimate goal of enhancing poverty reduction efforts, the studies consider the scope and incentives for pro-poor development and the voice and capacity of the poor to hold institutions accountable.

The concept of power is central to this approach, and it is considered from a variety of angles. First, it takes into account the nature of state power. This includes an assessment of the state's constructive and coercive power and how it exercises this power. Second, Power Analysis conceptualizes poverty as a state of powerlessness and links this to various dimensions of democracy and human rights. It asks questions about the ability of the poor to articulate their interests and engage with the state to access political, social, and economic opportunities.

By definition, Sida's multi-dimensional approach to country-level poverty analysis is broader than Power Analysis. As mentioned above, it seeks to address economic, social, and political factors of development. Its economic analysis considers macro-economic variables, labor markets, and other economic determinants of poverty. Its social analysis addresses social structures, processes, and institutions, while the political analysis examines power relations. The overall goal is to provide an integrated analysis of poverty with an emphasis on the variables of particular relevance in a specific country context.

The analysis departs from an integrated evaluation of the key determinants of poverty and how they interact and reinforce each other. The key concepts for this first analytical step are summarized as the "resources-opportunity-security" nexus. This refers to the interaction between security and resources and how they affect opportunities to reduce poverty. The approach also seeks to integrate analysis of micro-level livelihoods with the broader development context. On the macro-level, "structural" features, such as high levels of inequality, are considered along with "developmental" causes, referring to the overall level of social and economic development in a country. Finally, the analysis addresses dynamics of poverty, considering 1) "life-cycle" factors; 2) "common" factors, referring to broad economic and social conditions in a country; 3) "individual" factors; and 4) "group specific" factors, referring to causes of poverty that affect an entire social group.

German Development Cooperation

The German ministry of development cooperation (BMZ) relies on a brief analysis of country-level social and political issues for designing all its country strategies. For this purpose, it regularly commissions a German development think tank to conduct socio-cultural country studies *(soziokulturelle Länderkurzanalysen)*. Additionally, GTZ has developed guidelines for conducting conflict analysis (GTZ 2001), as well as its so-called Governance Questionnaire (GTZ 2004), a tool for the empirical analysis of governance and political economy questions. The GTZ conflict analysis is embedded in the BMZ strategy for crisis prevention, conflict transformation, and peace-building, and contributes to the design of conflict sensitive programs. The Governance Questionnaire was developed with the intent of informing the work of GTZ in supporting processes of democratic change and good governance. The tool is under review and has not yet been tested in a country case, as its approval by the BMZ is still pending.

The BMZ socio-cultural country studies are desk studies prepared based on standard terms of reference. The studies include a discussion of key social groups, the legitimacy and functioning of public institutions and civil society, and key structural impediments to development. The studies conclude with recommendations for the German engagement in the country. As desk studies, these studies do not attempt to generate new, in-depth knowledge of political economy issues but rather trace the basic features of the country's social and political context.

The Governance Questionnaire is a tool to analyze a country's political institutions and the social context in which they operate. It is a survey tool for interviewing key informants about how the

country's political processes function and what kind of formal and informal institutional framework they are embedded in. The survey divides the political arena into the following six arenas:

1) The relationship between state and society
2) The political system
3) The political culture, change agents, and development paradigms
4) Politics and gender
5) Economic policy and the political framework of markets
6) international integration

In addition to examining structures, actors, and institutions, the Governance Questionnaire explicitly addresses gender issues and considers specific questions related to economic and foreign policy.

The GTZ conflict analysis is the first step in a broader strategy development process led by the BMZ, called the Peace and Conflict Assessment (BMZ 2005). The conflict analysis itself is divided into three parts. First, it presents a profile of the conflict, including geographical location, timeframe, intensity, and the main competing interests. Second, it includes a stakeholder analysis of the main actors involved in, or affected by, the conflict, including their relationships, interests, resources, etc. Third, the analysis takes an in-depth look at the causes of conflict, essentially the key political, social, and economic drivers of conflict.

Synthesis

From a conceptual standpoint, the different donor approaches to social and political analysis reveal a number of significant commonalities. Despite different objectives, particularly between the broader political economy approaches and the frameworks for addressing conflict, there is an important degree of overlap in their analytical concepts. All of the frameworks consider key political economy variables, including institutions and actors. Regardless of the particular focus—such as governance, state fragility, or conflict—these two dimensions are consistently included as central aspects of the different analyses.

To varying degrees, power relations feature in all the approaches, although they are conceptualized slightly differently. The more governance-focused studies, such as the Drivers of Change, Sida's Power Analysis, GTZ's Governance Questionnaire, or USAID's DGAs, are primarily interested in the distribution of political power. In the various conflict analyses, on the other hand, power is generally considered in terms of access to resources and their impact on conflict variables. DFID's social exclusion analysis stresses social power, as it is exercised through social structures. More generally speaking, the conflict analyses place a greater emphasis on economic factors than the governance-oriented studies. Finally, USAID's fragility assessments, although also focused on governance, take a strongly state-centered approach, while the other studies tend to consider broader social dynamics.

One analytical difference between the donor agencies—rather than their approaches—can be found in the use of "structures" as an analytical concept. Only DFID and Sida make explicit reference to underlying structural factors. For instance, DFID's DOC approach identifies structures as important contextual factors for pro-poor change, while institutional dimensions, considered the core of the analysis, are viewed as mediators between these structures and local

actors. This difference may be related to the more explicit focus on good governance and promotion of democracy in the GTZ Governance Questionnaire and USAID's Democracy and Governance Assessment, while Sida's Power Analysis and DFID's Drivers of Change approach emphasize opportunities for pro-poor development. In practice, this may be of less importance, due to the flexibility of the approaches and the strong focus on institutional dimensions throughout.

2. PROCESS, METHODS, AND DATA SOURCES

The process for the analyses used by the different agencies reflects the specificities of the existing frameworks. Among the donors, USAID has the clearest guidelines for conducting the analysis and developing strategic policy recommendations. Among the approaches utilized for analysis, conflict assessments are generally the most process-oriented and include specific steps for generating specific operational strategies.

USAID has a time-limited (approximately six weeks) process for conducting the different types of assessments. First, an interdisciplinary team spends about two weeks gathering data. During this stage, the evaluation team visits different regions of the country gathering data and scoping issues. Around the third week, the team finishes data collection and begins discussing the emerging findings with local USAID staff and translating them into a strategy that can be implemented by the USAID mission in-country. The last two to three weeks are spent writing the report and the related strategy with active participation by, and in coordination with, the local staff.

DFID's Drivers of Change, Sida's Power Analysis, and GTZ's Governance Questionnaire have a less-defined process. The DOC and Power Analysis are analytical approaches which do not explicitly incorporate process elements. However, the experience of DOC studies (DFID 2005) and Power Analyses suggests that the process generally starts with the engagement of the country team, which defines the key issues on which the study will focus, followed by selection of the consultants who will carry out the work. A lesson from implementing the DOC approach has been that the process has been most influential when the senior manager responsible for the country program has led the exercise from the DFID side. The next stage is data collection[29] (mostly qualitative field work) and analysis of existing literature and available data. Then, the consultants draft the report and discuss the findings with the country office, and later the results are disseminated through different means.

The DFID and BMZ conflict assessments include clear steps for engaging country staff. The BMZ Peace and Conflict Assessments include four specific steps: 1) conflict analysis, 2) relevance assessment, 3) risk assessment, and 4) impact assessment. The first step—investigating the conflict—is preceded by discussions with the local staff to determine the scope and focus of the analysis. Steps 2 through 4 are generally conducted as seminars with country staff, informed by the preceding analysis and combined with conflict sensitivity training. The final assessment of impacts includes a proposal of necessary adjustments to the analysis in line with the "do no harm" principle. Similarly, the DFID Strategic Conflict Assessments are divided into three steps: 1) conflict analysis, 2) analysis of international responses, and 3) developing strategies and options. Although not as explicitly linked to a process of dialogue and training, the final step will typically involve seminars with country staff to develop the final strategy for addressing conflict.

[29] Some of the Sida Power Analyses have been conducted as desk studies.

The methods and data sources used for the analyses are relatively similar across agencies and approaches. The analysis generally draws on a review of relevant literature, key informant interviews, and focus groups. DFID's work on social exclusion places the greatest emphasis on additional quantitative analysis, such as household surveys or administrative data. This may reflect the difference in approach referred to above. While the DOC and other political economy approaches emphasize macro-level institutions processes and actors, the social exclusion approach analyzes access and opportunities of different social groups to initiate a broader assessment of institutions and power structures.

3. EXPERIENCES WITH CONDUCTING MACRO SOCIAL AND POLITICAL ANALYSIS

There are a number of common lessons and challenges that have emerged from the experiences of conducting the different types of social and political analysis.[30] The central challenge identified by all donor agencies is translating the analysis into operational recommendations that lead to real impact on policy. It has been difficult to balance analytical complexity with the formulation of actionable policy recommendations and effective policy dialogue.

To overcome this challenge, the different donor experiences show that the process of conducting the analysis is as important as the analysis itself. The most important lessons from these different processes relate to the timing of the study, the composition of the study team, and the involvement of local donor staff as well as in-country stakeholders in the process.

Timing

The OECD-sponsored study on Power and DOC analyses finds that timing the study to coincide with country strategy and operational cycles has enhanced the policy impact of the analyses (Dahl-Ostergaard et al. 2005). Although not a guarantee for effective policy dialogue, the appropriate timing can provide an important entry point. The link to operational planning has been strongest in USAID, where the DGAs and conflict assessments have been mandatory instruments for designing democracy and governance strategies and the overall country strategy respectively.[31]

Team Composition and Engagement of Donor Staff

The composition of the teams conducting the analysis has differed across donors. While there is clear consensus that experts with in-depth knowledge of the country and a range of disciplinary backgrounds should be part of the team, the engagement of donor staff has varied. While Sida and DFID have primarily relied on external consultants to do the detailed analytical work, USAID's DGAs are often conducted by staff members from headquarters with the involvement of mission staff. This has helped ensure that the studies are strongly linked to USAID's operational needs. DFID, on the other hand, has preferred to delegate the analytical work to external consultants, while ensuring that the study team includes a person familiar with, and oriented to, the process to facilitate engagement by the field staff throughout the process.

Engaging country-level donor staff has proven to be crucial in determining policy impact. In USAID's case, strategy development is always conducted in dialogue with mission staff.

[30] The review of the lessons learned in this section is limited to DFID's Drivers of Change, Sida's Power Analysis, and USAID's Democracy and Governance Assessments.

[31] These requirements have recently been removed in an effort to decentralize USAID's country strategy process.

Seminars and workshops allow operational staff to contribute to the development of the democracy and governance strategies. In the cases of DFID and Sida, the engagement of country staff has varied. Experience has shown, however, that engagement and ownership by the country staff is necessary for developing recommendations that are relevant to the program and that will be taken up by country staff. A significant lesson of DFID's experience with the Drivers of Change approach was that the head of the country program should champion and lead the process for DFID to ensure that results would be fully incorporated into the country team's strategic approach. It is, therefore, vital to involve country-based staff in coordinating the study, if not participating in the research itself. Additionally, seminars to discuss the study design and the development of operational recommendations have been important vehicles for facilitating broad involvement the country office. The appointment of steering committees has also helped facilitate this type of involvement.

4. RESULTS AND POLICY RECOMMENDATIONS

Findings and policy recommendations from the different approaches have varied from case to case. None of the frameworks is considered a blueprint for the analysis and approaches are adapted to the context of the particular country. Among the donors, USAID's DGAs are perceived to be the most consistent in their application of the particular framework. The reports generally follow specified analytical steps and respond to the clear operational objective of designing a democracy and governance strategy. As outlined in the OECD report (Dahl-Ostergaard et al. 2005), DOC and Power Analyses vary in their approach. Nevertheless, the report states that "Sida's approach tends to gravitate toward links between human rights, democracy, and poverty reduction through analysis of formal and informal power actors, structures, and relations," while the Drivers of Change approach tends to focus on "poverty reduction and the interplay of economic, social, and political factors that support or impede it" (Dahl-Ostergaard et al. 2005: 3).

In general, it is agreed that most studies yield sound analysis of a country's social and political context. Depending on the availability of existing information, the studies may or may not generate new insights or analytical findings. Nevertheless, the studies are generally perceived to improve donor agencies' knowledge of the countries in which they work and, in some cases, are said to have challenged conventional wisdom or assumptions about a particular country.

The main shortcomings, therefore, are not in the analysis itself, but in the way in which policy recommendations have been developed and fed into the policy dialogue. Neither the DOC nor the Power Analysis has always made specific policy recommendations that influenced decision making. Though the DGAs are required to propose a democracy and governance strategy, USAID staff members also identify the development of policy recommendations as the single, biggest challenge for the further improvement of the instrument.

Because of the different goals of the studies, the types of policy recommendations vary across the instruments. The DGAs propose relatively specific policy recommendations, focused on governance and democratic change. The DFID and Sida studies, on the other hand, aim to provide a more diverse set of policy recommendations, which include both governance issues and broader issues of pro-poor development and poverty reduction. A review of DFID's country studies has found that in practice the most common recommendations are aimed at stimulating the so-called demand side of governance and enhancing the accountability and transparency of public institutions (McLeod 2005). Additionally, some of the studies advised DFID to consider its own political role more explicitly, and they have alerted country teams about risks to their programs.

Similarly, Sida's studies have primarily yielded recommendations on governance issues, but have flagged context-specific issues related to existing or planned interventions.

Table 3: **Overview of the Main Types of Policy Recommendations**

Agency	*Instrument*	*Areas of Policy Recommendations*
USAID	**Democracy and Governance Assessment**	▪ Democracy and governance strategies
DFID / Sida	**Drivers of Change / Power Analysis**	▪ Governance and accountability ▪ Empowerment of civil society ▪ Identifications of risks ▪ Identification of opportunities for supporting pro-poor change ▪ Strategies for influencing government ▪ Sector-specific recommendations based on country context

These recommendations, however, are frequently limited to the identification of areas of particular concern without providing specific advice on how to address them (see table 3). An additional examination in the *Review of the Uptake of the Drivers of Change Approach* suggests that it may not be feasible to expect more detailed, sector-specific recommendations from a macro-level political analysis (Thornton and Cox 2005). It proposes instead that country teams and their sectoral experts articulate the implications for their particular work programs. In certain cases, this process may involve additional work on particular sectors. A similar approach based on dialogue with the country team and other donors as well as additional analytical work has been considered by Sida.

5. POLICY DIALOGUE AND IMPACT

Despite the challenge of translating the analysis into more specific policy recommendations, the studies are perceived to have made a number of valuable contributions to the donors' engagement in their partner countries. As stated above, in the case of USAID, the DGAs directly shape the democracy and governance strategy and its related program. Only in rare cases have mission directors chosen to disregard the DGAs because they disagreed with the analysis. In some cases, the DGAs have had broader policy impacts related to cross-sectoral governance issues, such as corruption and decentralization. This has led to the development of additional program areas as well as the adjustment of existing programs.

Box 1: **Kenya: Drivers of Change, Power Analysis, and Country Social Analysis**

Over the past three years, Sida, DFID, and the World Bank have each conducted macro social and political analysis in Kenya. The results reveal a range of commonalities in the analysis as well as the recommendations. All three reports provide an overview of relevant social and economic trends and the key dimensions of governance. Particular emphasis is placed on the issues of corruption and the concentration of power in the executive. These governance issues are explored in further detail in the Sida Power Analysis and DFID Drivers of Change studies, while the Bank's Country Social Analysis focuses primarily on the social impacts of institutional degradation and other demographic and socio-economic trends. Both the CSA and the Power Analysis include a significant discussion of conflict issues, although with a slightly different emphasis. While the CSA primarily emphasized the drivers and impacts of violence on the community level, the Power Analysis focuses primarily on the political dimensions of conflict.

The recommendations in all three reports emphasize governance and accountability as important areas for donor engagement and provide guidance on how to approach decentralization. The promotion of land, security- sector reform, and access to justice, as well as support for parliament and civil society, are also recommended in two of the three reports. Additionally, the CSA proposes specific recommendations to tackle gender and youth issues at the community level. The DOC study specifies additional recommendations on how to address the areas of tax reform, civil service reform, regional integration, and private sector development. Finally, both the Power Analysis and the DOC present general lessons for managing development assistance in Kenya.

The findings and policy recommendations of the reports have been discussed among the donor community. Sida and DFID have conducted a multi-donor workshop, which has initiated dialogue on political economy issues and inequality. As part of a joint assistance strategy process, a joint political economy analysis is being considered that will draw on the work conducted by the three donors. Individually, the different studies are influencing planning in the respective agencies. Plans for tackling corruption—a governance issue that cuts across different sectors and strategies—will draw on the social and political analysis that was prepared. In DFID and Sida, the analysis has informed the country strategies, while in the World Bank, the CSA is informing the multi-sectoral Economic Recovery Support Credit.

Despite the lack of sector-specific recommendations, Sida's Power Analysis and DFID's DOC are also perceived to have had a number of relevant impacts on policy (Thornton and Cox 2005). In both cases, the studies have informed the planning process, leading to adjustment of existing programs as well as the introduction or discontinuation of particular elements in the country program. The studies are also perceived as an important analytical underpinning for more effective policy dialogue with the partner government. A more nuanced understanding of the political context has enabled both Sida and DFID to select policy issues more strategically and to better manage communication with their government counterparts. Furthermore, in several cases, the studies have raised awareness about risks to country programs and have promoted the development of strategies to manage those risks. In Sida's case, this has led to adjustments in programming as well as the suspension of a particular program. Finally, in one case, a Power Analysis raised awareness about the problem of inequality in the country, which led to a donor debate on the issue. More generally, the *Review of the Uptake of the Drivers of Change Approach* states that DOC analysis has enhanced the overall effectiveness of DFID's engagement by developing knowledge and awareness of political economy issues among country based staff.

There is agreement among the donors, despite the lack of specific operational advice, that the different approaches have yielded pertinent analysis for their commitment in the country. As mentioned above, proposed approaches to generate more actionable policy recommendations center on actively engaging country-based sector specialists in the formulation of sector-specific

recommendations as well as sector-specific follow-up studies. Additionally, the OECD report suggests that potential operational considerations should be clarified *ex ante* and outlined in the study objectives. When the analysis has a clear operational purpose, as is the case with USAID's DGAs, developing specific strategic recommendations may be more feasible. When the objectives are more general, on the other hand, expectations have to be adjusted accordingly.

6. DISSEMINATION AND POLICY DIALOGUE IN PARTNER COUNTRIES

Donors have been very careful about the dissemination of political and social analysis due to its politically sensitive content. Publishing the information and sharing the documents with partner governments have depended on the specific country context and has been controlled by donor country offices. Different models have been pursued, such as creating internal documents, which are not for public distribution, or quasi-public reports to be disseminated within the international community and partner governments.

USAID's DGAs generally remain internal documents, while the other donors chose different options. In some cases, sharing the full report with the partner government has created an opportunity to discuss sensitive issues. This seems to increase the credibility of the donor, as it demonstrates their knowledge of the country. In other cases, only shorter, policy-focused reports have been shared. Sensitive analysis can be removed from the document, while key policy issues are still on the agenda for dialogue. Another means has been to present the results to the partner government in a seminar without publishing a written document. This can be an entry point for conversation and may be seen as less threatening if the seminar is limited to government and donor representatives. The particular government counterpart may also vary—from lower-level civil servants to senior politicians or members of parliament. Again, the particular country context determines the particular choice of government counterpart.

Rarely have the results of these analyses been disseminated to the general public. Although the reports could serve a useful purpose in stimulating public debate and demand for change, none of the studies has been used for such a public role. The engagement of local civil society, therefore, has been limited. The short timeframe and very specific objective of the DGAs have restricted stakeholder involvement to focus groups and interviews during data collection. In DFID's case, local think tanks and academic networks have been invited to limited discussions to validate findings and discuss potential political sensitivities.

In conclusion, it is evident that no one model can be applied. The dissemination strategy of every study must take into account the political sensitivities of the partner country. Both the OECD study and the *Review of the Uptake of the Drivers of Change Approach* have concluded that more time should be spent on developing dissemination strategies. Moreover, they suggest identifying the target audience before conducting the study.

7. PARTNERSHIPS AND DONOR HARMONIZATION

Experiences in conducting joint analyses are relatively limited. In a few cases, the DOC studies were conducted with support from other donors or invited other donors to sit on steering committees. Collaborative efforts are viewed positively; however, conducting the studies jointly (on specific countries) is perceived as more difficult, due to particular donor needs and interests. For instance, in the case of USAID, the DGAs' very specific relationship to the USAID democracy and governance programs does not lend itself to joint analysis.

Nevertheless, the *Review of the Uptake of the Drivers of Change Approach* has found that DOC analysis has improved common understanding of the political context of partner countries among donors. The OECD report identifies increased collaboration in the realm of macro-level social and political analysis as a potential way of encouraging more multi-party policy dialogue. Conducting joint or complementary analyses, as well as sharing analysis within the donor community, could contribute to increased harmonization of donor programs.

8. FURTHER CHALLENGES

Finally, recent work by the OECD's Development Assistance Committee's Network on Governance (DAC-GOVNET)[32] points to additional challenges to making macro- level social and political analysis more effective in influencing donor practice. This work identifies five major tensions which affect this field of work:

1) The focus of the analysis on social agency and the transformation of beneficiaries into citizens and how this relates to the type of recommendations from a Millennium Development Goal-based approach that focuses on *a priori* defined goals
2) Matching increased pressure to spend with country-led approaches that take into consideration political constraints and opportunities for reform
3) Linking the nation-state/country unit of analysis with the increasing weight that geopolitics and transnational processes have in the definition of in-country processes
4) Balancing the need for transparency and informed decision making at the country level with analysis of highly sensitive issues that might undermine in-country power relations and vested interests
5) Harmonizing and consolidating approaches to macro-level social analysis, keeping the flexibility to respond the specific requirements of different users and allowing for creativity in the way in which these analyses are used

These tensions affect both the context and the practice of social and political analysis at the country level. They suggest that generating a deeper understanding of the country context may raise challenges for donor agencies in terms of their own "political economy" and institutional procedures (for example, in balancing the pressure for short-term results with a perspective which stresses the significance of social and institutional factors that may not be amenable to rapid transformation). In dealing with these tensions, development agencies need to understand their own positions as political actors—both in relation to their structures of accountability and their actions in partner countries.

[32] These challenges are based on a presentation given by Ben Dickinson (OECD-DAC Secretariat) at the "Making Macro Social Analysis Work for Policy Dialogue" conference in Washington, May 2006.

Chapter 3: World Bank Country Social Analysis: Analytical Focus, Policy Recommendations, and Process

This section presents the experience with the Country Social Analysis (CSA) approach, beginning with the analytical framework, which has been developed as a guide for the CSA pilots. It then discusses the different analytical foci, the various types of CSAs, and the key lessons that have emerged from the experience. Finally, there is a discussion of the policy recommendations based on the five in-depth case studies.

The CSA pilots and the policy recommendations reveal that Country Social Analysis faces challenges similar to the other donor approaches, particularly translating the analysis into policy-relevant findings. It is clear that managing the implementation of a CSA is as important as the analysis itself. To effectively influence policy, the CSA must clearly link to a specific policy process. In practice, establishing this link to policy dialogue has been most successful when the CSA was integrated with other World Bank reports, such as the Country Economic Memorandum or the Poverty Assessment.

In terms of policy recommendations, CSA bolsters the promotion of sustainable livelihoods and equitable access to assets and services. Second, it addresses issues of governance and accountability. Third, it offers guidance for reducing social and political risks emerging from the country context as well as arising directly from development interventions. CSA places greater emphasis on the role of livelihoods and economic opportunities and their relationship to equity and social inclusion than the majority of other donor approaches to country level social and political analysis.

1. THE CSA APPROACH

The CSA framework[33] consists of two basic building blocks: 1) the examination of s*ocial diversity, assets, and livelihoods,* and 2) the analysis of *power relations, institutions, and governance.* The first element considers the impact of social diversity on the economic opportunities (livelihoods) of different social groups (delineated by gender, age, ethnic origin, geography, or culture), while the second component analyzes a country's institutional and political economy context linking it to dimensions of social inclusion and accountability. For practical purposes, these blocks have been organized as distinct units. However, they are linked both analytically and operationally and should be considered in tandem.

Based on these two core dimensions, the scope and specific emphasis of a CSA can be adapted to the country context and to existing and planned policy interventions in the Bank's portfolio. This core framework is intended to provide a coherent yet flexible basis for CSA. It also defines a set of concerns that need to be considered in any macro-level social analysis. Rather than presenting a range of possible analytical themes, it provides a core framework, upon which additional country-specific themes can build. This way, country teams and other groups that will use CSA can gauge what to expect from a County Social Analysis and how it can contribute to policy

[33] The framework presented here was developed by the Social Development Department in collaboration with regional social development colleagues to guide implementation of the pilot CSAs. Originally disseminated in 2004, see it online at www.worldbank.org/socialanalysis

dialogue. Policy makers can make better-informed decisions on when to conduct a CSA, how to adapt it to country-specific priorities, and how to integrate it most effectively into the policy-making process.

Country Social Analysis attempts to determine (and evaluate) the most relevant risks that result from the existing country context, including values, attitudes, and resource allocation across different social groups, power relations among these groups, the overall development agenda, and decision-making processes regarding these issues. Ultimately, the analysis should lead to recommendations for removing barriers to socio-economic mobility and inclusion in policy making, as well as for avoiding social and political risks, including adverse distributional impacts of policy reforms.

Dimension 1: Social Diversity, Assets, and Livelihoods

This dimension of the CSA examines whether existing social and cultural differences across social groups (defined by sex, race, ethnicity, caste, parental education, occupation, wealth ,place of birth, etc.) cause systemic inequalities in access to assets, services, and public goods and other risks to sustainable development and economic growth. It builds on classical political- economy analysis (looking at the distribution of factors of production and distribution of consumption) and the resulting livelihoods of the poor (e.g., Scoones (1998), Ellis (2000), FAO (2004), Solesbury (2003), Start and Johnson (2004)). Because of its attention to what poor people have and what they do to make a living, this approach is particularly appropriate for examining social stratification, sources of growth, and potential benefactors of proposed interventions in an equity and pro-poor perspective. For some of the guiding questions, see box 2.

Box 2: **Social Diversity, Assets, and Livelihoods: Questions to Guide the Analysis**

- What is the distribution of assets, public goods, and services across social groups?
- Are there social, economic, institutional, or other barriers that result in unequal access to assets, public goods, markets, and services between social groups?
- Does the existing distribution result in different livelihoods strategies, states of welfare, and opportunities for socio-economic mobility?
- How does the existing distribution of assets and existing divisions shape inter-group relationships and conflict?
- What are the main drivers of socio-economic change (migration, education, industrialization, ecological change, etc.), and what are the opportunities and constraints to social mobility among different social groups?

The framework looks at assets (productive, social, location-specific), the context (policies, institutions, and risks), household behavior (livelihood strategies), and outcomes (measures of household well-being). It is concerned with the distribution of assets across social groups and the identification of barriers to access and the outcomes that reflect household well-being and prospects for change over time associated to potential development interventions. The institutional context is discussed as part of the broader dimension of *power, institutions, and governance*.

Dimension 2: Power, Institutions, and Governance

95. This dimension examines whether institutional[34] barriers prevent social groups from 1) having equal opportunities to access assets and services, 2) voicing interests and engaging in public life on equal terms, and 3) managing differences and conflicts in a fair manner. The analysis focuses on the institutions that mediate access to, or allocate, resources in society and the impact that power relationships between different social groups have on decision making and governance.[35]

96. The analysis builds on the assumption that the allocation of resources in society is the outcome of interactions (cooperation, competition, and conflict[36]) between social actors within formal and informal structures (Alsop 2004; Bourdieu 1980/1990; Goetz 2005; Grindle and Thomas 1991; Haggard and Kaufman 1995; Przeworski 1991; North 1990). Such structures are amenable to purposeful changes by these social actors with their different resources and power endowments. In turn, this may create reinforcing structures of social and political inequality. For example, big landowners may have more resources (money, contacts, time) to invest in the preparation of a land reform than small owners or the landless. The outcome may both be inequitable and economically sub-optimal. The analysis looks at how different social groups engage in policy making at different levels and what are the institutional mechanisms that mediate access to markets, goods, and services. In particular, the analysis examines different groups' capacities to exert influence on the policy process that determines access to goods and services, and the inequalities of access that may result. Box 3 summarizes the main questions for consideration here.

Formal and informal institutions contribute to creating opportunities and constraints for social mobility and voice in numerous ways: directly, by mediating access to assets and managing conflicts locally, and indirectly, through public policies, regulations, and political structures, or the "rules of the game" for resource allocation in society. Analysis of local institutions should be inductively derived from how different groups access assets, as identified in the livelihood analysis so as to understand the capacity of various groups to impact on the institutions that mediate access, and thus on the resulting resource allocation. In this context, the analysis should also examine how organizations of civil society contribute to define, represent, and advance the interests of various groups at the sub-national and national levels.[37]

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[34] Institutions refer to patterns of social interaction (processes), having a relatively stable structure which persists over time. Institutions have structural properties—they are organized and they are shaped by cultural values. An institution is composed of roles, actors, rules, objectives, and communication processes (Bourdieu and Wacquant 1992).

[35] The term "governance" refers to the decision-making processes in the administration of an organization. An analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision (UNDP 1997).

[36] The analysis focuses on the effects of social diversity, economic opportunities, power relations and social cleavages on the generation, persistence, and escalation of violence and/or conflict among different groups. See OP 2.30 of the World Bank (August 2003). If a conflict analysis exists, the CSA should reflect it. If not, the CSA should follow the methodological guidance of the Conflict Analysis Framework to screen for conflict issues.

[37] For a detailed discussion of the analysis of civil society organizations and civic engagement, see World Bank, ARVIN Framework.

Box 3: **Power, Institutions, and Governance: Questions to Guide the Analysis**

- What are the specific (formal and informal) institutions that mediate the access of different groups to assets, public goods, markets, and services?
- How do various social groups promote their interest in the political system, and how do power relationships and institutional structures affect their ability to exercise voice and agency on their own behalf?
- Does the country have systems and institutional capacity to manage these distributional consequences in a manner that improves equality of opportunity and safeguards the interests of the poor?
- Are existing institutions, especially in the areas likely to be affected by policy or program interventions, able to function with an acceptable degree of autonomy from political economy interests or protection from elite capture?
- Do effective mechanisms exist for a grievance process, or for accessible and affordable judicial appeal?
- Does the country have the institutional mechanisms and capacity to prevent the outbreak of violent conflict?
- Are there programs or initiatives in the country that are addressing any of the institutional constraints identified by the above questions and that could be supported by Bank interventions?

Social Risks

Based on the analyses of livelihoods and the institutional context, the CSA should assess those social risks relevant to the World Bank's engagement in the country. First, this includes potential risks to development operations and development objectives arising from the social context, which may impair the implementation of development policies or prevent them from achieving their objectives. Such risks may include:

- *institutional* risk—institutional capacity to serve development operations;
- *political economy* risks—capture of benefits, opposition, distortion by influential stakeholders;
- *exogenous* risks—external shocks, e.g., natural disasters, regional economic crises; and
- *country* risks—political instability, conflict, violence, tensions between various groups (World Bank 2003b)

Additionally, the CSA considers risks that are induced by development interventions. Among these could be risks related to distributional impacts of policy reforms and those project-related risks covered by the World Bank's social safeguard policies on involuntary resettlement and indigenous and tribal peoples.

Finally, the CSA framework outlines three core areas of policy recommendations, which correspond to the following objectives: 1) promoting sustainable livelihoods and asset equity, 2) improved governance and accountability, and 3) reducing social and political risks.

Box 4: **Social Risks: Questions to Guide the Analysis**

- Are there social groups that, due to specific characteristics (socio-demographic, economic, spatial, etc.) are more vulnerable to shocks?
- Which social risks (including political economic, institutional, environmental, endemic, and developmentally induced) are most relevant and most likely to affect poor and vulnerable groups?
- Does the country have the legal framework and the institutional capacity to deal with social risks and their consequences?
- Has the country had a positive (or negative experience) dealing with these issues?
- What actions can be taken to increase the capacity of vulnerable social groups to adequately respond to potential risks?
- What actions can be taken to strengthen the capacity of the government to prevent, mitigate, and manage the impacts of these risks?

2. THE CSA PILOTS

The preceding section outlined the basic analytical approach developed to guide the implementation of Country Social Analysis by World Bank teams. The rest of this chapter analyses the experience with the 14 pilot CSAs and identifies patterns and lessons which have emerged in terms of the process of implementing the CSA approach, the analysis itself, and implications for policy.

Analytical Focus

Given the different operational objectives and the particular country context, the analytical foci of the CSA pilots have varied. Nevertheless, the resulting studies have revealed clear commonalities. The relationship between governance and institutions and access to assets and livelihood strategies consistently emerged as important analytical components of the CSA pilots, even when they were focused on specific policy issues.

The Country Social Analysis of Tajikistan, for instance, analyzed the role of formal and informal institutions in perpetuating regional disparities in access to education. The Yemen CSA focused on the impact that changing formal and informal institutional structures had on different social groups and their livelihood strategies. The analysis of civil war-torn Somalia focused on the drivers and dynamics of conflict in the different regions of the country, which included an analysis of clan identities, governance and natural and productive resources (along with economic performance, militarization, regional aspects and international influences) and how these factors affect escalation and de-escalation of conflict.

The analysis of the relationship between governance and livelihoods has been central to a better understanding of how social and institutional factors affect development outcomes. In Guinea Bissau, for example, the focus was on governance and fiscal reform and the role marketing institutions played in the cashew economy for enhancing rural livelihood strategies. In West Bank and Gaza, a CSA looked at the role of informal institutions in mediating access to social assistance and other government programs in order to identify recommendations on how to more effectively reach the poor.

***Table 4*:** **Analytical Dimensions of CSA Pilots**

Country	*Analytical Dimensions*
Angola	Governance, livelihoods, land tenure, accountability, social programs
Guinea Bissau	Governance, livelihoods, cashew economy, decentralization, political conflict
Kenya	Drivers and impacts of social change, youth violence
Sao Tome and Principe	Governance, livelihoods, oil, accountability
Somalia	Drivers and dynamics of conflict
Paraguay	Governance, social risks, accountability, and governance
Costa Rica	Socio-economic factors and institutions, social policies
Haiti	Conflict, socio-economic factors, institutions, and political actors
Ecuador	Governance, migration, and oil
Yemen	Institutions, livelihoods, and social change
Morocco	Institutions and youth exclusion
West Bank and Gaza	Informal institutions, service delivery, governance
Tajikistan	Governance, political economy, resource flows, formal and informal institutions in the education sector
Nepal	Institutions and social exclusion

Types of Country Social Analysis

The type of process used to conduct a CSA has varied across the pilots, with important implications for both the thematic focus and impact on policy. As outlined in the introduction, one can distinguish the following five types of Country Social Analysis:

1) Stand-alone CSAs
2) Joint reports, combined with Poverty Assessments and other World Bank analytical work
3) Input into other World Bank analytical work
4) CSAs that evolve during implementation
5) CSAs that have been planned and implemented over a long period of time

When CSAs have been conceived as stand-alone exercises, the thematic focus has tended to be broader than when the CSA has been conducted jointly or as an input to other World Bank reports. Furthermore, integrating the CSA into other World Bank reports has been useful for directly incorporating social development concerns into focused policy discussions and operational work. When part of a Poverty Assessment, the CSA has proved to be an effective means to jointly address economic and social dimensions of poverty reduction strategies.

CSAs have contributed to Poverty Assessments in Guinea Bissau and Sao Tome and Principe, and to the Angola Country Economic Memorandum. In these three cases, the focus of the analysis has been more limited to specific issues that the World Bank country team wanted to address in their country portfolios. The combined economic and social analyses served as useful

vehicles to an integrated approach to policy dialogue. As illustrated in the case of Guinea Bissau, the CSA approach has added important insights not only on how to address specific institutional and social dimensions of development but also on the potential social and political risks of proposed economic policy measures (see box 5).

Box 5: **Guinea Bissau: Integrated Poverty and Social Assessment**

The Guinea Bissau Country Social Analysis was prepared in conjunction with the World Bank Poverty Assessment. The resulting integrated poverty and social assessment was implemented by a joint team from the World Bank's Social Development Department and the Poverty Reduction and Economic Management unit in the Africa region. The main goal of the report was to increase knowledge about the interconnections between socio-economic and institutional factors, instability, poverty, and growth. It provides an overview of key institutions in post-conflict Guinea Bissau and an in-depth analysis of poverty and livelihoods. The report integrates economic and social analysis to evaluate the macro-economic and fiscal frameworks, as well as policies in the rural and social sectors, explicitly taking into account the policies' impacts on sociopolitical stability.

As an official World Bank Poverty Assessment, it was a central element of the Interim Strategy Note, and contributed to the design of World Bank programs in Guinea Bissau. Key recommendations on the macro-level included several actions to help maintain sociopolitical stability, such as strengthening delivery of government service, ensuring the payment of public sector salaries, and avoiding a reduction in public sector employment in spite of its excessive fiscal burden. Additionally, the report recommends governance reforms, such as the professionalization of the legislature and the introduction of social accountability measures. Finally, for the rural sector, the report recommends that food security be enhanced and agricultural productivity boosted, as well as suggesting amendments to proposed land reform policies to prevent conflicts over land.

In Haiti, the Country Social Analysis was planned to give focused inputs to a policy document on the World Bank's rural development strategy there. Later, the CSA was expanded to inform additional policy processes related to the Bank's reengagement in Haiti. Although not conceived as such, the Haiti CSA provided an example of how a phased approach to the CSA process can be maximized by providing timely inputs at key junctures of the policy process (See box 6)

In the case of stand-alone CSAs—for example, Ecuador, Kenya, Nepal, and Paraguay—the initial analysis was relatively broad, but after discussions with the World Bank country team and other stakeholders, the analysis was refocused on specific social development concerns. For instance, the Ecuador study utilized the CSA approach to analyze issues related to migration and the oil sector.

Finally, in Nepal, where the CSA was planned and implemented over more than two years, it employed a social exclusion framework to guide the analysis. This extended time frame allowed the team to analyze issues of social exclusion across a range of sectors and policy processes, providing both general recommendations on the country level and focused inputs on the sector and project levels.

Box 6: **Haiti: From Analysis of Rural Institutions to a Full Country Social Analysis**

The Haiti CSA was implemented in several phases, to better support a series of policy discussions on the urban and rural sectors, as well as the overall country strategy. In the first phase, the CSA offered information and recommendations on rural institutions and livelihood strategies for part of the Economic and Sector Work to inform the Bank's rural development strategy. This analysis helped frame the overall strategy and ensured that planned interventions were socially inclusive. Following the rural sector analysis, the World Bank country management unit requested an analysis of the urban social context with a particular focus on conflict, community-level institutions, and coping strategies. This study was referenced in the dialogue with the UN peace keeping mission on security issues and supplied general guidance for interventions in the Port-au-Prince metropolitan area.

Finally, the rural and urban components were combined with additional analysis of macro-level socio-economic trends and governance issues. The resulting report conceptualized Haiti's current social and political challenges as a conflict-poverty trap determined by three mutually enforcing variables: 1) demographic and socioeconomic factors at the individual and household levels; 2) the capacity of primary institutions to provide basic services, including security and rule of law; and 3) the agendas and strategies of political actors. Based on this analysis, several messages emerged, which have shaped both the World Bank's Interim Strategy Note for Haiti and the Country Economic Memorandum. In the short term, the CSA recommended multi-sectoral interventions in key urban areas that combine security and poverty reduction and emphasize restoring core state functions to provide basic services (health, education, water, roads) and strengthen their transparency and accountability. This is now a prerequisite for the longer-term goal of improving Haiti's socio-economic outcomes.

Scope and Type of Data Collection

The scope of the CSA process has also varied according to operational needs, the country context, and the resources available. CSA budgets ranged from US $15,000 in Sao Tome and Principe to around $950,000 in Nepal (see annex 4). The overall scope of the Country Social Analysis was generally determined on the basis of a literature review and scoping exercise. In several cases, a CSA was implemented without collecting additional primary data (e.g., Sao Tome and Principe, Ecuador, Costa Rica, Paraguay, Morocco). In Paraguay and Costa Rica, the CSA addressed topics for which a considerable amount of data was available, so that additional data collection was not necessary. The objective of the CSA was primarily to synthesize existing information and introduce it in a policy-oriented discussion. In Morocco and Ecuador, resource constraints limited the CSA to a similar exercise, although it identified areas for future research. Finally, in Sao Tome and Principe, it was decided to limit the exercise to an extensive scoping and literature review to complement the data collected for the Poverty Assessment.

In the remaining cases, CSA field work has primarily involved the collection of qualitative data, while quantitative data has mostly been derived from existing surveys. Only a few pilots have required additional quantitative surveys. The analyses, based on primary data, depended on the particular focus of each CSA. In Angola and Guinea Bissau, the analysis of governance was based on a review of secondary literature and interviews with principal actors, while basic data was collected on livelihood strategies and social diversity. The CSAs of West Bank and Gaza and Tajikistan, by contrast, analyzed more specific governance and institutional issues, so that data collection focused on institutional issues within clearly defined parameters. The most extensive data collection has been conducted for the Nepal CSA to assess disparities in social inclusion across gender, ethnic groups, and castes. (For more details on data sources and methods used in the cases, see annex 3.)

Civil society assessments and Poverty and Social Impact Analyses (PSIAs) have also been important sources of data for CSAs, and several cases have been coordinated with them. In Guinea Bissau, a civil society assessment provided data on government delivery of service, which was incorporated into the CSA. Similarly, in Angola, a PSIA on energy and water subsidies provided background information on access to basic services. In Yemen, a PSIA on inequalities in access to water resources was launched after the issue had been flagged by the CSA.

Implementation Process and Policy Dialogue[38]

The different donor approaches have shown that the actual analysis is only one factor in effective macro-level political and social analysis. To effectively integrate its findings into country strategies and policy dialogue, careful attention must be paid to the process (how the studies are conducted). This lesson has emerged clearly from the CSA pilot studies as well.

The CSA has been most effective in influencing policy when it had a clearly defined objective, was appropriately timed, and was clearly linked to a particular policy-making process. To establish this link, it is critical that the World Bank country team be involved throughout the process. Not only does this help create the necessary ownership of the CSA among policy makers, but it also allows country-based staff to help frame relevant policy recommendations. Generally, this has been most successful when the CSAs were initiated by members of the country team or the regional lead economist, or as mentioned above when linked to key policy documents, such as Country Economic Memoranda, Poverty Assessments, Country Assistance Strategies, etc. Similarly, engaging the donor community has imparted important benefits, which have increased the CSA's impact and contributed to donor harmonization.

Where possible, the engagement of the government and civil society has also been utilized to enhance the CSA's impact on policy. In several cases, for instance, civil society organizations were included in advisory groups, which helped build ownership for the findings within the partner countries and provided additional backing for the resulting policy recommendations. Cooperation with government counterparts has been particularly useful, especially where it was possible to persuade an influential government institution or minister to act as a champion of the CSA and its policy objectives.

Like the implementation process, dissemination should be carefully planned and tailored to the audience. Rather than one specific output, the CSA pilots have often yielded a range of products, such as more focused policy notes and summary reports, depending on the country context, the political sensitivity of the issues, and the audience targeted.

Policy Recommendations[39]

The CSA pilot studies have informed macro-level policy dialogue as well as individual operations and reforms. Their findings have influenced policy and planning via the recommendations articulated in the CSA reports as well as through the ongoing engagement with policy makers during the CSA implementation process. The type of CSA process, as represented by the five in-depth case studies (Yemen, Guinea Bissau, Angola, Haiti, Nepal), has influenced the formulation

[38] For a more detailed review of the lessons learned from implementing the CSA pilots see annex 2.
[39] The discussion of policy recommendations in this section is based on the five in-depth case studies (Yemen, Guinea Bissau, Angola, Haiti, Nepal) outlined in the section on methodology. For a more detailed discussion, see annex 5.

of policy recommendations. Generally, recommendations from the CSA pilots have been in three areas (see table 5):

1) First, the CSAs have identified actions to remove institutional and group-based constraints to access assets, services and public goods. This includes the identification of policy reforms and other actions to promote sustainable livelihoods and equality of opportunity, particularly for the poor and vulnerable. Specifically, these recommendations have addressed how to increase access to assets that are instrumental to achieving greater equity and facilitating social mobility.

2) The second area of recommendations focused on governance and accountability. This includes actions aimed at increasing accountability and voice in decision making and removing institutional constraints to poverty reduction. The recommendations have focused on removing institutional barriers to political participation and social inclusion, such as discriminatory practices that generate unequal opportunities.

3) The final area of policy findings dealt with social and political risks. Generally, recommendations in this area included actions to strengthen institutional mechanisms for managing conflict and to increase the country's resilience to social and political instability.

In the case of stand-alone CSAs, such as the Yemen case, the resulting policy recommendations have not directly addressed a particular program or operation; rather, the CSAs have been used to inform broad policy documents. The Yemen CSA was timed to feed into the country's Poverty Reduction Strategy Paper (PRSP) and its related Country Assistance Strategy, as well as the Development Policy Review. For this purpose, the CSA has identified strategic priorities for future engagement as well as additional analytical work. In Nepal, where the CSA was a stand-alone exercise, but was carried out in partnership with another donor (DFID) over a longer period of time, it was possible to go beyond this more general discussion of the social and political context to develop a set of very specific recommendations to address issues of social exclusion on the country and sector level. These recommendations were embedded in the country's PRSP process and influenced the planning frameworks of the two sponsoring donors.

When CSAs were conducted either in support of another analytical exercise (Angola and Haiti) or in conjunction with other studies (Guinea Bissau), the studies have provided country and sector-level policy recommendations at key junctures of policy dialogue and planning. For example, in the Haiti CSA, the initial rural focus provided specific recommendations for targeting potential rural development programs. After the study expanded its scope to issues of violence and security, the recommendations included collaboration with the UN peace-keeping forces to pilot infrastructure upgrading and employment generation programs to be scaled up in the longer term. The World Bank's country team for Haiti incorporated these recommendations directly into the Interim Strategy Note as well as the Country Economic Memorandum.

The particular types of recommendations have varied across cases depending on the particular focus and the country context. Nevertheless, as mentioned above, the policy relevant findings have addressed the following three general areas: 1) promoting sustainable livelihoods and asset equity, 2) the elimination of institutional or procedural obstacles to fair processes for accountability and participation in decision making, and 3) the prevention and/or mitigation of social and political risks. While the five cases studies provided recommendations across all three policy areas, each case emphasized a particular policy domain, based on the CSA's analytical focus.

The first policy area was addressed most extensively by the Nepal CSA, with its specific focus on social inclusion. Based on an extensive analysis, the report provided a comprehensive set of very specific policy recommendations aimed at removing barriers to social inclusion at both the country and sector levels. On the national level, this included budget allocation reforms, the legal framework, and governance structures, as well as advice on how to build the technical capacity to systematically monitor social inclusion. The Yemen CSA also addressed social inclusion as a goal, although more generally. Rather than providing specific technical advice, it suggested key priorities for actions to improve social inclusion and inequality. It particularly emphasized the need to address the social exclusion of youth and increasing inequalities in access to scarce water resources. As a result, the World Bank has decided to conduct a Poverty and Social Impact Analysis (PSIA) of proposed water sector reforms.

Promotion of opportunities for sustainable livelihoods was addressed most explicitly in the Guinea Bissau CSA and in recommendations from the Haiti CSA (which were incorporated into the World Bank's rural development strategy). For instance, in Guinea Bissau, the recommendations addressed the generation of economic opportunities in cashew production by promoting raw cashew processing into exportable cashew kernels. In Haiti, a range of actions to support livelihood opportunities in the rural sector were suggested. These included enhancing access to and security of income earning activities important to the landless and small farmers, such as short term migration to the Dominican Republic, promotion of knowledge-intensive agricultural techniques among small- and medium-size farmers to enhance the productivity of existing land and farming systems, and promoting greater and more stable access to productive inputs and credit to small-holder farmers.

The second policy area, encompassing accountability and political participation, has been emphasized in the cases of Angola, Guinea Bissau, and Nepal. In Angola, key policy recommendations of the CSA were the need for increased community participation in service delivery, improved accountability mechanisms in key institutions, and greater transparency and more effective governance in the oil and diamond sectors. For each recommendation, specific actions were suggested. For instance, the report suggested building on the existing experience with the Angolan social fund to incorporate community participation in the design and delivery of social service investments. In Guinea Bissau, establishing social accountability[40] mechanisms to monitor public resource allocation was one of the short-term recommendations to strengthen institutions in the post-conflict environment. In Nepal, the study recommended several interventions to promote participation of excluded groups in decision making. These included improving the governance structure of the national commissions for women and Dalits, exploring an alternative electoral system to help ensure greater voice for Nepal's diverse groups, and encouraging internal reform of the main political parties to make them more democratic and broadly representative.

Finally, political and social risks have been central to several of the CSAs. In Haiti, addressing the political instability in the country was a central objective of the study. The CSA provided general recommendations on how donors could reengage in the country. It recommended a focus on multi-sectoral interventions that combined security and poverty reduction objectives in key

[40] The World Bank has defined social accountability as "an approach towards building accountability that relies on civic engagement, i.e., in which it is ordinary citizens and/or civil society organizations who participate directly or indirectly in exacting accountability" (Malena et al. 2004). For further discussion of the different meanings of accountability, see also Ackerman (2005).

urban areas in Port-au-Prince with a focus on institution building in the short and medium term. The Guinea Bissau CSA provided advice on sequencing fiscal reforms, warning that the planned rapid reductions in public sector employment would jeopardize political stability. On the sector level, it recommended amendments to a land reform initiative to prevent local land disputes. Finally, the Angola CSA recommended a gradual phasing out of fuel subsidies with savings directed towards the improvement of public services to avoid public resistance to these fiscal consolidation measures.

These recommendations have been especially effective when integrated into other core diagnostics. As part of other analyses, the CSA recommendations have been able to directly shape the policy advice provided by the World Bank and has provided entry points for engaging with economic policy debates.

***Table 5*:** **Selected Examples of Policy Recommendations**

	Issue / Analytical Finding	***Recommendation***	***Implementation***
Sustainable livelihoods and asset equity	**Nepal** • Targeted programs are inadequate to create a level playing field for excluded groups (women, Dalits, and Janajatis), and to meet inclusion goals advised in a Poverty Reduction Strategy Paper	• Incorporate inclusion into government planning, budget allocation, and monitoring processes	• Government of Nepal is conducting a systematic analysis of all mainstream programs to identify barriers to access for excluded groups • Government of Nepal is tracking indicators for monitoring inclusion to ensure effective corrective policy actions
	Yemen • Access to ground water is becoming increasingly inequitable as land is being concentrated in fewer hands • Local systems for solving water related conflicts are weakening	• Conduct a PSIA to assess the impacts of distribution in the proposed water laws and related policies • Strengthen local authorities and communal systems for water management	• PSIA being conducted by the government in collaboration with GTZ and KfW • Republic of Yemen's ministry of water and the environment is running a public awareness campaign to garner support from religious leaders and sheiks
	Guinea Bissau • Livelihoods of the rural poor are based on cashew economy, without generating value added • Rural areas lack employment opportunities	• Improve the value added of cashew production by building medium-size processing plants that will create employment in rural areas	• The ministries of agriculture and finance are collaborating in designing an investment plan with private sector participation

	Issue / Analytical Finding	*Recommendation*	*Implementation*
Governance and accountability	**Angola** • Delivery of state services is inadequate and does not reach the poor • Delivery of services by private sector and civil society is unregulated and of poor quality	• Increase community participation in the design, implementation, and monitoring of social services and investments to improve access and quality of services	• The government is increasing the scope and coverage of the Angolan social fund to introduce social accountability mechanisms in social service delivery, such as citizen report cards
	Nepal • Women and Dalits are marginalized from decision making processes. National commissions for women and Dalits lack independent legal authority	• Empower the national commissions for women and Dalits by strengthening their governance structure	• Donors are working with the parliament to enact legislation that enables the commissions to function as semi-autonomous constitutional bodies with regular budgets
Reducing Social and Political Risks	**Guinea Bissau** • Risk of return to violent conflict fueled by poor living conditions in army barracks, and ethnic imbalances and politicization of the army	• Short term goal is to improve living conditions in army barracks • Long term goal is to improve ethnic balance across all ranks of the armed forces • Demobilization and reintegration of ex-combatants continues	• Donors work with UN peace-building support office in Guinea-Bissau (UNOGBIS) • Donors and the ministry of finance are ensuring availability of funds to pay salaries and improve living conditions
	Haiti • Violence and security in Port-au-Prince slums are undermining political stability, development, and reconstruction efforts	• Joint multi-sectoral interventions in key urban areas are integrating security and poverty reduction objectives	• World Bank is working jointly with the UN Stabilization Mission in Haiti (MINUSTAH) to improve and eradicate slums, particularly in Cité Soleil

Chapter 4:
Implications for Future Macro-Level Social Analysis

The experiences of the different donor agencies with macro social and political analysis reveal a range of common challenges and lessons. Since the main objective of the analyses is to inform policy dialogue, the central concern among donors has been how to maximize its policy impact. As a relatively new field of analytical work, donors are still exploring the most effective ways to integrate its findings into policy and programming. The main lessons outlined in this report and their implications for future work by the World Bank and other donors are summarized below. Additionally, recommendations drawn from the World Bank conference "Making Macro Social Analysis Work for Policy Dialogue" are highlighted.

Defining clear objectives for CSAs has emerged as an important factor in enhancing their effectiveness as well as other donor approaches. When clearly linked to a particular policy process or discussion, the analyses have provided specific recommendations for programming. When the objectives were defined more generally, the policy recommendations have been limited and lacked good linkages with operational issues.

In order to maximize the policy relevance of this type of analysis, two inter-related questions need to be asked before defining the objectives. First, it is essential to ask for whom the analysis is relevant. In most cases, there is no single audience. All of the cases analyzed have identified the internal audiences within the donor community (country and sector managers, resident missions, etc.), as well as in-country users (including policy makers and government). Also, it is important to highlight that other potential audiences need to be considered, in particular, disadvantaged social groups that are not included in policy making-decision processes.

The second question that should be answered refers to the purpose of the analysis—what is it relevant for? In this regard, the discussions held during the "Making Macro Social Analysis Work for Policy Dialogue" conference suggested three goals for this type of analysis: 1) provide inputs for policy dialogue on key socio-political factors that influence development outcomes, 2) facilitate inclusive deliberation of policy options, and 3) support country-led policy making processes.

1. ANALYTICAL FRAMEWORK

A significant degree of overlap exists between the different donor frameworks for macro social and political analysis. Across donor agencies and across different instruments, the analytical concepts reveal a large degree of similarity. Institutions and power relations are considered important variables in all of the analyses. Differences between the frameworks can be found in their emphases on political and economic variables. For instance, the concept of political actors is a key variable in the frameworks of the bilateral donor agencies. Although several CSA pilots have addressed political actors, this variable is less explicit in the CSA approach. On the other hand, the CSA approach, as well as the different frameworks for conflict analysis and DFID's social exclusion framework, place greater emphasis on linkages to economic variables than do those studies that focus primarily on governance.

Most macro-level socio-political analyses examine the interplay between the economic, socio-cultural, institutional, and political structures of a country in order to identify 1) the risk factors and processes which might prevent a country from achieving sustained growth, poverty reduction, and improved governance; 2) the opportunities for addressing those constraints; 3) specific inputs to the country's poverty reduction and development strategy. The scope of work is determined by the specific country context and the existing and planned policy interventions, defined in consultation with country government counterparts.

On the basis of the different donor experiences and the discussions at the World Bank conference on macro social analysis, we conclude that future macro-level socio-political analyses will have five primary foci for their analysis. The first focus is on understanding inequities, particularly non-economic inequalities, which are not readily observable. This includes looking at how different social groups accumulate assets. To do this, the analysis must consider different types of assets, the different value assets have over time, and existing mechanisms for intergenerational transfer of assets.

Second, the analysis should focus on understanding the factors that increase the chief livelihood and human security risks faced by poor and vulnerable social groups, and how to build institutional arrangements to manage such risks. All people are exposed to some risk factors. The problem is when certain social groups, because of their characteristics, are more likely to be exposed to those risk factors, engendering a more or less permanent state of deprivation and destitution. The focus of the analysis should be in identifying the processes that lead to the accumulation of risks and the actions that can be taken to prevent this.

A third and crucial element of the analysis must be the understanding of the political environment. Political analysis on the country level should identify the most relevant factors for sustaining the stability of the political system. In this context, it is important to refer back to the issue of conflict, and to the factors that generated conflict (such as elite capture, inequality, patronage, corruption, etc.), and to identify the elements that contributed to negotiated settlements and the solutions which might steer social change. Related to this, the analysis should help practitioners understand the mechanisms that help build or develop coalitions for reform among different stakeholders. As suggested by representatives of the World Bank's management at the "Making Macro Social Analysis Work for Policy Dialogue" conference, country-level political analysis should go beyond current political events to shed light on how the political system functions and what are its underlying social and cultural norms. By providing a sound understanding of a country's political culture, the analysis can help identify measures to strengthen the political system and to reform patronage-based structures. At the broadest level, this element of the analysis should consider the social contract governing relations between citizens and the state. This entails identifying factors that help reach basic consensus on the rules of the game and open prevailing entitlements to all social groups in that particular society.

The fourth area relates to an additional realm of political analysis focused on governance and the enabling environment for social accountability and civil society. It should analyze the institutional channels that exist for different social groups to engage in the political process and hold public institutions accountable. At this level, the analysis should assess if the current level of development of civil society and the private sector represent an enabling environment or a hindrance for a country's development. At least, the analysis should provide elements to discuss the capacity of existing civil society and private sector organizations to participate and influence the policy agenda.

Box 7: **Key Analytical Lessons**

Macro social and political analysis should provide a better understanding of:

- factors that contribute to political stability;
- livelihood and human security risks;
- inequities and barriers to social inclusion and mobility;
- accountability and representation mechanisms;
- institutional capacity to manage conflict and risks and deliver basic services;
- the role of informal institutions in governance; and
- principal social actors and their agendas.

Finally, it is important to focus on the factors that promote or hinder the capacity of the existing institutions (political system, government, and civil society) to deliver those goods and services agreed upon by the different stakeholders. Here, macro-level social and political analyses must be tailored so that they contribute to the understanding of the social norms and arrangements that affect the capacity of (formal and informal) institutions to function effectively. Specifically, the analysis should help identify how legitimate and responsive institutions could be developed to include the interests of the disadvantaged and poor and act as effective countervailing powers that will provide workable checks and balances in that society.

Based on these broad objectives, the analysis should contribute to identifying and understanding the sociopolitical and cultural factors that 1) threaten governance; 2) minimize or even reverse the gains of development; 3) impede equitable economic opportunity and sharing of the benefits of growth for all social groups; 4) increase the vulnerability of certain social groups to risk factors which could lead them to a situation of poverty and social exclusion; and 5) contribute to the reduction of poverty. The analysis should identify policy levers and interventions that improve governance, increase assets and opportunities for the poor, and promote responsive and accountable institutions that will adequately address the needs of the poor in an inclusive way.

During the World Bank conference on macro social analysis in May 2006, the wide range of participants highlighted the fact that other World Bank analytical approaches, such as the Institutional and Governance Reviews, Country Gender Assessments, the Conflict Analysis Framework, and others, could be constructively combined with broader Country Social Analysis to address the aspects highlighted above. Depending on the particular objectives and country context, it may be appropriate to integrate different approaches. Participants pointed to overlaps between the approaches and highlighted the potential gains of coordinating analytical work.

Finally, macro-level social analysis should not only contribute to understanding the context of development and how socio-political and cultural variables frame development outcomes, it should also help to identify the potential impact of development interventions. That is, in many cases, it can be useful to integrate broader country-level analysis with more specific poverty and social impact analysis. Based on the macro-level analysis, a Country Social Analysis may incorporate analysis on a sector level to inform a specific policy dialogue or reform process. Alternatively, it should provide the basis and framework where an in-depth Poverty and Social

Impact Analyses[41] could be carried out once the policy interventions have been selected and the potential impacts identified. At the same time, the analysis should review the range of social and economic policies in place relevant to its areas of focus in order to identify recommendations for change.

2. PROCESS

The experiences with Country Social Analysis, as well as other donor approaches to macro social and political analysis, consistently revealed the importance of the process itself. To be effective, the process of conducting the analysis must be integrated with the process of policy dialogue. While the length of the exercise varies across donor agencies, it has been essential to involve policy makers at key stages of the analysis, including the design and formulation of policy recommendations. Ideally, the governance or social development specialists who conduct the analysis should be in the country office. This allows ongoing exchange and participation in operational work that can inform the analysis and policy recommendations.

Continuing dialogue with decision makers in government and the donor community is essential for relevant results. The analysis must be driven by demands and needs of the key clients in the policy community and should be reflected in country policy-making processes as much as possible. The CSA pilots have shown that the most effective way to elicit these demands within the World Bank and engage the country team in the preparation of a CSA is via a workshop that takes place *before* the concept review meeting, where main objectives of the CSA are presented and country team members are invited to contribute to the selection of foci and topics. The experience of other donors with macro social analysis corroborates this. Clear identification of the audience, objectives, and process for translating findings into policy recommendations—early in the process—greatly increases the chances that the analysis will lead to more policy relevant results by ensuring that the objectives of the users are addressed from the beginning.

The analysis is more effective when the work is done in collaboration or consultation with other development agencies. This collaboration not only avoids duplication of work and mobilizes additional resources, but, more importantly, it helps strengthen policy recommendations by making the policy dialogue with the government more fluid and consistent. In addition, it helps identify areas of specialization so that the different agencies can assign the work to their most suitable programs.

The Nepal CSA and other examples have shown that work conducted jointly between donor agencies can be a useful vehicle for promoting harmonization and policy impact. On the other hand, differing objectives and priorities may make it difficult to conduct joint analyses. Entry points for collaboration will, therefore, have to be made on a case-by-case basis. Where joint work is not feasible, coordination across donor agencies is advisable. This avoids duplication and ensures that studies compliment each other and draw on the particular strengths and expertise in the different donor agencies.

As mentioned previously, formulating actionable policy recommendations has been a key challenge across donor agencies. Several lessons emerged from the different experiences. The need for clear objectives, a clear link to a particular policy process, and involvement of

[41] Poverty and Social Impact Analysis involves looking at the distributional impact of policy reforms on the well-being of different stakeholder groups. For further details, see "A User's Guide to Poverty and Social Impact Analysis (World Bank 2003); and "The Tools for Institutional, Political, and Social Analysis: Sourcebook for Poverty and Social Impact Analysis" (World Bank 2005c).

operational staff in the formulation of policy recommendations has already been mentioned. Additionally, different donor approaches have shown that studies with a more general objective may not provide specific policy recommendations—yet they may provide useful analysis for engaging in dialogue with government counterparts. However, when well resourced and implemented with sufficient time, it is possible to develop more specific recommendations. Within the World Bank, linking the CSA to another analytical process or product (e.g., a Country Economic Memorandum or Poverty Assessment) has often revealed the points where policy can be influenced.

Box 8: **Key Process Lessons**

- The process of conducting macro social and political analyses is as important as the analysis itself, and the design of the exercise should address dissemination and application of results
- Clear policy objectives and appropriate timing in the policy process are crucial to ensure the impact of macro social and political analysis
- Policy dialogue and the analytical process must go hand in hand
- Integrating political and social analysis with economic analysis offers a way to include focused information in development of macro level policy
- Engaging country donor staff in the CSA process helps create ownership of the findings and aids the development of actionable policy recommendations
- Joint analyses conducted by two or more donor agencies is a useful vehicle for greater donor harmonization
- When possible, engaging the government and civil society builds ownership for the findings and enhances policy impact
- Teams conducting the analysis should combine local knowledge and an understanding of the donor's operational needs
- Dissemination should be tailored to the audience and can take multiple forms, such as workshops, briefings, etc.

Finally, another crucial element to increase the effectiveness of this type of analysis is coordination with in-country processes. Given the sensitivity of these analyses, it is extremely important not only to have country partners but to ensure that the process is linked to country-based policy-making vehicles, such as the Poverty Reduction Strategy Paper (PRSP) or other deliberative processes that would provide the framework for the integration of the analysis in the policy making process.

Timing

The timing of macro social and political analysis and its alignment with country policy processes must be established in dialogue with country-based staff. To increase the effectiveness of the analysis as a tool to inform upstream policy processes, any macro-level social analysis should be planned in advance of such cycles. As the donor experiences have shown, where this link has been strongest, the policy impact has also been the most significant. With the CSAs, linking the analysis to core World Bank diagnostics, such as the Country Economic Memoranda (CEM) or Poverty Assessments, has been particularly effective. This link can be via a joint study or a background study to the CEM or Poverty Assessment. Alternatively, conducting CSA in preparation of Poverty Reduction Strategy Papers and Country Assistance Strategies can help ensure its impact on broader country policies.

The key conclusion emerging from all cases and the experience of the donors is that in order to influence policy dialogue, the process of feeding results into policy debate should start very early

on. Waiting until the study is completed to provide policy recommendations is normally too late. The CSA cases have shown that it is important to identify key policy issues early on and discuss with policy makers what kind of data they will need to develop relevant policy alternatives.

The policy impact of macro social and political analysis is likely to derive not so much from the final report itself but from the way questions, analysis, and interpretations are presented to and discussed with internal and external stakeholders in the course of preparations. Rather than presenting only an initial concept note and a final product many months later, more impact on policy formulation may be achieved by interactive workshops and seminars on various topics as the study proceeds.

In most cases, it would appear preferable to have the analysis completed in a short time period. The analytical work should be conducted relatively quickly in order to maintain momentum and dialogue with relevant stakeholders. Based on the existing experience, it seems reasonable to expect data collection and analysis to be completed in no more than four months, from concept note review to delivery.

However, it is important to highlight that under certain circumstances extending the time period can be effective, as the Nepal experience has proved. A longer time-frame, where the analysis takes place as the results are integrated into policy processes, allows the CSA to change from being primarily a "product" to a being a process, which facilitates dialogue between stakeholders—including representatives of excluded social groups. Moving toward this model can be greatly facilitated by a multi-donor process—but that requires the presence, on the ground, of a lead analyst who can facilitate the processes of dialogue and negotiation. Country knowledge and personal credibility with key stakeholders in government and civil society are a crucial asset to this. A model, where the emphasis is on the negotiation of power relations as much as analysis, is ambitious and requires investment of much more resources and time. It also requires a feasible context, which clearly will not always be the case.

It is also important for macro-level social analysis not to exhaust the process in the finalization of a report. Just like consultations and preliminary presentations should be part of the preparations, the final report will not in itself have impact on operations and policy dialogue. Rather, it is the ongoing use of the findings and the monitoring of the proposed actions that determine the impact of the analysis on policy.

For effective policy dialogue, the final product of the analysis and the process must both be tailored to audience and needs. Dissemination of the results has repeatedly spurred discussions on the length and type of report to be disseminated. A short executive summary may be the most relevant for some audiences; however, the full empirical analysis should be made available for further reading and evidence. The main issue that needs to be considered is the correct identification and definition of the audiences (both internal and external). While internal audiences are vital for institutional purposes, it is also important to define from the outset which external audiences will be targeted and how they will be involved in the process. In this regard, one common lesson from the CSAs is that it is preferable not to have separate "internal" reports, where some of this information is not included in the external version for sensitivity or other reasons. A better way to discuss sensitive issues with both internal and external audiences is through workshops and briefings that allow more flexibility and engagement by the different stakeholders.

Methodology and Data Sources

High quality of technical work and policy focus are prerequisites to policy impact. Rigorous methodology and analysis are essential for a successful macro-level social analysis. Achieving high quality in methods and analysis requires preparing plans for the analysis which lay out the analytical and methodological frameworks, data needs, data collection methods, and analytical techniques

The need for primary data collection must be assessed at an early stage. While it may be necessary to collect primary data, the scope of such exercises is likely to be limited because of funding constraints. Therefore, the benefits of different data-gathering techniques should be examined rigorously. Most donor approaches to macro social and political analysis rely primarily on qualitative data sources, such as focus groups and key informant interviews. The CSA pilots and DFID's social exclusion work have made more extensive use of quantitative data, including conducting surveys as a part of the exercise. This partly reflects the stronger emphasis on livelihood strategies and other socio-economic variables in these analyses. However, the CSA has also utilized quantitative surveys to analyze institutional variables.

Dissemination in Partner Countries

How to engage the government and civil society in policy dialogue remains an open question. The bilateral donors have opted for a relatively minimal engagement beyond the international donor community. The World Bank, as a multilateral institution, has been more active in involving the government and civil society and has had some positive experiences. Nevertheless, in particular cases, such as West Bank and Gaza, it has also opted to limit policy dialogue primarily to the donor community.

The approach which involves in-country stakeholders depends on the local context and the objectives of the specific exercise. In all cases, it is advisable to develop a clear strategy for policy dialogue and dissemination that is compatible with the particular circumstances and the goal of the study. This strategy should be designed in cooperation with country-based staff and should be considered an essential step of implementing macro social analysis. Providing additional guidance to CSA task team leaders on how to approach this task is useful.

Finally, dissemination should not be limited to a final report. Rather a variety of products should be employed to inform discussions with different stakeholders. These could range from presenting the results through short policy notes to organizing workshops in which scholars, representatives from civil society and other key stakeholders are asked to share their views regarding certain policy issues. It is important that the different dissemination materials are tailored to the various audiences.

3. POLICY RECOMMENDATIONS

The experience with policy findings and recommendations emerging from macro-level social and political analyses suggests that these need to be country specific and to contain clear actionable elements, in order to have an impact on policy design and implementation. They need to address not only the directions of policy change, but should include strategies on to how to achieve policy change and an assessment of how much change is feasible and in what time frame. While the recommendations must be context specific, there are key points at which macro social analysis can produce effective contributions to policy dialogue.

First, recommendations should address specific actions for removing barriers to inclusion in two areas: 1) access to assets and 2) voice and participation in policy making. The recommendations should provide guidance on what needs to be done in order to improve the access and accumulation of assets by poor and excluded groups in short-, medium-, and long-term plans. At this level, the recommendations should be about sharing the benefits of growth and good governance, not only creating efficient programs targeted at the poor. Similarly, the recommendations should provide guidance on what can be done to build consensus between different stakeholders on the basic rules of the game that lead to a stable political system and development interventions that are sensitive to conflict and political risk.

***Box 9*: Policy Recommendations**

Macro social and political analysis should provide policy recommendations to help:

- Identify opportunities for pro-poor change
- Overcome institutional barriers to social inclusion
- Promote equity in opportunities and access to assets
- Promote better governance and accountability
- Support citizenship rights
- Prevent social and political risks and promote security
- Manage political economy risks and avoid adverse impacts of policy reforms
- Support an enabling environment for civil society
- Promote sustainable livelihoods

Second, the analysis should propose actions for strengthening institutional mechanisms to manage conflict and to increase the country's resilience to the escalation of conflict into open violence. Actions to prevent, mitigate, and manage the impacts of structure- and development-induced risks are also required. In particular, current experience indicates that the recommendations at this level should focus on proposing mechanisms and institutional arrangements at local, sub-national, and national levels, and enhancing the capacities of different groups to participate in fair dispute-resolution processes. At the same time, the focus should be on actions that can strengthen the capacity of existing institutions to deal with grievances and conflict derived from policy interventions.

Third, macro social and political analysis should provide entry points for managing political economy risks and social impacts of policy reforms. The macro-level analysis should identify and analyze risks associated with key policy areas. This is especially relevant when macro social and political analysis is linked to a particular process of policy dialogue or economic analysis. In this case, the social and political analysis should consider risks to the implementation of proposed reforms as well as potentially adverse social and distributional impacts. In some cases, sector-specific poverty and social impact analysis may be integrated with the country-level analysis. In other cases, this may go beyond the scope of one particular study and additional poverty and social impact analysis may be recommended in a particular sector.

Finally, macro social and political analysis should identify opportunities for pro-poor reform and advice on how to engage with the partner government, based on the particular country context. It should suggest priority areas for donor engagement and entry points for promoting pro-poor policies that reflect a sound understanding of the political economy.

There is consensus among the donors that deriving actionable policy recommendations from the analysis is one of the biggest challenges to the effectiveness of macro social and political analysis. To develop actionable policy recommendations, several steps can be undertaken during the process of conducting the analysis. In this context, it is important to highlight the following points:

- *Link the analysis (and the knowledge it gathers) with clear policy recommendations that indicate not just what needs to be done but how the recommendations can be implemented*. For example, if the findings indicate a high risk of political instability, then the policy recommendations should not only identify areas in reform programs that should be avoided due to their potential for generating conflict, but also indicate specific measures that can decrease political risk (e.g. ensuring timely payment of public sector salaries).
- *Narrow down the sectors on which to focus the policy recommendations and ensure they have clearly defined, actionable steps*. It is crucial to make clearly defined recommendations to have traction with policy makers. For example, if land access is an issue, rather than stating that land reform is necessary, the recommendations should provide guidance on what type of land reform (market-based reform, distribution of public land, etc.), the mechanisms used to distribute the land, and how the resulting units of production will be organized.
- *Involve relevant government and relevant in-country stakeholders in deciding the focus of the analysis and expected policy recommendations*. The Nepal CSA demonstrates how effectively a Country Social Analysis can contribute to deliberative processes that involve all key stakeholders, in particular those with less power and those normally excluded from decision making.
- *Strengthen donor coordination and harmonization of approaches in order to facilitate better focused policy dialogue*. For example, the identification of issues and policy recommendations where different donors have a comparative advantage in terms of influence and involvement enables a more streamlined process of analysis and policy dialogue.

4. FUTURE CHALLENGES

It is important to recognize that macro social analysis still faces many challenges regarding its relevance to more inclusive and equitable policy reforms and their implementation. The work within the OECD's DAC-GOVNET has highlighted a range of issues related to policy implications and dialogue in partner countries. In terms of engaging partner governments, there are tensions between the need for transparency and the political sensitivity of the issues raised by macro social and political analysis. Furthermore, there may be contradictions between the pressure to spend aid resources and the constraints, identified by political and social analysis, to providing effective development assistance. In terms of policy recommendations, political and social analyses may suggest priorities based on the country context, which do not always coincide with the MDG-based approach favored by the international community. Finally, while there is a need for greater donor coordination in implementing macro social and political analysis, the operational needs of the individual agencies often complicate joint studies or approaches.

In addition, the lessons learned from this analysis highlight other challenges that need to be addressed in future macro-level social analyses. First, future work should explore links between macro and micro processes to make formulation of relevant policy recommendations easier. Finding stronger links between macro social analysis, policy reforms, and specific development interventions is more straightforward when the complexities of the macro level are translated into more concrete local-level phenomena. This requires digging deeply into regional and informal institutional dynamics of inequality and asset accumulation and transfer. However, from a practical point of view, this challenge is difficult to tackle because it requires bridging local-level data analysis with macro trends.

Another important challenge is to move the analysis from short-term explanations to understanding the historical processes that underlie and explain the current context. The issue is that both analysts and decision makers need to recognize that policy interventions and causal

processes have different temporal structures. Both need to be mindful that reforms take time to be assimilated and that interventions focusing on underlying structural features may be necessary to support sustainable change—but are unlikely to produce short term results.

Within the donor community, there is a need to develop improved practice in terms of linking analyses that focus on elements of the formal political and administrative system with those focusing on informal power relations. There are clear advantages to ensuring that the analysis of formal governance structures is linked to sound understanding of social structures and process. This would imply closer collaboration between specialists working on public administration and governance and social and political analysts looking at broader dimensions of power and poverty reduction.

More generally, it will be important to explore ways to integrate existing approaches usefully within the areas of social and political institutional analyses. Such approaches include the World Bank's Country Social Analyses, Institutional and Governance Reviews, the Conflict Analysis Framework, the Civil Society Assessment Tool (CSAT), ARVIN, and various approaches developed within the Fragile States Unit. The rich experience accumulated through the applications of these analytical tools can provide openings for integrated studies that are tailored to the specific needs of country-based development practitioners and policy makers.

Finally, a key challenge that remains is strengthening country and donor ownership of macro social analysis and its policy recommendations. At the donor level, this requires combining economic, social, and political analysis, and involving the managers—who will lead the policy dialogue— in defining the questions to be addressed by the analysis. Similarly, at the country level, it is essential to draw on local, country-based, knowledge and, most importantly, engage all relevant stakeholders in the discussion of the policy alternatives. Additionally, it is important to ensure that the analysis informs a deliberative process that actively gives voice to more disadvantaged or excluded groups. It requires a flexible approach to communication and dialogue, as well as conditions of openness, so that sensitive issues can be debated.

Annexes

ANNEX 1A

Questionnaire for Representatives from Other Donor Agencies

- What are the objectives for conducting the country-level social and political analysis?
- What was the conceptual and/or analytical model used to guide identification of the issues and the analysis?
- In practice, has the approach been coordinated with particular processes of policy dialogue?
- Who conducted the study?
- How was country staff or other policy makers involved in the studies?
- How were the studies coordinated with other donors?
- How were in-country stakeholders involved?
- What have the main data sources been?
- What kind of policy recommendations have the studies produced?
- How were the policy recommendations derived? What kind of data was used to support them?
- How were the policy recommendations integrated into policy dialogue?
- What was the primary audience for the studies?
- Were the studies used by country policy makers? If not, why? If yes, how?
- Were these studies linked to any other studies? If yes, which studies?
- What are the main lessons learned from your experience(s) with country-level social analysis?
- What are the greatest challenges of conducting macro social analysis?
- What was a typical budget (broken down by sources) of a study?

ANNEX 1B

Questionnaire for CSA Task Team Members

- What was the objective of the CSA?
- Did the CSA use the proposed CSA framework? Why or why not?
- What was the conceptual and/or analytical model used to guide the identification of the issues and the analysis?
- Was the CSA coordinated with a specific policy dialogue process (e.g., CAS, PRSP) or another core diagnostic (e.g., CEM, PA)?
- Who conducted the study?
- How was the country team or other policy makers involved in the CSA?
- How was the CSA coordinated with other donors?
- How were in-country stakeholders involved?
- What were the main data sources for the CSA work?
- What kind of policy recommendations did the studies produce?
- How were the policy recommendations derived? What kind of data was used to support them?
- How were the CSA and its policy recommendations integrated into policy dialogue?
- What was the primary audience of the CSA?
- Has the CSA been used by policy makers? If not, why? If yes, how?
- Was the CSA linked to any other studies? If so, which and how?
- What are the main lessons learned from the CSA experience?
- What were the greatest challenges for you in conducting the CSA work?
- What was the budget (broken down by sources) of the CSA?

ANNEX 1C

Questionnaire for CSA Users (CMU Staff)

- Was the CSA design (timing, objectives, methodology) discussed with the CMU?
- Was the CMU involved during the process? If yes, how?
- At the design stage, what type of results and/or recommendations were you expecting from the CSA?
- Was the CSA coordinated with a specific policy dialogue process (e.g., CAS, PRSP) or another core diagnostic (e.g. CEM, PA)?
- What were the most useful process elements and results of the CSA from the CMU's perspective?
- Did the CSA provide the results and/or recommendations you were expecting? If not why?
- How was the CSA used by the CMU?
- Did the CSA influence policy dialogue? If not, why? If yes, how?
- How could the CSA approach be improved to enhance its operational relevance?
- How could the policy impact of the CSA be strengthened?

ANNEX 2

Lessons Learned from Implementing the CSA Pilots

Determining the Objectives

The first step in conducting the CSA pilots was to identify the countries to be assessed and the objectives of the study. Most cases were selected in consultation with the World Bank country management unit (CMU). Each pilot occurred during a unique set of circumstances in the country's planning cycle. In some cases, the study was requested by the country management unit, in others, the study was championed by a country staff member. In a number of cases, the pilots were initiated by the social development staff from the regions as well as the anchor unit.

Table A: **Initiation of CSA**

Country	*Initiator of CSA*
AFRICA	
Somalia	CMU
Angola	Regional lead economist and SDV
Guinea Bissau	Regional lead economist and SDV
Sao Tome and Principe	Regional lead economist
Kenya	SDV
LATIN AMERICA AND CARIBBEAN	
Paraguay	CMU
Costa Rica	SDV
Haiti	CMU
Ecuador	CMU / SDV
MIDDLE EAST AND NORTH AFRICA	
Yemen	Regional social development staff, SDV and CMU
Morocco	Regional social development staff and SDV
West Bank and Gaza	Country-based staff
EASTERN EUROPE AND CENTRAL ASIA	
Tajikistan	Regional social development staff
SOUTH ASIA	
Nepal	Country-based social development staff

Generally, policy dialogue has been most effective when the CSAs were initiated by the CMU, the country-based staff, or the regional lead economist, as with the Angola, Guinea Bissau and Sao Tome and Principe studies. Involving CMU staff, who were knowledgeable about the country's project and policy cycles, guaranteed that the CSAs' policy objectives were clear from the outset. In some cases, the CSAs were initiated to directly inform operational work, while in other cases, the goal was to inform country programming directly or indirectly through other core diagnostics, such as the Poverty Assessment or the Country Economic Memorandum. Regardless of the particular format chosen, clear definition of the CSA's policy objectives has been crucial in enhancing its role in macro-level policy dialogue.

Timing

Another closely related issue has been the timing of the CSA process. Similar to other donor instruments, CSAs with a concrete policy objective have also been coordinated with key policy processes, such as the drafting of World Bank Country Assistance Strategies (CAS), Poverty Reduction Strategy Papers (PRSP), or core diagnostics, such as the Country Economic Memorandum or the Poverty Assessment. The appropriate timing of these CSAs (early in the programming cycle and clearly linked to it) has enabled them to directly inform parts of the CAS or PRSP, policy notes for the CAS, as well as projects and programs. In cases where the CSA process could not be directly linked to such policy documents, it was more difficult to achieve a direct impact on the Bank's lending portfolio.

As several cases have demonstrated, contributing to policy dialogue and feedback while the CSA is underway is as important as the final results of the CSA. While it is preferable that the final CSA report be delivered before the respective policy document is completed, it is not necessary when there are clear mechanisms for providing feedback and informing the policy dialogue process. For instance, in Paraguay, the CSA findings were integrated into policy notes prepared for the Country Assistance Strategy, while the final report was delivered separately at a later date. Similarly, preliminary findings of the Yemen CSA were fed into the on-going PRSP review and the Development Policy Review, and the final CSA report disseminated at a later date.

Moreover, the CSA process may be sequenced to feed into different policy documents in the Bank's business cycle. In the case of Haiti, the CSA was timed to inform several different policy processes related to the Bank's reengagement in the country. In order to maximize its operational impact, the CSA was sequenced in two phases to coincide with different policy discussions related to the urban and rural sector. In the first phase, the CSA provided inputs on rural institutions and livelihood strategies for part of the Economic and Sector Work on the Bank's rural development strategy in Haiti. Its direct link to the Economic and Sector Work ensured that the Bank's rural development strategy incorporated issues vital to the design of socially inclusive interventions. In its second phase, the Haiti CSA analyzed the urban social context, particularly focusing on conflict, which is a major obstacle to Haiti's development efforts. Together with the analysis of the rural sector, the complete CSA will provide inputs on governance issues and other social development concerns for the Country Economic Memorandum and Interim Strategy Note. Sequencing the CSA to coincide with these policy processes allowed it to maximize its impact by providing significant inputs at key junctures of the policy process.

In some cases, government transitions and other in-country political developments have also proven to be useful windows of opportunity for influencing policy dialogue. Where the CSA touches on politically sensitive issues, a new government may be more willing to engage in controversial policy discussions, if it is not politically responsible the issues raised. In of Paraguay, for instance, the new Country Assistance Strategy coincided with the term of an administration, which allowed an open exchange on the governance challenges raised by the CSA. In Morocco, the CSA was initiated shortly after the new ministry for social development and solidarity was created, giving the CSA team a highly supportive government counterpart for policy dialogue.

Table B: **Timing of CSA Pilots and the Related Impact on Policy**

Country	***Coordination with Other Policy Processes***	***Product Influenced***
	AFRICA	
Somalia	World Bank reengagement in Somalia, Country Economic Memorandum	Re-engagement strategy, Country Economic Memorandum, joint needs assessment (UN, World Bank)
Angola	Country Economic Memorandum	Country Economic Memorandum
Guinea Bissau	Poverty Assessment	Poverty Assessment, Interim Strategy Note, CDD operation
Sao Tome and Principe	Poverty Assessment	Poverty Assessment
Kenya	Independent	Design of Community Driven Development operations, Economic Recovery Strategy Support Credit
	LATIN AMERICA AND CARIBBEAN	
Paraguay	Country Assistance Strategy	Country Assistance Strategy, policy notes for CAS, Bank projects on natural resource management and regularization of land tenure
Costa Rica	Independent	Indirectly CAS
Haiti	Economic and Sector Work on rural sector, Interim Strategy Note	Bank rural development project, Interim Strategy Note, Country Economic Memorandum
Ecuador	Country Assistance Strategy mid term review	n/a
	MIDDLE EAST AND NORTH AFRICA	
Yemen	Country Assistance Strategy, Poverty Reduction Strategy Paper, Development Policy Review	Government's five-year plan for poverty reduction, Country Assistance Strategy, Development Policy Review, and Poverty and Social Impact Analysis in the water sector initiated as a result
Morocco	Country Assistance Strategy (CSA initiated toward the end of CAS preparation)	Country Assistance Strategy, national human development initiative
West Bank and Gaza	Independent	Portfolio
	EASTERN EUROPE AND CENTRAL ASIA	
Tajikistan	Country Assistance Strategy	Country Assistance Strategy
	SOUTH ASIA	
Nepal	Poverty Reduction Support Credit	Poverty Reduction Support Credit, sector-wide approaches on health and primary education, rural water supply and sanitation project

Finally, the Nepal case illustrates that even if the CSA is planned and implemented over a longer frame, it can be extreme valuable by providing a framework for engagement for an extended period. Directed by a lead social development specialist in the Nepal country office, and in collaboration with DFID, the CSA was developed and implemented over a two-year period. This prolonged engagement allowed the CSA to establish strong partnerships with other donors, government counterparts, and civil society stakeholders, as well as contributing to more operations and programs. Most importantly, it informed the Poverty Reduction Strategy Paper by introducing a pillar on social inclusion. Additionally, the CSA task manager worked on a variety of project teams, which spread the CSA's findings to the designs of a health and education sector-wide study and a water and sanitation project. In fact, the Nepal CSA went beyond being merely a piece of analytical work; rather it represents a model for an ongoing process of integrating macro-level social analysis into operations and planning. A key part of this was the involvement of representatives of excluded groups, who were brought into a position where they could contribute to government policy debates by the CSA process.

Engaging the World Bank Country Team

Engagement of county-based staff, as the various donor approaches have shown, is another critical issue in determining the policy impact of macro social and political analysis. As mentioned above, the most effective CSAs were those initiated by the CMU or country-based staff. Where this was not the case, it has been helpful to engage the country team as early as possible in the CSA process. A good example of how this has been applied is the Tajikistan CSA. Before drafting a concept note, the CSA was proposed to the country manager and subsequently presented to the country team. Only when the country team approved the CSA's analytical focus was the final decision taken to conduct a CSA. This preliminary approval ensured the full support of the study among the country team. Moreover, it shaped the CSA's focus in response to a particular operational demand. Based on the discussions with the country team, the education sector was identified as a key analytical focus. This not only coincided with existing data gaps, but the education sector has since become an important focus of the Country Assistance Strategy, allowing the study to provide relevant inputs to the Bank's portfolio.

The CSA pilot cases have also shown the importance of maintaining active engagement of the country team throughout the implementation process. Consultations with different sector specialists have enabled the CSA pilots to address operational concerns as the work progressed. In Yemen, for instance, the country team's urban and rural specialists worked closely with the CSA team during the livelihood analysis. This allowed the CSA to be tailored to the operational priorities within the respective sectors, so that the findings could be translated into policy recommendations.

As indicated before, in Nepal, engagement with the country team was even more extensive. With the lead social development specialist and task team leader of the CSA based in the country office, it was possible to work closely with sector specialists to ensure the operational relevance of the CSA. By working on different project teams while developing the CSA, the lead social development specialist was able to establish working relationships with members of the country team and gain insights into the operational challenges the CSA was addressing. At the final stages of the CSA process, this proved to be central to drafting appropriate policy recommendations for the education, health, and water and sanitation sectors.

Finally, ongoing engagement of operational staff contributed to greater awareness and in-depth understanding of key social issues by the country team. In addition to the specific findings of the

CSA report, maintaining an ongoing process of consultation with the country team helped introduce social development concerns into ongoing policy dialogue. Where the research process required or encouraged participation by the country team, the in-country members developed a more comprehensive understanding of social development issues, which in turn, improved the effectiveness of policy dialogue. In Haiti, for example, ongoing discussions with the country team placed social development concerns raised by the CSA at the center of its discussions on reengagement in the country.

Engaging the Government

The role of the government has been one aspect where the CSA pilots have clearly differed from the donor approaches and from each other. While the bilateral donors rarely disseminate the full results of their assessments, the majority of CSAs have been shared with partner governments. In fact, in several cases, it has been very useful to engage the government early in the CSA's implementation. It facilitated certain steps in the implementation process and laid the foundation for effective policy dialogue. In other cases, a more volatile political context forced CSA teams to be more cautious in engaging the government. In the case of West Bank and Gaza, it was decided to conduct the CSA independently before engaging in a carefully managed dialogue about the CSA's findings with the government. Similarly in Haiti, although the government was informed of the CSA, its involvement was relatively minimal, due to concerns about the potentially controversial nature of the CSA.

The government counterpart has also depended on the particular circumstances of the countries being assessed and the particular focus of the CSA. In some cases, it has been possible to identify agencies within the government that functioned as champions for the CSA. This was especially effective in Morocco, where the recently established ministry of social development and solidarity strongly supported the CSA process. In most other cases, the cross-sectoral nature of the analysis has made it useful to work with a government counterpart that has a coordinating function, such as the office of the president or the ministry of planning. In several cases, appropriate line ministries were selected as official counterparts or served as additional, informal channels for policy dialogue. In Haiti, for instance, the ministry of agriculture and the ministry of justice were the official counterparts because the CSA focused on rural institutions and urban violence. In Ecuador, the ministry of mining and the ministry of social welfare functioned as informal counterparts, while the official government counterpart was the office of the president. Finally, in Nepal, it was possible to work not only with the national planning commission as an official counterpart but also with the central bureau of statistics in an effort to build capacity and integrate findings into methods for analyzing national statistics.

While different government counterparts have worked on introducing and/or implementing the recommendations of the pilot cases, the experiences suggest that results can be more easily incorporated into major policy dialogue when the CSA counterpart is in one of the policy coordinating ministries, or at least when representatives from these agencies are involved in the process in addition to sectoral ministries. Equally important for a successful policy dialogue has been developing a cooperative relationship with the government and identifying government representatives who will act as champions for the CSA and its policy recommendations. Where possible, the CSA teams have engaged the government early in the process and invited comments on the CSA design. In some cases, this early engagement was, in fact, vital to the subsequent implementation of the CSA. In Tajikistan and Kenya, for instance, government support was instrumental in providing access to fieldwork sites. Once the official government counterpart was established, it was useful to maintain ongoing contact with briefings during each mission to the country. In some cases, the government was asked to appoint an advisory group for the CSA,

which functioned as an additional entry point for discussion. Finally, it has also proven useful to include individuals on the CSA team who had prior working experience in the country. Due to their prior contacts in the government, these team members could more easily facilitate a constructive working relationship with the counterpart.

***Table C*: Engagement of Government**

Country	***Government Counterpart***	***When Engaged in the Process***	***How Engagement Was Maintained***
		AFRICA	
Somalia	No existing government	Regional administrations were informed before field work	Interviews, briefings
Angola	Ministry of planning	Throughout process of the CEM	Briefings related to CEM
Guinea Bissau	Ministry of finance	Throughout Poverty Assessment process	Workshop and briefings
Sao Tome & Principe	Ministry of finance	Throughout Poverty Assessment process	Briefings
Kenya	Office of the president	At initiation	Briefings
		LATIN AMERICA AND CARIBBEAN	
Paraguay	Secretary of social action, ministry of economics	After the initial draft government provided comments	Briefings
Costa Rica	No official counterpart		
Haiti	Ministry of agriculture, ministry of justice	Initial stages	Briefings
Ecuador	Office of the president, ministry of mines and energy ministry of social welfare	Informed after concept note stage	Briefings
		MIDDLE EAST AND NORTH AFRICA	
Yemen	Ministry of planning, five-year plan for poverty reduction strategy unit	Scoping mission	Two workshops and briefings
Morocco	Ministry of social development and solidarity	Scoping mission	Workshops and briefings
West Bank & Gaza	No official counterpart	Government was engaged in the household survey	Dissemination
		EASTERN EUROPE AND CENTRAL ASIA	
Tajikistan	Office of the president	Government was consulted during conceptual stage	Periodic briefings and cooperation on field work
		SOUTH ASIA	
Nepal	National planning commission	Initial stages	Advisory group, workshops

Engaging Civil Society

As with the engagement of partner government, engagement of civil society in the CSA process has generally been more extensive than in the other donor approaches. In most cases, the pilots have engaged civil society organizations and academic institutions in the process of implementing the CSA, using them either as key informants or consultants on a particular issue. Workshops, seminars, and key informant interviews have allowed civil society groups to make valuable contributions to the CSA design. In some cases, it has led to cooperation with research institutes that were selected to implement part of the CSA. In other cases, think tanks and NGOs have acted as partners and provided feedback at different stages of the CSA.

Civil society participation has also been facilitated through consultation workshops or advisory groups convened for the CSA. This has provided useful feedback and has helped generate support for the CSA's findings within civil society. This type of involvement increases the legitimacy of the CSA's findings within the country as a whole and has added to the willingness of governments to discuss the CSA findings. This was especially effective in Morocco, where the scoping phase concluded with a stakeholder workshop to identify priorities for the CSA. Based on the results of the workshop, a follow-up workshop was held to further prioritize the identified issues and select the final focus for the CSA. The participatory approach implemented by the CSA team finally convinced the government to integrate the identified priorities in a "national initiative for human development," which will be supported by the World Bank. Moreover, the government has strongly supported the CSA's chosen focus on youth and has actively sought the advice of the CSA team.

***Table D*:** **Engagement of Civil Society**

Country	***Which Civil Society Actors Were Engaged?***	***When Were They Engaged?***	***How Was Engagement Maintained?***	***Outcomes***
AFRICA				
Somalia	Regional civil society organizations	Civil society partners conducted research and field work and prepared reports	Training, joint missions, workshops,	n/a
Angola	NGOs, research organizations	Scoping mission and implementation	Contracts for parts of the work, consultation for Country Economic Memorandum, and stakeholder workshops	Consultation on key themes, data collection (carried out part of the work)
Guinea Bissau	NGOs	Scoping mission	Stakeholder workshop	n/a
Sao Tome & Principe	NGOs	Scoping mission	n/a	Provided data
Kenya	NGOs, research organizations	Design phase	Advisory group, consultations during research	Key inputs to analysis, external support of study

Country	*Which Civil Society Actors Were Engaged?*	*When Were They Engaged?*	*How Was Engagement Maintained?*	*Outcomes*
LATIN AMERICA AND CARIBBEAN				
Paraguay	UNDP	Scoping mission	Interviews	Provided data and comments on draft
Costa Rica	FLACSO	CSA conducted by local think tank (FLACSO)	FLACSO organized consultations for Country Assistance Strategy	Inputs to design and implementation
Haiti	NGOs	Design phase	Advisory group	Inputs to design
Ecuador	NGOs	Scoping mission	Not followed up	n/a
MIDDLE EAST AND NORTH AFRICA				
Yemen	Yemeni Center for Social Studies and Labor, group of traditional leaders	Consultations on approved concept note, workshop to discuss preliminary findings	Informal briefings and sharing of drafts	Feedback for study
Morocco	Civil society organization and academics	Scoping mission	Workshops	Increased credibility with government
West Bank & Gaza	Civil society organization	Throughout the process	Civil society was consulted to discuss objectives, findings, and provide background information.	Important feedback for the CSA design and report
EASTERN EUROPE AND CENTRAL ASIA				
Tajikistan	Approximately 30 local and international NGOs	Consultations during design phase	Updates during missions	n/a
SOUTH ASIA				
Nepal	Range of civil society organization	Consultations during design phase	Continuous consultations, NGO conference	Increased credibility, civil society organization used data

In all of the pilot studies, the CSA team consulted with representatives from civil society. These consultations have ranged from key informant interviews to open workshops, depending on the local context. In certain cases, local analysts and other experts were invited to seminars or workshops to discuss and prioritize potential areas of research. Exercises of this kind were conducted in Morocco, Yemen, Somalia, and Tajikistan.

The CSA pilots have shown that participation of civil society is important not only to help find sources of information or build local ownership, but also to incorporate its key players in the social processes that might influence policy design and implementation. In Guinea Bissau, for example, the assessment of civil society was essential to understand the importance of this sector in service delivery. In the case of Angola, the CSA benefited from having a clear understanding of the enabling environment for civil society participation and the shortcomings in the existing legal framework that was supposed to improve the engagement of civil society in local governance and improve social accountability, for example. In Nepal, the CSA developed new relationships, which enabled CSOs to open a policy dialogue with government and donor partners around the PRSP process.

Partnerships with Other Donors

Collaboration with the donor community has also expanded the impact of the CSAs. This was particularly effective where donors discussed the design of the CSA and the activities were coordinated. In most cases, the donor community was informed about the CSA during the scoping mission and invited to give feedback on the CSA design. In some cases, multi-donor workshops were conducted to officially launch the CSA work in-country. Not only did the donor workshops contribute valuable insights to the CSA design, in several cases it led to assistance in disseminating the CSA information and recommendations, as well as financial support from other donors. External funds were contributed by DFID, Sida, and UNDP in Angola, Tajikistan, Yemen, Nepal, and Somalia. In a number of CSA cases, donors were members of the advisory groups formed to support the CSA process. This arrangement had positive results in terms of generating ownership among donors and facilitating a broad policy dialogue about the CSA's findings.

The most collaborative effort to date was in Nepal, where the CSA was jointly commissioned and financed by DFID and the World Bank. This collaboration led to integrating social inclusion into both the World Bank's Country Assistance Strategy and DFID's Country Assistance Plan, a pertinent example of donor harmonization. (In this case, the donors aligned behind the poverty reduction strategy which included a "pillar" on social inclusion.) This result points to the potential role for Country Social Analysis and other macro social and political analysis to promote coordinated programming among donors.

Table E: **Partnerships with Other Donors**

Country	***Which Donors Were Engaged?***	***When Were They Engaged?***	***How Was Engagement Maintained?***	***Outcomes***
AFRICA				
Somalia	DFID, Sida, UNDP and others	Donors included from initial stage and maintained throughout	Consistent feedback and updates, advisory group	Funding support from DFID, Sida, UNDP
Angola	DFID and other donors	Scoping mission	Working relationship with DFID	Funding from DFID
Guinea Bissau	UN resident representative, other donors, and Japanese Trust Fund	Scoping mission	Periodic briefings for UN resident representative	Funding from Japanese Trust Fund in coordination with UN

Country	*Which Donors Were Engaged?*	*When Were They Engaged?*	*How Was Engagement Maintained?*	*Outcomes*
Sao Tome & Principe	n/a	n/a	n/a	n/a
Kenya	DFID	Informed at initial stages	Discussions on findings at dissemination (planned)	n/a
LATIN AMERICA AND CARIBBEAN				
Paraguay	GTZ	Scoping mission	Discussion of findings	Contributed key research questions to design of CSA
Costa Rica	n/a	n/a	n/a	n/a
Haiti	UN stabilization mission in Haiti	Data collection	Consultations	Working relationship with the UN stabilization mission in Haiti
Ecuador	Various donors	Scoping mission	Donor roundtable	n/a
MIDDLE EAST AND NORTH AFRICA				
Yemen	DFID and other donors	Scoping mission	Working relationship with DFID	Additional background paper funded by DFID, influenced DFID Country Assistance Plan
Morocco	UNDP	Scoping mission	Consultations	Jointly hired a consultant
West Bank & Gaza	Various donors	After the publication of the results	n/a	n/a
EASTERN EUROPE AND CENTRAL ASIA				
Tajikistan	UNDP and other donors	Consultations during design phase	Working relationship with UNDP	Planned donor conference, UNDP publication
SOUTH ASIA				
Nepal	DFID and other donors	Workshop at design stage	Partnership with DFID	Funding support (DFID), influenced donor programs

Defining the Analytical Focus and Scope of the CSA

Defining the analytical focus and scope of the CSA has been a process involving several steps and the participation of different stakeholders. The focus was defined in most cases in discussions with the country teams. Social development specialists prepared a brief approach note or draft concept paper based on a review of available data and literature, including the World Bank's social development indicators[42] and key World Bank analytical work to identify key issues and determine possible knowledge gaps.

On the basis of the literature review, the majority of CSA teams conducted a scoping mission before drafting a formal concept note, which allowed the CSA team to conduct an initial set of interviews as inputs to the CSA design, and it provided the opportunity to begin engaging government and other stakeholders and assess local capacity for conducting the analytical work. Based on the literature review and scoping exercise, the range of primary data collection was determined.

Finally, the drafting of the concept note has been a key step defining the focus of the analysis and starting the policy dialogue process. In all cases, preparing a concept note and having quality enhancement review meetings has been essential for receiving feedback from peer reviewers and members of the country team, as well as for getting guidance from management on the focus of the study and proposed process. In some cases, the concept note stage was essential to narrow down the analysis and link it to specific operational issues. At the same time, the concept note allowed participants to flag issues relevant to policy, which at that early stage were not sufficiently developed but could be anticipated to be important to the policy dialogue. For example, in Guinea Bissau, the issue of fiscal stability vis-à-vis sociopolitical stability was raised early on. As the study advanced, this issue prompted recommendations for short-term fiscal policy in order to preserve stability in a polarized sociopolitical context.

The CSA Task Team

Another important step in the CSA implementation process has been assembling the CSA task team. Different team members filled numerous functions, both in adding a particular kind of expertise and providing access to policy makers or field work sites. The specific composition of the team, therefore, has had a significant impact on the outcomes of the CSA process.

Participation by senior Bank staff has been critical to ensure the operational relevance of the CSA as well as integration of the CSA process into World Bank policy dialogue. Without the involvement of a Bank staff member, it was difficult to involve members of the country team in the CSA process. (For instance, the Costa Rica CSA, which was conducted by the Costa Rican research institute FLACSO, was not able to directly influence policy. Although a draft CSA has been delivered, it did not link to any Bank policy documents or policy discussions.) In addition, the direct participation of a senior Bank staff member facilitated access to information from governments and other official sources not open to the public. In the case of Tajikistan, the participation of World Bank staff in the field work ensured that gathering information from local government sources was endorsed by the central government. This made the heads of local government much more willing to respond to the requests of the research team. Finally, the participation of senior Bank staff members has been an important means to acquire knowledge. Full engagement of Bank staff in the research process has drawn in valuable insights into the

[42] The social development indicators, which have been developed in tandem with the CSA approach, provide a general overview of key social development trends.

country's social context and been extremely important for inducing appropriate policy recommendations from the CSA process.

Equally important as the participation of a Bank staff member is the type of local knowledge provided by external experts, including local consultants and international consultants, who are experts on a particular country. The pilot cases demonstrated that external experts with sound language skills and intimate understanding of local customs and culture can immeasurably contribute to the value of a CSA. For example, in the case of Guinea Bissau, local consultants fundamentally redesigned the household survey. In Tajikistan, having a member of the team who spoke Tajik was essential in gaining the trust of respondents and facilitating the research process. In Kenya, a field coordinator with in-depth knowledge of local cultural was a key asset in facilitating field work.

Finally, partnerships with local research institutions hold opportunities to strengthen local capacity and acquire a local perspective. For example, in Guinea Bissau, a local research institute was commissioned to implement parts of the study under the supervision of two international consultants. In Somalia, regional partners implemented the research with Bank staff providing training for field work and monitoring, and validated the results through focus group discussions and key informant interviews.

ANNEX 3

Data Sources and Methods

The Country Social Analysis has placed greater emphasis on collection of primary data and analysis of household survey data than most other donor approaches.[43] Most CSAs have involved an extended process, including field work with primary data collection. However, in some cases, given the country context, the CSA was limited to a shorter analysis, based on existing literature and interviews with key informants conducted during a single mission. Similarly, no particular fieldwork method or data source has emerged as the most appropriate for the CSA. Rather, mixed methods and data sources have been employed to fit the particular objectives of the various studies.

In Sao Tome and Principe, Ecuador, Costa Rica, Paraguay, CSAs were implemented without additional primary data collection. In Paraguay and Costa Rica, topics with a wide range of data available were chosen, so that additional data was not necessary. The objective of the CSA was primarily to synthesize existing information and present it at a policy-oriented discussion. In Morocco and Ecuador, resource constraints limited the CSA to a similar exercise, although suggested areas for later research were identified. Finally, in Sao Tome and Principe, it was decided to limit the exercise to an extensive scoping and literature review that complemented data collected for a Poverty Assessment.

In a number of cases, it was possible to focus primary data collection on specific areas of inquiry, while drawing on existing literature for other analytical dimensions. In Guinea Bissau and Angola, macro-level data on governance was drawn chiefly from existing literature, while additional data was collected on livelihoods, emphasizing the cashew sector and land tenure issues.

In most cases, the CSAs have combined qualitative and quantitative data to describe the broader country context and to inform the particular research objective. The review and collection of qualitative data has been an important tool for understanding the overall social and political context of the country. Similarly, a review of key quantitative sources was essential for an overview of social and economic trends in the pilot countries. Among these, the social development indicators, developed to fit the objectives of the CSA, were important starting points for comparing a country's social development performance over time and for placing it in an international context.

The majority of CSAs have drawn on a variety of qualitative and quantitative sources. In Morocco, Ecuador, Costa Rica, and Sao Tome and Principe, the analyses relied strictly on secondary literature and key informant interviews, due to a limited scope

Table F:
Primary Data Collection

Country	*Fieldwork conducted*
AFRICA	
Somalia	**Yes**
Angola	**Yes**
Guinea Bissau	**Yes**
Sao Tome & Principe	**No**
Kenya	**Yes**
LATIN AMERICA AND CARIBBEAN	
Paraguay	**No**
Costa Rica	**No**
Haiti	**Yes**
Ecuador	**No**
MIDDLE EAST AND NORTH AFRICA	
Yemen	**Yes**
Morocco	**No**
West Bank & Gaza	**Yes**
EASTERN EUROPE AND CENTRAL ASIA	
Tajikistan	**Yes**
SOUTH ASIA	
Nepal	**Yes**

[43] The exception to this is DFID's social exclusion work, which includes extensive quantitative analysis.

and limited resources for the CSAs. In Somalia, the focus on conflict dynamics and the difficulty of performing extensive fieldwork forced the CSA to rely on qualitative data sources and methods. In the remaining cases, a combination of qualitative and quantitative sources was used to support the analysis.

CSA field work has primarily collected qualitative data, while quantitative data has mostly been derived from existing surveys. Only a few pilots conducted additional quantitative surveys. The analytical dimension has depended on the particular focus of the CSA. In Angola and Guinea Bissau, the analysis of governance was based on a review of secondary literature and key informant interviews while primary data was collected on livelihood strategies and social diversity, combining qualitative methods, such as focus groups, participatory rapid appraisal exercises, and key informant interviews with a quantitative livelihoods survey.

The CSAs in West Bank and Gaza and Tajikistan, by contrast, focused on explaining more specific governance and institutional issues. In both cases, data was collected on institutional issues within clearly defined parameters. In West Bank and Gaza, data was needed on the impact of informal institutions in the implementation of poverty programs, on the judicial system, and on the functioning of local government. Focus groups and key informant interviews were combined with a quantitative survey to verify the findings of the qualitative tools. Similarly, in Tajikistan, the impact of informal institutions on regional disparities in the education sector was assessed through field work.

In Somalia and Haiti, data was collected on both institutional issues and assets and livelihoods of particular social groups. In Somalia, qualitative data was gathered on institutional and economic structures, militarization, and the distribution of resources that contributed to conflict in the country. In Haiti, different types of data were collected in the urban and rural areas. In the Port au Prince metropolitan area, the impact of violence on both livelihood strategies and local institutions was assessed, while in the rural areas, livelihood strategies and local institutions were examined to find potential entry points for rural development interventions planned by the Bank.

Finally, the Nepal CSA took a mixed methods approach to gather data on disparities in empowerment and social inclusion across gender, ethnic groups, and castes. The CSA team surveyed one adult man and one adult woman in 1000 households. Additionally, focus groups, key informant interviews, and quick field assessments were carried out to complement the household survey data and other quantitative data sets on disparities between social groups in Nepal.

Table G: **Overview of Fieldwork and Data Sources**

Country	***Fieldwork***		***Purpose of Fieldwork***	***Other Data Sources***
	Quantitative methods	***Qualitative methods***		
AFRICA				
Somalia	n/a	Focus groups, key informant inter-views, resource mapping	Assess drivers and dynamics of conflict	Secondary literature review
Angola	Rapid survey of livelihoods	Focus groups, key informant inter-views	Gather data on social diversity and lively-hoods	Household survey, secondary literature review
Guinea Bissau	Survey of livelihoods	Focus groups, key informant inter-views, participatory rapid appraisals	Gather data on social diversity and lively-hoods, land issues, and cashew sector	Household survey, secondary literature review
Sao Tome & Principe	n/a	n/a	n/a	Household survey, secondary literature review
Kenya	Short household survey	Focus groups, key informant inter-views, participatory rural appraisals	Gather data on local institutions, perceptions, and coping strategies	Integrated labor force survey, demographic and health survey, secondary literature review
LATIN AMERICA AND CARIBBEAN				
Paraguay	n/a	n/a	n/a	Household survey, secondary literature
Costa Rica	n/a	n/a	n/a	Secondary literature review
Haiti	n/a	Qualitative surveys	Gather data on local institutions and livelihood strategies.	Demographic and health survey, household consumption survey, living conditions survey, census, administrative data, MINUSTAH database, secondary literature review
Ecuador	n/a	n/a	n/a	Household survey, secondary literature review, survey data

Country	*Fieldwork*		*Purpose of Fieldwork*	*Other Data Sources*
	Quantitative methods	*Qualitative methods*		
MIDDLE EAST AND NORTH AFRICA				
Yemen	n/a	Focus groups, ranking and mapping exercises, participatory rapid appraisal-type exercises	Gather data on urban and rural livelihoods	Household budget survey, poverty survey, administrative data
Morocco	n/a	n/a	n/a	Household survey, secondary literature review
West Bank and Gaza	Household survey for validation	Focus groups, in-depth interviews	Understand social relations and power structures on local level	n/a
EASTERN EUROPE AND CENTRAL ASIA				
Tajikistan	n/a	Interviews, rapid appraisals, focus groups, participant observation	Trace decision making patterns for the most recent budget allocations in the education sector.	Poverty Assessment update, budget data, secondary literature review
SOUTH ASIA				
Nepal	Individual level surveys	Focus groups, consultations, participant observation	Identify disparities in empowerment and social inclusion among different groups	Living standards measurement survey, census, labor market survey, demographic and health survey, secondary literature review

ANNEX 4

Table H: **CSA Budget and Funding Sources***

Country	*Total*	*Contribution from WB budget*	*Trust Fund Contribution*	*External Funding*
AFRICA				
Somalia	$295,000	$160,000	n/a	$35,000 UNDP $50,000 Sida $50,000 DFID
Angola	$400,000	$ 20,000	$120,000 TFESSD	$260,000 DFID
Guinea Bissau	$ 95,000	$ 25,000	$50,000 Japanese TF, $20,000 TFESSD	n/a
Sao Tome and Principe	$ 15,000	$ 15,000	n/a	n/a
Kenya	$150,000	n/a	$150,000 TFESSD	n/a
LATIN AMERICA AND CARIBBEAN				
Paraguay	$ 45,000	$ 45,000	n/a	n/a
Costa Rica	n/a	n/a	n/a	n/a
Haiti	$ 96,000	$ 70,000	$8000 PRSP/Conflict TF $15000 LICUS Political Analysis TF $3000 TFESSD	n/a
Ecuador	$100,000	$ 60,000	$40,000 Spanish TF	n/a
MIDDLE EAST AND NORTH AFRICA				
Yemen	$210,000	$ 75,000	$135,000 TFESSD	N/A
Morocco	n/a	n/a	n/a	n/a
West Bank & Gaza	$290,000	$290,000	n/a	n/a
EASTERN EUROPE AND CENTRAL ASIA				
Tajikistan	$240,480	$ 79,780	$160,700 TFESSD	n/a
SOUTH ASIA				
Nepal	$950,000	$225,000	$150,000 ESSD Poverty TF $50,000 Gender TF	£300,000 DFID

* Amounts based on estimations by task team leaders.

ANNEX 5

Policy Recommendations from Five World Bank CSAs

Yemen Policy Recommendations

1. The Yemen CSA has been developed and published as a stand-alone product. Its objectives, broadly defined, were to analyze the social context and key social trends in Yemen and identify related risks and opportunities to development. Based on this analysis, the CSA suggested priorities for development programs and provided inputs to high-level actors and agencies for the design of investment projects.

2. The Yemen CSA was not explicitly linked to any other core diagnostic, operation, or country strategy. The resulting policy recommendations, therefore, are not directly addressed to a particular program or operation. The study was timed to feed into the Poverty Reduction Strategy Paper and its related Country Assistance Strategy as well as the Development Policy Review. For this purpose, the CSA identified strategic priorities for future engagement as well as additional analytical work. These priorities are for both country- and sector-level policy issues.

3. On the country level, the CSA suggested the following strategic priorities:

   a. Improved targeting of government expenditures to reflect the government's objective of reaching the Millennium Development Goals
   b. Promoting the economic and social inclusion of youth
   c. Providing women with opportunities for employment
   d. Promoting institutional structures to integrate rural and urban sectors
   e. Strengthening civil society to enhance accountability of service providers and government institutions

4. On the sector level, the CSA made these recommendations:

   a. Initiate rural land reform and strengthen property rights among the poor
   b. Assess distributional inequalities in proposed water policies
   c. Strengthen the justice system to give better and fairer access to the poor

5. These policy recommendations have been incorporated into discussions with the government's poverty reduction strategy unit in the ministry of planning and are being considered in the policy dialogue to inform the upcoming World Bank CAS. Additionally, based on the CSA's recommendations, a Poverty and Social Impact Analysis (PSIA) on proposed water policies has been initiated. This PSIA builds on the CSA and will contribute to the World Bank's technical assistance in the implementation of the country's water strategy (technical assistance for the Yemen water strategy Implementation). Finally, in addition to these direct impacts on policy and planning, the analysis has informed other influential diagnostics. It provided background for the assessment of development outcomes in the Development Policy Review. The CSA's assessment of public expenditures has been used as an input to the upcoming Poverty Assessment.

Angola: CSA as Background Paper to the Country Economic Memorandum

6. The Angola CSA was also a separate report. Rather than being a stand-alone ESW, however, it was a background paper for the Angola Country Economic Memorandum. As indicated by the responsible senior country economist, the CSA influenced the choice of topics and the design for the CEM. The background paper and the survey conducted by the CSA team provided needed data on social indicators, service delivery, and livelihoods, and substantially enhanced the scope and quality of the CEM analysis. Additionally, a Poverty and Social Impact Analysis, conducted in tandem with the CSA, provided data on the potential impacts of phasing out fuel subsidies, which has been reflected in the Country Economic Memorandum.

7. Although the CSA has not been finalized and its policy recommendations are pending, impacts on several policy areas in the Country Economic Memorandum can be identified. These recommendations include:

a. improving social indicators should be made the main priority of public policy;
b. increasing community participation in service delivery;
c. improving accountability mechanisms for key institutions;
d. gradually phasing out of fuel and utility subsidies and redirecting savings to improve quality of public services;
e. increasing transparency and governance in the oil and diamond sectors; and
f. assessing the impact of the land bill and its relationship to traditional authorities to ensure equitable and regulated access to land for agriculture, livestock breeding, and settlement.

8. Additionally, the CSA strongly recommended greater decentralization of authority. This has not been integrated into the Country Economic Memorandum because it is so politically sensitive. Instead, the recommendation will be taken up in the CSA report, when it is published as a stand-alone document, and will be further examined in the upcoming Public Expenditure Review.

9. As the World Bank's core piece of analytical work, the Country Economic Memorandum and the related recommendations will directly inform policy dialogue on the upcoming Interim Strategy Note for Angola. Additionally, the analysis of social trends and livelihoods strategies is expected to shape the next phase of Angola's social action fund.

Guinea Bissau: Integrated Poverty and Social Assessment

10. Like the Angola CSA, the Guinea Bissau pilot study was prepared in conjunction with another World Bank diagnostic, the Poverty Assessment. Rather than functioning as a background paper, however, the CSA was fully merged into the Poverty Assessment. An integrated poverty and social assessment was prepared by a multi-sector team, which included specialists from the Poverty Reduction and Economic Management (PREM) Network and the Social Development Department.

11. This integrated approach ensured that the CSA's analytical framework, which focused on the interaction of governance and livelihood strategies, was fully reflected throughout the document. The Poverty Assessment covered macro-level institutions, poverty analysis, macroeconomic policies, agricultural development, as well as education and health. On the policy level, the CSA approach guaranteed that all recommendations would consider social, political, and institutional implications.

12. A range of policy recommendations was proposed and adjusted on the basis of the social and political analysis. On the macro-level, measures for improved governance and conflict prevention were suggested:

a. Ensuring the payment of public sector salaries and delivery of services to ensure political stability
b. Designing and implementing clear social accountability mechanisms to monitor the allocation of public resources
c. Supporting professionalization of the legislative branch

Additionally, despite a strong financial argument in its favor, the report warned against downsizing the public sector, due to potential impacts on political stability.

13. On the sector level, the social and political analyses provided the following contributions to the policy recommendations:

a. On land reform, the report suggested the adoption and implementation of a proposed land reform with amendments to allow livestock access to water through corridors of passage and to regulate urban settlements.
b. For the security sector, the report suggested improving living conditions in military barracks and instituting military policies to achieve better ethnic balance in the army to prevent future outbreaks of violence.
c. In agriculture, the report raised concerns about food security and suggested policies to promote agricultural diversification and incentives for rice production.

14. As a core diagnostic, the integrated poverty and social assessment will be an essential input to the upcoming Interim Strategy Note. Although it is too early to see any specific impact on country programming, the study constitutes an essential piece of the World Bank's policy advice to the government. Additionally, country team members have indicated that the assessment will help identify entry points for an upcoming Community Driven Development (CDD) project.

Haiti: A Phased Approach

15. As mentioned in previous sections, the Haiti CSA was initially prepared as a background paper to other Economic and Sector Work, informing the World Bank's rural development strategy in the country. Later, an additional working paper analyzed urban violence in Haiti to inform the country team's overall planning. Finally, the two parts were integrated with another analysis of key social and political dimensions and will be disseminated as a stand-alone CSA.

16. This form of engagement has yielded policy recommendations on different sectoral and country-level issues at key junctures of policy dialogue and planning. In its first phase, the Haiti CSA had a purely rural focus. As a background paper, it informed a study entitled "Diagnostic and Proposals for Agriculture and Rural Development Policies." Its analysis of rural institutions and livelihood strategies shaped the final diagnostic and strategy by providing the basic typology of farmers to be targeted by potential rural development programs. The CSA ensured that all types of rural households were considered and would benefit from proposed interventions. Additionally, it recommended these more specific measures:

a. Enhance access to, and security of, the income-earning activities important to the landless and small farmers, including short-term migration to the Dominican Republic

b. Offer knowledge-intensive techniques through rural extension centers and other institutions to small and medium-size farmers to enhance the productivity of existing land and farming systems without major asset investments
c. Promote greater and more stable access to productive inputs and credit, aiming in particular at increasing input levels among small, middle, and larger size farmers and more risk-willing peasants
d. Restore and develop public goods; restore major infrastructure, including national roads, irrigation systems, and harbors; develop transportation systems to link producers and traders to regional, national, and international markets; and restore security and law enforcement
e. Target cash transfers at the poorest households and those least likely to directly benefit from economic development programs
f. Support access to land, such as available state land or other non-privately owned land, for the poorest, landless, and smallest farmers
g. Build on and strengthen the incipient infrastructure of rural planning and coordination mechanisms, such as the *section communal* and communal councils
h. Strengthen social protection mechanisms, especially in areas with low agricultural potential, with a specific goal of securing access to better schools for the poorest children

17. In its second phases, the Haiti CSA analyzed urban violence and provided specific recommendations for addressing the continuing political and crime-related violence in Port-au-Prince. The resulting working paper, on urban violence in Haiti suggested a phased approach to restoring security, upgrading the city's slums, and creating employment for its residents. It recommended collaboration with the UN peace keeping forces to develop pilot plans for upgrading infrastructure and generating employment to be scaled up in the longer term.

18. After providing specific inputs on the urban and rural sectors, the integrated CSA made these additional country-level recommendations:

a. Joint multi-sectoral interventions in key urban areas, including *Cité Soleil,* which combine security and poverty-reduction objectives, will be essential for creating the conditions necessary for broad-based national development strategies.
b. Given the limited resources and capacity of the state to provide services directly, development efforts should focus on improving the policy directions, coordination mechanisms, and regulatory frameworks for public-private partnerships.
c. Donors can support good leadership by rewarding good governance and sanctioning the opposite. Because of the centrality of corruption in undermining good leadership, transparency in public finances should be a foundation for the Bank and other donors' assistance to a new Haitian government.

19. The CSA and its recommendations will directly inform the development of a Transitional Support Strategy as well as the Country Economic Memorandum, conducted directly following the CSA. The CSA helped define the Country Economic Memorandum's focus on security and provided background for the Country Economic Memorandum's analysis in the area of state building.

Nepal: Prolonged Engagement

20. The Nepal CSA is the most extensive and detailed pilot study. It was conducted jointly with a Country Gender Assessment over three years and was led by a country-based lead social development specialist. The CSA, entitled "Nepal Gender and Social Exclusion Assessment," focused on institutional barriers to social inclusion in Nepal.

21. Consequently, its policy recommendations focused on removing existing barriers of social inclusion. Based on the most extensive CSA, these policy recommendations are also the most detailed and most specific. The report outlines eleven country-level actions:

a. Rather than relying on targeted programs alone, adopt inclusive budgeting to ensure full access for women, Dalits, and Janajatis in all core government programs
b. Make organizational changes so that inclusion can be effectively implemented
c. Improve the governance structure of the national commissions for women and Dalits
d. Establish governance rules for local development groups as they implement inclusion policies
e. Encourage internal reform of the main political parties to make them more democratic and more representative
f. Enhance the poverty monitoring and analysis system by improving monitoring capacity of key sector ministries so they can track progress of social inclusion policies
g. Develop a knowledge base to inform policy debate on inclusion
h. Enact critical legal changes to ensure equal rights for all citizens
i. Develop a holistic strategy for reservation and affirmative actions
j. Make donor agencies and NGOs inclusive
k. Build strategic coalitions between women, Dalits, and Janajatis

22. Every action above was further developed to suggest specific initiatives; interventions; and institutional, legal, and policy changes for implementing the recommended actions. For instance, the recommendation to make donor agencies and NGOs inclusive prompted the following sub-points:

a. As has been done with the health and primary education sector-wide approaches, conduct a systematic analysis of all new mainstream programs to identify barriers to access for women, Dalits, and Janajatis.
b. Develop specific mechanisms and incentives to overcome the barriers
c. Assign clear accountability for achieving the inclusion objectives in all sectors
d. Develop clear outcome indicators disaggregated by caste, ethnicity and gender
e. Track indicators using real-time sector monitoring and evaluation systems linked to the poverty monitoring and analysis system (national poverty monitoring system) to ensure effective corrective policy actions

23. The prolonged in-country engagement of the CSA task team leader helped the CSA's recommendations and analytical findings influence policy dialogue on the country and sector levels. Most importantly, a social inclusion pillar was added to the Poverty Reduction Strategy Paper (PRSP) and the related Poverty Reduction Support Credit (PRSC). Additionally, the country strategies of multiple donors, including DFID, the Asian Development Bank, and the World Bank, as well as the Development Policy Review address social exclusion.

24. On the sector-level, the CSA team contributed to the design of a sector-wide approach (SWAP) in the health sector, a sector-wide primary education approach and a rural water supply and sanitation project. The social assessments were all conducted by the CSA team, drawing on ongoing country-level work. One of the contributions introduced dimensions of social exclusion into monitoring systems.

25. Finally, the CSA team contributed to technical assistance to the Nepal's central bureau of statistics. Based on the CSA, Nepal's ethnic, caste, and religious groups were divided into six core categories for tabulation and analysis. This new set of categories will be used for a poverty monitoring system linked to the Poverty Reduction Strategy Paper.

26. As this example shows, a prolonged in-county engagement and a detailed analysis provided multiple entry points for enhancing country programming. Its analysis of institutional barriers to social inclusion has affected multiple-donor programs and provided concrete inputs to the design of socially inclusive interventions in the health, education, and water and sanitation sectors. This was made possible by continuous cross-fertilization between the country-level analytical work and operational work. It allowed the CSA to directly inform social assessments and recommendations on the project and sector-levels, while providing key inputs to the development of the CSA itself, which contains chapters on health and education.

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