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Country Prioritization and Selection Process

A key element of NRGI's 2015-2019 strategy was a decision to focus the organization's efforts in a smaller number of "priority" countries. This decision was taken on the basis of an evaluation of the institutions work and a hypothesis that utilizing a range of tools, working with the stakeholders across the decision chain would have the greatest impact at the country level. This then presented the challenge of selecting what those priority countries should be.

While NRGI had previously prioritized its countries into two tiers using a framework developed in 2008, lessons and observations from the organization's work at the country level suggested a need to re-evaluate the more than 30 countries in which it was active, focus its efforts more intensively and re-select its priority countries.

To guide the process of selecting these countries, NRGI created a country prioritization framework, an indicator-based tool that scored countries across several criteria. In this manner, NRGI identified an initial list of priority countries, some additional countries for more "limited engagement," and a third group of countries in which the organization would wind down its activities.

Priority countries

These are countries where NRGI works with a variety of different agents of change, across different aspects of the extractive sector decision chain, guided by an overarching medium-term country strategy that details key outcomes NRGI seeks to achieve and how it will achieve them.

Limited engagement countries

These are countries where NRGI will assess, on a case-by-case basis, whether to pursue opportunities that arise due to a dramatic change in context, where a specific intervention may have a compelling demonstration effect, or where there is a defined opportunity for impact.

The prioritization is reviewed periodically to take into consideration NRGI's performance in priority countries, changes in country circumstance, and other factors. Where there are significant shifts in country context (e.g., the Arab Spring), NRGI may amend the lists accordingly.

Generating scores

The first step in the country prioritization process was defining the overarching criteria according to which countries should be scored. The four components of the framework were:

- **Presence of natural resource governance challenges.** How prevalent are the problems that NRGI seeks to address? Sample indicators: resource dependence, effectiveness of government institutions, transparency in management of natural resource wealth.

- **Scale of impact.** If NRGI succeeded, how significant would the impact be? Sample indicators: population size, poverty, natural resource rents.

- **Likelihood of success.** How difficult or easy will it be to achieve the change NRGI seeks? Sample indicators: feasibility of political reform, new versus old producers, international receptiveness.

- **Cost of engagement.** What are the operational considerations to pursuing engagement? Sample indicators: cost of in-country work, existing NRGI presence, and stability of security situation.

This framework was applied to a pool of 78 candidate countries which included all countries in which NRGI had been active, the International Monetary Fund (IMF) resource-rich countries list (only lower and middle income), and the countries in the 2013 Resource Governance Index (minus the U.K., U.S., Canada, Australia and Norway).

To assess how countries performed in each of the components, NRGI created 27 indicators. These were drawn from a range of existing measures, including sources such as the World Governance Indicators and the U.S. Geological Survey's commodity statistics. The data was then standardized and re-scaled using a simple method of min-max normalization. Where an indicator was a composite of more than one measure, a simple average was taken.

This external data was then used to generate scores across many of the indicators across the four components, which produced provisional country scores. Each provisional country score reflected an average of the four components, with double weighting applied to the first two components (prevalence of the resource curse, and scale of impact) because of their relative importance to the prioritization effort.

Staff survey

The provisional country scores were used to narrow the pool of 78 candidates down to 44 countries: the top 30 countries (according to the overall provisional score), plus 14 additional countries (from the pool of candidates) where NRGI was operational and which could be potential candidates at the time of prioritization or in the future.

To cover factors not addressed by the external indicators, NRGI programme and country staff were asked to answer a number of questions for the 44 countries. These questions covered, for instance, the perceived demand for NRGI services and the difficulty of operating in a country. NRGI was then able to generate a final set of scores for each component that combined external data and staff survey responses.

The final country scores were produced under several scenarios in which overall scores were based upon different weightings of the components. The consistency of results across these scenarios was striking, with a very similar set of countries appearing at the top of each.

Limitations of the framework

There are a number of very apparent limitations to the framework and the precision of the results it produces. Most prominently the small range in the overall country scores mean that the first 30 ranked countries under Scenario A span between a score of 45 and 57. In turn this affects the selection of top-ranking countries as there is only a two point difference between countries ranked at place 15 and 20. Another limitation is that the emerging versus old producers indicator is based upon an incomplete list of prospective resource-exporting countries that does not take the scale of prospective production into account.

Making a final selection

The framework was developed as a tool which would complement, rather than replace, the expertise of NRGI staff, whose views ultimately carried the greatest weight in deciding the final set of priority countries for NRGI.

After the country scores were updated with the survey data, regional and program teams were requested to list those countries which they felt ought to be priority, limited engagement or "transition-to-exit" countries. These nominations served as the basis for a final round of deliberations during which NRGI considered the balance of the portfolio of countries, ensuring that there was a mix of prospective, emerging and established producers; geographic spread; various levels of risk in terms of potential for impact; and a range of governance challenges which would enable NRGI to make the most of its expertise.

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Country Prioritization Framework
Overall Country Score

27 Indicators

Does the country face the challenges that NRGI tries to address?
(How prominent is the resource curse?)

#	Indicator	Measure	Source
1	Resource dependence (the more dependent the more points)	Extractive resource exports to total exports	UNCTAD
2	Transparency in management of natural resource wealth (less transparent the more points)	Reporting practices	RGI reporting practices
2		Budget transparency	Open Budget Index
3	Accountability (the less inclusive the more points)	Voice and accountability	WGI voice and accountability indicators
4	Effectiveness of government institutions (the worse the gov. effectiveness the more points)	Government effectiveness	WGI government effectiveness
4		Economic management and structural policies	CPIA
5	Strength of Institutional and legal setting (the worse the rating the more the points)	Institutional and legal setting	RGI Institutional and legal setting component
5		Corruption	WGI control of corruption
9	Economic development (the less developed the more points)	GDP per capita	WB

Scale of Potential Impact
(If we succeeded, how big an impact can we have?)

#	Indicator	Measure	Source
1	Population (the greater the population the more points)	Total population	WB
2	Poverty (the greater the poverty the more points)	Human development	HDI
2		Poverty headcount ratio at 2$/day (relative measure)	WB
3	Inequality (the greater the inequality the more points)	Inequality	WB
4	Influence on commodity markets (the more influential the more points)	Global ranking by size of mineral/petroleum reserves	USGS U.S. EIA
5	Geopolitical influence/regional influence (the more influential the more points)	G20 member	G20 membership
5		GDP - relative to region	WB
5		Total population - relative to region	WB
5		NRGI staff expertise	NRGI staff survey
6	Natural resource rent	Rents to GDP	WB

Likelihood of Success
(How easy or difficult will it be to be successful in our work?)

#	Indicator	Measure	Source
1	Political stability and absence of violence (the more stability and absence of violence the more points)	Political stability and absence of violence	WGI political stability and absence of violence
2	Repression and authoritarianism (the less repressive more points)	Regime type	EIU Democracy Index
2		Civil liberties	Freedom House, Freedom in the World civil liberties indicator
3	Political feasibility of reform (more feasible more points)	Presence of reformers/change agents in public office	NRGI staff survey
3		Priority of natural resource governance issues to leadership	NRGI staff survey
4	Potential civil society partners (the greater potential the more points	Enabling environment	CIVICUS Enabling environment index
4		Existence of CSO partners	NRGI staff survey
5	New vs old producers (the newer the producer the more points)	Stage of production	IMF/USGS/BP Statistical Review
6	International receptiveness (more points for more engaged)	EITI participation	EITI
6		OGP participating countries	OGP
7	Level of corruption (once threshold is met, negative points allocated)	Below 25% on WGI control of corruption	WGI control of corruption

Cost of engagement for NRGI

#	Indicator	Measure	Source
1	Stability of security situation – operating risks (more points the more stable)	OSF high-risk list	OSF
1		State Department advisory	U.S. State Department
1		Risk rating	ISOS
2	Geographic challenge	Difficulty of travel	NRGI staff survey
3	Comparative advantage of NRGI to other int. actors	NRGI staff	NRGI staff survey
4	Cost of in country work	Financial cost of living - per diem rates	U.S. State Department
5	NRGI internal funding (greater financial engagement more points)	Restricted funding available	NRGI
5		Investment effort to date (2013)	NRGI
6	Attractiveness to donors (more funding more points)	Amount of ODA flows as percent of GDP	OECD DAC WB
7	NRGI presence	In country presence. Staff/office/partners	NRGI
8	Demand for NRGI services from stakeholders	Perceptions of demand from stakeholders for our work	NRGI staff survey

ACRONYMS

BP British Petroleum
CPIA Country Policy and Institutional Assessment (World Bank)
EIU Economic Intelligence Unit
EITI Extractive Industries Transparency Initiative
G20 Group of Twenty
HDI Human Development Index (United Nations Development Programme)
IMF International Monetary Fund
ISOS International SOS
ODA Official Development Assistance

OGP Open Government Partnership
OSF Open Society Foundation
OECD DAC Organization for Economic Co-operation and Development's Development Assistance Committee
USGS United States Geological Survey
US EIA United States Energy Information Administration
UNCTAD United Nations Conference on Trade and Development
RGI Resource Governance Index (Natural Resource Governance Institute)
WGI Worldwide Governance Indicators (World Bank)
WB World Bank