The World Bank's
Country Policy and
Institutional Assessment
An Evaluation Overview
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The goals of evaluation are to learn from experience, to provide an objective basis for assessing the results of the Bank Group’s work, and to provide accountability in the achievement of its objectives. It also improves Bank Group work by identifying and disseminating the lessons learned from experience and by framing recommendations drawn from evaluation findings.

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An Evaluation Overview
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This evaluation of the World Bank's Country Policy and Institutional Assessment (CPIA) was prepared by the Country Evaluation and Regional Relations division of the Independent Evaluation Group (IEG).

The evaluation was led by Helena Tang, the author of the report. Saubhik Deb carried out the statistical and econometric analyses for the report. Background papers were prepared by Julia Cave, Shailaja Fennel, Patrick Honohan, and Biaoqun Qiao. Inputs were provided by Carlo Paze, Rupa Ranganathan, and Dusan Vujovic. Production and logistical support was provided by Agnes Santos. Barbara Balaj copy edited the study for publication.

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Students building houses in Kathu township, South Africa. Photo by Trevor Samson/World Bank.
The Bank’s Country Policy and Institutional Assessment (CPIA) assesses the conductiveness of a country’s policy and institutional framework to poverty reduction, sustainable growth, and the effective use of development assistance. The CPIA enters the calculation of country performance ratings that, since 1980, have been used to allocate International Development Association (IDA) resources to eligible client countries. This evaluation was undertaken at the request of Board members to assess the appropriateness of the CPIA as a broad indicator of development effectiveness, and as a determinant of the allocation of IDA funds. As indicated in the Approach Paper, this evaluation reviews the effects of the CPIA ratings on IDA allocations but does not review the IDA allocation formula itself.

The evaluation finds that the CPIA content broadly reflects the determinants of economic growth and poverty reduction identified in the economics literature, but some criteria need to be revised (such as the trade criterion that places much greater emphasis on imports than exports) and streamlined, and one criterion (assessment of disadvantaged socioeconomic categories other than gender) added. The CPIA ratings also correlate well with ratings of similar indicators, and more so for International Bank for Reconstruction and Development (IBRD) than for IDA countries. In part, this could be caused by the CPIA exercise’s practice over the past several years of taking into account a country’s stage of development, which also means that the CPIA is no longer an index in the true sense of the word. It is difficult to establish an empirical link between the CPIA and economic growth outcomes, although CPIA ratings are found to be positively associated with aid effectiveness in the narrower sense—specifically, the performance of Bank loans.

The CPIA’s 16 criteria are grouped into four clusters—economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. These clusters are weighted equally to derive the overall CPIA rating. In contrast, the IDA allocation formula weights the clusters unevenly—the first three clusters are each given a weight of 8 percent, and the last cluster (the governance cluster) a weight of 68 percent and portfolio performance the remaining weight of 8 percent. The literature offers no evidence to justify any particular set of weights on the four clusters, whether in deriving the overall CPIA rating or in calculating the IDA allocation. Neither is there justification for why the clustering is as it is—having all social sectors combined with the environment in one cluster, for example. There is also insufficient evidence to conclude that the governance cluster associates better with Bank loan performance than the other three clusters.

The report lays out four recommendations: disclose ratings for International Bank for Reconstruction and Development countries; discontinue the “stage of development” adjustment to the ratings; review and revise the content and clustering of the criteria; and discontinue the current aggregation of the criteria into an overall index.

Vinod Thomas
Director-General, Evaluation
Young boy sitting by centuries-old cistern, Habaah, Republic of Yemen. Photo by Bill Lyons/World Bank.
Executive Summary

The World Bank's Country Policy and Institutional Assessment (CPIA) assesses the conductiveness of a country's policy and institutional framework to poverty reduction, sustainable growth, and the effective use of development assistance. It plays an important role in the country performance ratings that have been used for allocating resources from the International Development Association (IDA) to eligible countries since 1980.

The CPIA consists of 16 criteria grouped into four clusters—economic management (cluster A), structural policies (cluster B), policies for social inclusion and equity (cluster C), and public sector management and institutions (cluster D)—weighted equally to derive the overall CPIA rating (see Table 1). Since the beginning of fiscal 2009, IDA has made transparent the weights of the clusters used in the IDA allocation formula—24 percent on clusters A, B, and C combined and 68 percent on cluster D (the governance cluster), with the remaining 8 percent weighted on portfolio performance. In other words, the governance cluster has eight and a half times the weight of each of the other three clusters in the formula. This has also made transparent the weak link between the overall CPIA index and IDA allocations, with a country's governance performance (particularly relative to its performance in the other clusters) being more important in the latter.

The content of the CPIA broadly reflects the determinants of growth and poverty reduction identified in the economics literature (Table 2). However, some criteria need to be revised and streamlined and one criterion added. The literature offers no evidence to justify any particular set of weights on the four clusters used for IDA allocation, or the way the criteria are clustered (for example, having social sectors and environment in one cluster). The literature offers only mixed evidence regarding the relevance of the content of the CPIA for aid effectiveness broadly defined—that is, that it represents the policies and institutions important for aid to lead to growth. However, the CPIA is associated with aid effectiveness defined more narrowly as the better performance of World Bank loans. But there is insufficient evidence to conclude that the most heavily weighted CPIA cluster associates better with loan performance than the other three clusters.

The CPIA ratings are generally reliable and correlate well with similar indicators, but it is difficult to establish an empirical link between the CPIA and growth outcomes. Network reviewers' validation of ratings helps guard against potential biases in having Bank staff rate countries on which their work programs depend. The CPIA ratings correlate better with similar indicators for International Bank for Reconstruction and Development (IBRD) than for IDA countries. This correlation could in part be due to the fact that more information is available on IBRD countries, and in part because the CPIA ratings are meant to take into account the stage of development (which is more pertinent for IDA countries, and which means ratings for these countries are more subject to judgment than those for IBRD countries). This tendency is exacerbated by the different practices with respect to accounting for the stage of develop-
Table 1: CPIA Criteria 2004–08

<table>
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<tr>
<th>Structural Policies (0.25)</th>
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<th>Policies for Social Inclusion/Equity (0.25)</th>
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<td>Social Protection and Labor (0.05) (q10)</td>
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<td>Financial Sector (0.08) (q5)</td>
<td>Policies and Institutions for Environmental</td>
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<td>Business Regulatory Environment (0.08) (q6)</td>
<td>Sustainability (0.05) (q11)</td>
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<td>Public Sector</td>
<td>Property Rights and Rule-based Governance (0.05) (q12)</td>
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<td>Management and Institutions (0.25)</td>
<td>Quality of Budgetary and Financial Management (0.05) (q13)</td>
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<td>Efficiency of Revenue Mobilization (0.05) (q14)</td>
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<td>Quality of Public Administration (0.05) (q15)</td>
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<td>Transparency, Accountability and Corruption in the Public Sector (0.05) (q16)</td>
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Note: The "q" refers to the criterion number, and the number in parenthesis refers to the weight of that criterion in the overall rating.

Overview
This evaluation takes the premise that beyond informing IDA allocation, the CPIA is useful as a broad indicator of development effectiveness. It reviews the appropriateness of the CPIA as an indicator that assesses the conduciveness of a country’s policies and institutions to fostering poverty reduction, sustainable growth, and the effective use of development assistance. It assesses the relevance of the content of the CPIA through a review of the economics literature. It also assesses the reliability of CPIA ratings in two ways—through comparing CPIA ratings with similar indicators, and through reviewing the CPIA ratings generation process. Based on these assessments, the evaluation derives recommendations for enhancing the CPIA.

Relevance of CPIA
The contents of the CPIA are largely relevant for growth and poverty reduction. The CPIA criteria map well with the determinants—policies and institutions—if growth and poverty reduction identified in the literature. However, some criteria can be streamlined and one can be added. The assessment of certain criteria should be coordinated, and the content of all criteria reviewed (see recommendations).

The evidence is mixed regarding the relevance of the content of the CPIA for aid effectiveness as broadly defined in the literature—that is, that the criteria represent the policies and institutions that are important for aid to lead to growth. Much of the literature on aid effectiveness uses cross-country empirics to estimate the impact of aid on growth, with growth representing aid effectiveness. The review of the literature indicates that there is little consensus on the impact of aid on growth itself and on the conditions under which aid can have a positive impact on growth. Also, this evaluation could not estimate the impact of IDA assistance and CPIA rating on growth because the restructuring of the CPIA in 2004 has resulted in discontinuity in the CPIA series.

However, the CPIA is positively associated with aid effectiveness in a narrower
sense—that is, with respect to the performance of World Bank loans. Empirical analysis conducted for this evaluation finds that the ratings of the overall CPIA as well as those of the CPIA clusters are negatively associated with the share of problem loans that in turn is correlated with loan performance.

Empirical analysis indicates there is insufficient evidence from the data to conclude that the governance cluster (Cluster D) associates better with loan performance than the other three clusters. The new country performance rating (CPR) that is used for IDA allocations has made explicit the relative weights applied to the different clusters of the CPIA, that is, 8 percent on each of the CPIA clusters A, B, and C, and 68 percent on CPIA cluster D. Neither the literature review on the determinants of growth, poverty reduction and development effectiveness, nor the empirical analysis conducted by IEG, has provided evidence to justify these (or any other) specific weights.

Therefore, it can be surmised that the way in which the CPIA is currently being used for IDA allocation—that is with a large emphasis on cluster D—seems to be driven much more by fiduciary and possibly other concerns of donors than by the objectives of achieving sustained growth and poverty reduction.

The CPIA strives to allow for country specificity, although there are some pitfalls. An important aspect of country specificity is that different policies and institutions can
produce similar outcomes. The CPIA strives to provide for this aspect of country specificity in its instructions to staff that outcomes be taken into account when assessing policies and institutions. Indeed, outcome indicators are included in the assessment of certain CPIA criteria (for example, finance and gender), but they could also be added to other criteria, in particular trade.

The trade criterion does not adequately allow for country specificity. The way in which the trade criterion is specified does not allow for different approaches to trade liberalization that have proven successful in country experiences. The specification of particular tariff rates for different ratings reflects a one-size-fits-all approach to trade liberalization that is not supported by country experience. Revising this criterion by changing the way trade restrictiveness is assessed, and including an assessment of export performance as the outcome variable, would allow for more country specificity to be incorporated into this criterion.

The trade criterion also does not reflect the importance of complementary institutions for improving trade performance. Incorporating export performance in the assessment of the trade criterion would also reflect the evidence that integrating into the global economy—an important determinant of growth—requires integration on both the export and import fronts. Country experience further indicates that complementary factors—including trade facilitation—are also important for export growth and, in fact, more important than further tariff reduction once countries reach moderate tariff levels (which practically all countries currently have). Yet not only does the trade criterion of the CPIA focus mostly on the import side, but the much larger weight accorded to trade restrictiveness (two-thirds) than to trade facilitation (one-third) also does not give enough importance to complementary factors.

The in-depth literature review of the financial sector criterion reveals room for improvement. Although the criterion covers the dimensions along which finance is currently thought to be important—stability, depth and efficiency, and access—the relative weights of the three dimensions (which are currently equally weighted) could be revisited. This follows from the considerable evidence of a large impact of banking crises on output losses and on the national budget. At the same time, the evidence on microfinance is mixed. Further, there is a greater focus in this criterion on assessing intermediate outcomes rather than policies and institutions, in particular regarding the financial depth dimension. It would be useful to include policies and institutions for fostering an enabling environment for the financial sector, namely the legal, contractual, informational and governance framework. Also, the indicators for assessing financial stability can be strengthened.

The debate over the weighting scheme is not very relevant for the use of the CPIA as a broad index, although it is very relevant in its use in the Performance-Based Allocation (PBA) formula which is used for allocating IDA funds. With respect to the use of the CPIA as a broad index of policies and institutions, the debate over the weighting scheme is not very relevant given the high correlation between the ratings of the CPIA clusters. However, the weights applied to the different CPIA clusters do matter for the allocation of IDA funds.

These findings raise the question of the usefulness of aggregating the different CPIA clusters into an overall index according to any pre-determined weighting scheme. In the case of the CPIA as a broad index of development effectiveness, it does not allow for country specificity, which would imply different weights on the clusters depending on the initial conditions and the stage of development of the countries. In the case of the CPIA as an indicator for the allocation of IDA funds, the overall CPIA index is no longer used as such.

The effects of a larger weight on governance (compared to equal weights for each cluster) in the PBA are due to the governance rating, as well as to how different that rating is compared to ratings on
other clusters. In particular, for countries that have worse governance ratings than ratings on other clusters (which is the case with most IDA countries), some gain and others lose from the larger weight on governance in the PBA formula, depending on how much worse the ratio of their governance ratings to ratings on the other clusters is compared to other countries (see Figure 1).

The CPIA is missing an assessment of disadvantaged socioeconomic groups other than gender. Currently, only gender is being assessed with respect to equality. Yet country evidence indicates that social exclusion of other marginalized groups could have severe poverty and growth implications.

Important linkages among certain criteria are not reflected in the CPIA. Country evidence indicates that intersectoral labor mobility needs to be ensured before trade liberalization proceeds. Otherwise, trade liberalization could exacerbate poverty. Similarly, the assessment of fiscal policy (q2) and the quality of budgetary and financial management (q13) needs to go hand-in-hand so that the fiscal aspect of the country in its entirety is realistically captured.

Assessment or reporting of certain CPIA criteria can be streamlined or restructured. The current content of the criterion on the equity of public resource use is redundant. This does not mean that equity is not important. In fact, equity has been identified in the literature as one of the determinants of growth on which there is consensus. However, the measures identified in the literature as being important for equity—property rights, access to credit, access to education, gender equality and income transfers—are already covered by other CPIA criteria. The criterion is currently assessed on two fronts—the public expenditure and public revenues sides. The former is covered by other CPIA criteria, whereas the assessment of the latter requires incidence analysis of taxes, which is rarely done. As a result, Bank staff do not have enough information to meaningfully rate this subcomponent.

In addition, there are overlaps in the assessment of some criteria. Tax policy is an intrinsic part of

![Figure 1: Relationship between Changes in PBA and the Ratio of Cluster D Ratings to Ratings on Other Clusters for "Core IDA" Countries](image-url)
fiscal policy and can be assessed as part of fiscal policy rather than separately, as is the case now. Judicial independence is assessed in two different criteria and corruption in three different criteria of the governance cluster—all of which can be streamlined.

The assessment of the environment criterion is also onerous. It requires country teams to answer 85 questions to arrive at one rating.

The three economic management criteria—macroeconomic management, fiscal policy and debt policy—are conceptually not distinct from each other, and hence should be, and indeed are, assessed together. Yet separate scores are prepared and published for each of the three criteria (for IDA countries), which could lead to confusion.

Reliability of CPIA Ratings

The Bank has made efforts over time to improve the definition of the CPIA rating scale to enhance the reliability of the ratings. These efforts have been aimed at reducing staff discretion in providing ratings.

The CPIA ratings correlate relatively well with similar indicators in terms of relative rankings of countries and direction of change. For each of the 16 criteria, the rank correlation coefficients of CPIA ratings with similar indicators average between 0.7 and 0.8. Other indicators correlate better with the Bank’s CPIA ratings than with those of the African Development Bank (AFDB) and the Asian Development Bank (ABD), the closest comparators to the Bank as they use almost exactly the same CPIA guidelines (see table 3).

CPIA ratings correlate better with other indicators for IBRD than for IDA countries. This could be because more information is available on IBRD countries than on IDA countries, which increases the likelihood of different institutions having similar assessments on IBRD countries. This could also be because the Bank takes into account the stage of development when rating countries. This is more pertinent for IDA countries and entails judgment, which would likely make ratings for IDA countries less comparable with those by other institutions.

Accounting for the stage of development in the CPIA ratings is problematic. In addition to the judgment involved, accounting for the stage of development is also problematic because of the different practices employed across the Bank. None of the Regional reviewers and only some of the Network reviewers take the stage of development into account in their ratings. The Network reviewers who take the stage of development into account do it in a variety of ways—some by adjusting quantitative indicators with per capita incomes, and some by their own judgment. Further, accounting for the stage of development means that the CPIA is no longer an index in the true sense of the word.

The multi-step review process for the CPIA (see box 2), which gives the Networks responsibility for validating the ratings, helps to guard against potential biases in ratings, although there are exceptions. A major advantage and strength of the CPIA exercise is having well-informed staff professional judgment as the central determinant of the ratings. At the same time, however, having staff rate the countries on which their work programs depend could lead to rating biases.

Analysis of the 2007 review process indicates that for instances where the Networks challenged the Regions’ initial proposals of a rating increase from 2006, the Networks prevailed 73 percent of the time for IDA countries. They prevailed more often—86 percent of the time—for IBRD countries. (This could mean that the Regions have more supporting evidence for the ratings they proposed for IDA than for IBRD countries, or that the Regions put up a greater effort for IDA countries because IDA funds are involved). These instances made up only 6 percent of the ratings for IDA countries and 5 percent of the ratings for IBRD countries; hence, there does not seem to be a strong upward bias in ratings for either group of countries.
### Table 3: Rank Correlation Coefficients between CPIA Ratings and Comparator Ratings for 2007

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<tr>
<td>q10</td>
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<td>0.74</td>
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(continued on next page)
Table 3: Rank Correlation Coefficients between CPIA Ratings and Comparator Ratings for 2007  

<table>
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<tr>
<th>Rating</th>
<th>q11</th>
<th>q12</th>
<th>q13</th>
<th>q14</th>
<th>q15</th>
<th>q16</th>
<th>Average</th>
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<tr>
<td></td>
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<td></td>
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<td>0.76</td>
<td>0.76</td>
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</tbody>
</table>

Source: IIEG

Notes: The number of observations is presented in parentheses below the correlation coefficients. All correlations are for 2007 ratings except for the Ibrahim Index of African Governance (2006 ratings) and Environmental Sustainability Index (ESI) (2005 ratings). All coefficients are significant at the 1 percent level.

Notes: ADB = Asian Development Bank; AIDB = African Development Bank; AVG = average; DTI = Doing Business; ETI = Enabling Trade Index; GCI = Global Competitiveness Index; CRI = Country Risk Guide; WGI = World Governance Indicators.
Box 1: The Process of Preparing CPIA Ratings

The process begins with a benchmarking phase, which entails rating a small representative sample of countries drawn from all the regions (see chapter 1, "Other Changes in the CPIA"). This is followed by a roll-out phase, during which the rest of the countries are rated. Both phases entail a multistep procedure.

In the first step, the country teams generate a set of proposed ratings for their respective countries. This step is usually led by country economists with participation from sector specialists and country management.

In the second step, the Regional Chief Economist offices review and revise (as necessary) the ratings for the countries within the respective regions to ensure cross-country comparability within each region.

In the third step, the network anchors and other central units review the ratings at the Bank-wide (global) level to ensure cross-regional comparability of ratings.

The fourth step is somewhat different for the benchmarking versus the roll-out phase. For the benchmarking phase, the fourth step entails a meeting of representatives from Operations Policy and Country Services (OPCS), the regions, networks, and central departments to review the proposed ratings for all of the criteria and for all of the benchmark countries, after which the ratings are "frozen" and the roll-out phase proceeds. For the fourth step of the roll-out phase, most of the ratings are finalized through virtual communication because of the large number of countries involved. Meetings are only held to discuss the few cases that have not been resolved by virtual communication.

Both the Regional and Network reviewers pointed out the high degree of judgment involved in rating the criteria in the public sector management and institutions cluster (cluster D). This calls into further question the large weight this cluster has in the IDA allocation formula. All of the Regional reviewers who were asked the open-ended question of which criteria they find particularly difficult to rate gave cluster D as their response. One of the network reviewers for cluster D indicated that a lot of judgment was involved in most of the criteria in that cluster and pointed to the criterion on transparency, accountability, and corruption as an example.

Recommendations

Based on its findings, IEG has derived recommendations to Bank management to enhance the CPIA as an indicator of policies and institutions that are important for growth, poverty reduction (or welfare more broadly), and the effective use of development assistance.

Adoption of these recommendations could result in a discontinuity in the CPIA ratings, which Bank management has been trying to avoid. However, it is important that the CPIA reflect the latest thinking in development as well as lessons learned—both of which are stated intentions of the Bank. It would also provide the opportunity to address an issue that some Network reviewers have raised regarding the quality of the ratings for some criteria because of what they perceive as inflated baseline ratings from a few years ago. The recommendations are as follows:

First, disclose the ratings for IBRD countries. Disclosure is important for accountability and transparency and would further enhance the quality of the ratings.

Second, remove accounting for the stage of development from the CPIA exercise. If this cannot be done, at the very least it is important to clarify and justify in the guidelines which criteria should take into account the stage of development and how such adjustments should be made.

Third, undertake a thorough review of the CPIA criterion and revise as necessary. IEG recommends that the review entail an in-depth literature review for each criterion, and reflect the latest thinking on development and lessons.
learned. The review needs to take into account the balance between liberalization and regulation. The review should also examine whether the clustering of criteria is appropriate. In particular, it should examine the appropriateness of combining the social sectors with the environment, which limit the emphasis accorded to these aspects. Guideposts for assessing the criteria need to be reviewed at the same time.

The following points should also be taken into account in the review and revisions:

- **Revising the trade criterion.** A subcomponent on exports needs to be added that assesses export performance and policies and institutions to reduce anti-export bias (such as export rebate and duty drawback). This new subcomponent, and the existing subcomponent on trade restrictiveness and trade facilitation, need to all receive equal weights (that is, one-third weight each). The tariff rates in the trade restrictiveness subcomponent need to be revised to reflect country experience, that at moderate tariff levels (which almost all countries have), further tariff reduction is less important than complementary factors (such as macroeconomic stability and trade facilitation) for global integration.

- **Dropping or reformulating the criterion on equity of public resource use,** as its content is already covered by other CPIA criteria (specifically, property rights, access to education and to credit, income transfers) or information is lacking for an adequate assessment (specifically, the progressivity or regressivity of taxes).

- **Adding an assessment of other disadvantaged or marginalized socioeconomic groups to the CPIA.** This could either replace the criterion on equity of public resource use or be added to that criterion if it were to be reformulated.

- **Revising the financial sector criterion.** This needs to entail (i) revising of the weights for the three subcomponents—stability, depth and efficiency, and access—in light of the importance of financial stability as reflected by recent global evidence, and the mixed evidence on the importance of microfinance; (ii) adding assessment of policies, regulations, and institutions for fostering an enabling environment for the financial sector; and (iii) strengthening the assessment of financial stability.

- **Combining the assessment of tax policy with the assessment of fiscal policy.** That part of tax policy that assesses import tariffs is already being assessed in the trade criterion. The part on export rebate and duty drawback should be incorporated into the revised trade criterion.

- **Streamlining the assessment of judicial independence and the assessment of corruption in the public sector management and institutions cluster, as they are currently assessed in more than one criterion in this cluster.** Currently, judicial independence is assessed in both the criterion on property rights and governance (q12) and the criterion on transparency, accountability and corruption in the public sector (q16). Currently, corruption is assessed in the criteria on efficiency of revenue mobilization (q14), the quality of public administration (q15), and transparency, accountability and corruption in the public sector (q16).

- **Strengthening the assessment of the environment criterion (q11) and making the process more efficient.** Currently, staff are required to answer 85 questions for only one rating.

- **Reporting only one consolidated rating for the three economic management criteria to avoid confusion.**

**Fourth, consider not producing an overall CPIA index although continue to produce and publish the separate CPIA components.**

The overall CPIA index is not used such for the allocation of IDA funds. With respect to the broader use of the CPIA as an index of policies and institutions, country specificity implies that the appropriate weights of the different clusters could be different depending on a country's initial conditions and stage of development. Producing the different components of the CPIA without assigning weights to them to arrive at an aggregate index would allow for different weights to be applied according to country contexts and use.
Management Response

Introduction
Management welcomes the Independent Evaluation Group (IEG) report on the World Bank's Country Policy and Institutional Assessment (CPIA). In management's view the findings of the review include several useful insights that will contribute to further strengthen the CPIA. The report makes four recommendations:

- Disclose the ratings for International Bank for Reconstruction and Development (IBRD) countries.
- Remove accounting for the stage of development from the CPIA exercise, or, if this cannot be done, clarify and justify in the guidelines which criteria should be subject to the adjustments and how the adjustments should be made.
- Undertake a thorough review of the CPIA and revise the criteria as needed (the evaluation contains recommendations regarding a few specific criteria, such as trade and financial sector).
- Consider not producing an overall CPIA index although continuing to produce and publish the separate CPIA components. Except for the recommendation on disclosing the CPIA ratings for the IBRD countries, management broadly concurs with the recommendations emanating from this evaluation.

Relevance of the CPIA
The evaluation finds that the contents of the CPIA are largely relevant for growth and poverty reduction and that they map well with the policies and institutions that are identified in the literature as relevant for growth and poverty reduction. On the basis of a review of the literature, the IEG evaluation concludes that there is little consensus on the impact of aid on growth and poverty reduction and on the conditions, including the role of policies and institutions, under which aid can influence growth. The IEG evaluation finds, however, that the CPIA is associated with aid effectiveness in the narrower context of the performance of World Bank loans. Poor CPIA scores are correlated with the share of problem loans, which in turn is correlated with loan outcomes.

CPIA Criteria
The evaluation also contains recommendations on a few CPIA criteria, such as the criteria covering trade, financial sector, and equity of public resource use, which IEG finds could be streamlined and revisited. Management considers these recommendations useful and intends to use them to inform the next review of the CPIA. After assessing gaps in coverage, the IEG evaluation notes that the CPIA is missing an assessment of disadvantaged socioeconomic groups other than gender. Management intends to address this issue in the context of the CPIA review.

Reliability
The IEG evaluation notes the efforts the Bank has made over time to strengthen the CPIA and enhance the reliability of the scores. It finds that in terms of relative ranking and directions of change, the CPIA scores are correlated well with existing indicators, but it notes that the correlations are higher for IBRD than for International Development Association (IDA) countries. The report also analyzes the process used by the World Bank to generate the CPIA scores—a process in which the Regions put forward a set of proposals for country scores that are then subject to review by the networks and central departments. IEG finds that this internal review process gives the networks an important role in validating the scores, helping to prevent potential bias in the scores and to address possible conflicts of
interest. The review concluded that there is no strong evidence of upward bias for either the IDA or IBRD country scores. Management welcomes these findings and views them as useful inputs for further strengthening the CPIA process.

General Comments
Disclosure of IBRD Scores
The objective of the CPIA exercise is first and foremost to provide an assessment of country performance that will be used to determine IDA allocations. To underscore this point, by the suggestion of the Board, these scores are disclosed as the IDA Resource Allocation Index. IEG argues that disclosure of the IBRD scores is important from an accountability and transparency standpoint and will strengthen the ratings. The report neither elaborates on the argument nor discusses trade-offs. Accountability and transparency are important, but there are other issues to consider.

A major reason not to disclose the IBRD scores is the possible effect on market perceptions and credit ratings and associated financial consequences for the countries concerned. Moreover, the Bank would not want to be seen as a credit rating agency. Unlike the scores for IDA countries, the scores are not discussed or shared by Bank staff with their IBRD counterparts; the IBRD country scores do not play a role in lending decisions, and their confidentiality limits their use. They have been used internally in analytic work and by the Quality Assurance Group and IEG on portfolio-related issues. When the 2004 external panel reviewed the CPIA and discussed these issues, it leaned toward dropping the IBRD countries from the exercise. IEG notes (chapter 4) that the report recommendations are aimed at enhancing the CPIA beyond its use for IDA allocations, and that if the CPIA is viewed only in an IDA allocation context, the need to include IBRD countries can be questioned.

Management disagrees with the recommendation to disclose the IBRD scores and prefers restricting the coverage of the CPIA exercise to the IDA-only countries. In the context of the forthcoming CPIA review, management will analyze in more depth the value added and the costs of preparing CPIA scores for IBRD countries for internal Bank uses, as well as other relevant aspects. The conclusions of this work will inform management’s decision on how to go forward, namely regarding the coverage of the CPIA, and, if warranted, the consideration of alternative approaches to disclosure. In the meantime, the CPIA exercise will continue to cover the IBRD countries.

Accounting for Development Stage
The CPIA guidelines state that staff may need to take into account the size of the economy and its degree of sophistication in their assessments. The criteria were developed so that higher scores could be attained by a country that, given its stage of development, has a policy and institutional framework that fosters growth and poverty reduction. This approach recognizes that in many areas, countries cannot be judged by the same yardstick if they are at very different stages of development. Some of the policy objectives may be considered to be invariant to income—for example, the desirability of having a well-managed budget. But others depend, for example, on the sophistication of the financial system (expectations regarding regulatory capacity would be different for a high-income country than a low-income country) or on the degree of urbanization. Social protection in a largely urban, formal economy (unemployment insurance, pensions, and so on) is fundamentally different from the problem of protecting a poor rural subsistence economy from weather-related harvest shocks.

The report raises a number of concerns regarding the CPIA treatment of the stage of development. At the same time, the evaluation and the recommendations (including those concerning the revision of the financial sector criterion) recognize that stage of development considerations are important (appendix F, box 1). Unless this dimension is considered, some of the criteria scores may be linearly correlated with income—which is not the objective of the exercise. Controlling for a country’s stage of development seems necessary, as what constitutes good policy
in many of the areas covered by the CPIA is linked to stage of development as well as with country-specific characteristics. The report points out that accounting for the stage of development in the CPIA exercise may not always have been uniformly applied. It suggests that, if the approach continues to be used, the guidelines should clarify and provide the rationale for its use in specific criteria, showing how the adjustment should be carried out in determining the final scores. Management agrees with this recommendation and in the context of the review of the CPIA will revise the guidelines accordingly.

Review of the CPIA Criteria

Periodic reviews of the CPIA to update and refine the content of the criteria and the conduct of the exercise have been a mainstay of the CPIA’s history, and they should continue to remain so going forward. But these reviews should also be done at sufficient intervals so that the CPIA scores have some validity over time. Consensus on development thinking moves slowly. As the IEG report notes, these periodic reviews resulted in several breaks in the CPIA series, as some criteria were dropped, some were added, and some were revised. As the report notes, the last major revision took place in 2004, informed by the recommendations of an external panel that undertook an in-depth review of the CPIA.

The IEG report suggests that perhaps the time has come for Bank management to undertake a thorough review and revision of the CPIA. Management generally concurs with this suggestion and plans a revision of the CPIA, to be completed by the time IDA16 is launched. Management wishes to point out, however, several important considerations to take into account in planning the timing of the review. First, in revising the CPIA, it is important to balance making the instrument flexible enough to reflect new developments with maintaining some stability in the criteria that will allow for comparisons of scores over time. Revisions will create another break in CPIA series, and, as in 2004, there will be substantial cost in reworking the country scores and in explaining to the governments and external audiences the new criteria, the differences in relation to the previous criteria, and the rationale for the changes. Second, following the introduction of a new set of criteria, changes in some scores do not necessarily reflect a deterioration or improvement in performance, but result from the changes in the criteria. Because the scores are used for IDA allocations, the revisions of the criteria could result in aid volatility. And third, the CPIA criteria are used by other multilateral development banks, and management also intends to consult them throughout the process of revising the instrument. Management would add, however, with respect to the IEG report’s detailed recommendations on how some criteria could be revised, that it finds these suggestions useful and intends to use them to inform the next revision.

Caveats

Although management broadly agrees with the thrust of the findings of the IEG evaluation, it would like to point out that the report contains a few examples of statements—specifically, regarding the interpretation of some of the findings—that would have benefited from further elaboration or qualification. Overall, management agrees with most of the IEG findings and, with the exception noted above, accepts its recommendations. Management’s specific responses to the IEG recommendations are given in the Management Action Record.
Management Action Record

<table>
<thead>
<tr>
<th>Disclose ratings for International Bank for Reconstruction and Development (IBRD) countries.</th>
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<tbody>
<tr>
<td><strong>Disagree.</strong> The objective of the Country Policy and Institutional Assessment (CPIA) exercise is first and foremost to provide an assessment of country performance that will be used in determining International Development Association (IDA) allocations. IEG argues without elaboration that disclosure of the IBRD ratings is important for accountability and transparency and would further enhance the quality of the ratings. Whether &quot;disclosure&quot; will further the quality of the ratings is not self-evident. Accountability and transparency are important in their own right, but there are other issues to consider. A major reason not to disclose the ratings is the possible effect on market perceptions and credit ratings and the associated financial consequences for the countries concerned. IEG notes (chapter 4) that the report recommendations are aimed at enhancing the CPIA beyond its use for IDA allocations. It suggests that if the CPIA is viewed only in an IDA-allocation context, the need to rate IBRD countries can be questioned. Management disagrees with the recommendation to disclose the IBRD scores and prefers to limit the coverage of the CPIA to the IDA-eligible countries only. Given that the IBRD scores are used internally by the Bank, the forthcoming CPIA review will include a more in-depth analysis of the value added and the costs of preparing for internal uses CPIA scores for IBRD countries. The conclusions of this work will inform management’s decision on next steps. In the meantime, the CPIA exercise will continue to cover the IBRD countries.</td>
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<th>Remove accounting for the stage of development from the CPIA rating exercise.</th>
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<td><strong>Partially agreed.</strong> As the report notes (for example, chapter 2), there is relative consensus in the literature that there is no single recipe for growth and that country specificities, including the stage of development, need to be taken into account. Some of the policy objectives may be inapplicable to income (for example, desirability of well-managed budgets), but others are not (for example, expectations regarding regulatory capacity in low-income countries versus middle-income countries; social protection in a largely urban formal economy versus a poor rural subsistence economy). The IEG report suggests (the recommendations in the executive summary and chapter 4) that “accounting for the stage of development stage cannot be removed, then it is important to clarify in the guidelines which criteria should take into account the stage of development, what the rationale is for doing so, and how the adjustments should be made. Management agrees with this suggestion. Therefore, as part of the broad review of the CPIA (see below), the guidelines will be revised to clarify which criteria should be adjusted to account for stage of development and how the adjustment should be made.</td>
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<th>Undertake a thorough review of the CPIA and revise the criteria as necessary. This needs to entail a detailed review of the literature for each criterion and needs to reflect the latest thinking on development and lessons learned. It also needs to take into account the recommendations of IEG on specific changes to the criteria that were derived from the evaluation.</th>
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<tr>
<td><strong>Agreed.</strong> Periodic reviews of the content and methodology have been a feature of the evolution of the CPIA, and going forward they should continue to be. As the IEG evaluation recognizes, these reviews create discontinuities, as some criteria are added, dropped, or revised. The last major revision took place in 2003, informed by the recommendations of an external panel that undertook an in-depth review of the CPIA. Consensus on development thinking moves slowly, and revisions should be undertaken with sufficient intervals so that the CPIA scores have some consistency over time. From the standpoint of country relations and aid volatility, it is also important to avoid situations where changes in scores result from modifications in the criteria rather than from a deterioration or improvement in country performance. The CPIA is used by other multilateral development banks and an extensive consultation process would be necessary. The IEG evaluation found that, “perhaps the time has come…” for a thorough review of the CPIA (chapter 5). Management broadly agrees but underscores that such a review needs to be carefully planned and done in the context of IDA 18. The specific suggestions provided in the IEG evaluation will inform this review, to be completed by the time IDA 18 is launched.</td>
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(continued on next page)
Consider not producing an overall CPIA index although continue to produce and publish the separate CPIA components.

Agreed. Management will take this IEG recommendation into consideration in the context of the review of the CPIA mentioned above. IEG’s rationale for this recommendation is that producing the different components of the CPIA without assigning weights to them in order to arrive at an aggregate index would allow different weights to be applied according to country context and uses. In management’s view, in the absence of robust evidence as to what these weights should be, there is value in applying a uniform weighting scheme across all countries and producing an overall index that summarizes the information contained in the different criteria and provides a clear reference point. Moreover, because the scores for all the criteria are disclosed, nothing prevents the users from creating an alternative index based on their preferred set of weights. As part of the review of the CPIA, management will consider whether or not to produce an overall index.
Students in classroom, Turkey. Photo by Scott Wallace/World Bank
Comments by Jürgen Zattler on some of the recommendations
Deputy Director General, Federal Ministry of Economic Cooperation and Development, Germany

The Independent Evaluation Group (IEG) suggests removing accounting for the stages of development from the Country Policy and Institutional Assessment (CPIA) exercise:

- It is much more difficult for a small fragile state to account for all standards that CPIA demands than for India. Hence, there would be an unfair treatment for less developed countries to receive a fair allocation.
- Alternatively to accounting for stages of development by regional and network reviewers, there could be a more differentiated weighting of the various criteria. The most important criteria to fulfill for a least-developed country in fragility should be weighed higher. Hence, fragile states can achieve a higher rating quickly if they concentrate on the most urgent criteria first. This measure also provides an incentive system to sequence measures for development.

IEG recommends that it should be considered not to produce an overall CPIA index although continuing to produce and publish the separate CPIA components.

- If the separate clusters should be weighed individually according to the individual country situation then this would be in line with my proposal above to weigh criteria according to their importance for development.

IEG recommends a thorough review of CPIA and revise criteria if necessary. This I can fully support.

- Criterion 8 can be dropped or reformulated possibly measuring policies aimed at poverty reduction such as agriculture (as proposed in the review) or even infrastructure.
- Assessment of other marginalized socio-economic groups besides gender should be definitely integrated. in general, participation and minority protection could be integrated (possibly in the governance cluster)
- There should be a separation of social sectors and environment, possibly creating an own environmental cluster with more differentiated criteria, but with a reduced number of questions for the reviewers.

IEG suggests that there is no proof that the high weight of the governance cluster increases loan performance.

- Establishing good governance is one of the core and most difficult tasks for a fragile state or a least developed country and managing to do so could be specially rewarded by weighing the governance cluster higher.

IEG suggests the disclosure of CPIA ratings for International Bank for Reconstruction and Development (IBRD) countries to increase transparency. I support this.

- However, there might be many further issues where transparency and accountability can be better addressed (such as publishing the margin of error, increased use of external sources for double-checking). The review could have touched upon more issues.

We would like to emphasize our support for the contents of the articles in chapter 2 regarding revised trade and financial sector criterion.
Comments by K.Y. Amoako  
Executive Secretary, Economic Commission for Africa  
United Nations Under-Secretary General

The IFG report should provide a sound basis for streamlining the structure, criteria and indicators of the CPIA to enhance its alignment to the goals of economic growth, poverty reduction and development effectiveness. The report also provides the basis to discuss where to position the CPIA’s process and results in the World Bank’s toolkit for improving the effectiveness of its support for economic growth and poverty reduction.

The recommendations for changes in the criteria for trade to include exports and reduce the weight given to trade protection, and for the inclusion of agriculture as a criterion in the CPIA, are welcome. These are particularly germane for growth and poverty in Sub-Saharan Africa. On trade, indicators of export diversification and compliance with regional integration obligations would be useful. Indicators for the agriculture criterion should not only focus on public expenditures on agriculture, but should also seek to reflect progress in research and extension services, adoption of new technologies, strengthening land tenure, provision of credit to farmers as well as marketing, distribution and pricing issues.

Expanding micro-credit and developing microcredit institutions can help to enhance financial intermediation and to develop financial services and contribute to the deepening of the financial sector in general. Thus, the inconclusive evidence on the growth impact of microfinance notwithstanding, its place in the CPIA should be retained.

The over-arching nature of governance would justify the large over weighting. Besides for those countries with long periods of poor governance, the potential impact of improvements in governance may be large compared to other clusters. However, the indicators in the governance cluster, particularly in q15 and q16, may not be the most relevant indicators to assess progress in governance in low-income countries, particularly since governance challenges tend to be country specific. Furthermore, reliable information may not exist to make objective assessments, and staff of the World Bank may not possess the required skills/competences to make the right calls on these issues that require deep appreciation of the political economics. There is a need for more work on the governance to strengthen the relevance of governance indicators, identify gaps in information and take steps to close those gaps. Work in this area would gain from the use on national and regional governance experts that are close to the scene.

The recommendation that the Bank not produce an overall CPIA index, although continuing to produce and publish the separate CPIA component, is a good one. An aggregate index is not likely to be a basis for informed policy discussions and probably take away the focus on the component ratings, where debate and analysis would be most useful.

The report notes that “the strength of the CPIA ratings is Bank staff’s professional judgment.” thus the process through which the Bank harvests its considerable expertise for the CPIA is important. The evaluation report assumes that the process is fine. Nonetheless one may question whether the existing process, which could be viewed as overly bureaucratic, is best for tapping the expertise in the World Bank. Other related issues include the nature of consultations with governments and other informed stakeholders, support for economic and sector work and the quality of the statistical information base. For low-income countries, the Bank is the main source of economic and sector analysis and support for statistics development invariably depends on external assistance. Countries with a combinations of relevant World Bank staff with limited experience, limited recent economic and sector and lack of good statistics, may end up with unreliable CPIA ratings.

The CPIA is carried out every year. This could be too frequent as the policies, institutions and performance do not change that rapidly. Furthermore, the annual revisions of the International
Development Association (IDA) allocations cannot be helpful to country programming by the World Bank and budget planning by the governments. Although the CPIA does stimulate thinking about a range of development issues, it is not a substitute for detailed policy and institutional analysis that would help the countries make policy and build institutions. Is the CPIA crowding essential country work in the environment of constrained administrative budgets? In particular, there is the question of value addition of the CPIA for non-IDA countries and thus the need for CPIA for non-IDA countries.

Comments by Ravi Kanbur
T.H. Lee Professor of World Affairs and Economics
Cornell University

I welcome this report on the CPIA. It is a thorough assessment and it raises a number of important issues that Bank management needs to address. Moreover, given the key role played by the CPIA in the IDA allocation process, and in many analytical contributions to the development literature, the report’s assessments are of interest to the broader development community as well. By and large, I support the analysis and the recommendations of the report. However, in my comments I will highlight where I think the conclusions could have been much sharper.

I will structure my comments around the four principal recommendations of the report.

First, disclose the ratings for IBRD countries.

I agree. But the report could call for more transparency all round.

One suggestion is that all previous ratings, IBRD and IDA, in all previous years, should be made public. There is no reason why this cannot be done. This will allow analysts in general, and not just Bank researchers, to analyze the relationships between the different components of the CPIA and development performance. The debate will serve to strengthen the review of CPIA components that this report calls for (see below). I think the report should make this an explicit recommendation (or sub-recommendation) to get management’s response to it.

A second suggestion is that when the ratings are disclosed each year, the Bank should engage in a debate and discussion with local scholars and analysts on a country’s ratings. A group of us did this a couple of years ago in Ghana, with some surprising results—some local scholars thought the Bank was being too soft on some scores.

A more radical option is to bring in local expertise at the time of rating—perhaps in the form of a standing panel of distinguished country experts who can provide their inputs to the Bank country team.

Second, remove accounting for the stage of development from the CPIA exercise.

The central issue here is country specificity (see also my comments on the third recommendation below). The conceptual foundation of the CPIA is a cross-country econometric regression of a development outcome (usually growth but it could be a social indicator as well) against a number of “right hand side” (RHS) variables. It is these RHS variables that the CPIA clusters and categories are meant to be capturing. But in any regression there are points above and below the line. The question is, do these deviations contain information, or are the deviations purely random, with no information content whatsoever? The difficulty for a CPIA type exercise arises because we think that there is indeed information content in the deviations—that the “Bangladesh paradox” (how come a country with such poor governance ratings does so well on social indicators?) is indeed a paradox.

As noted in the report, the “stage of development” accounting is a way of trying to put back in country specificity. The intention is good but, as documented by the report, the way it is done is not. I support the recommendation to remove accounting for the stage of development as it is currently done, but this still leaves open...
the question of how country specificity is to be brought in to the assessment (see below).

**Third, undertake a thorough review of the CPIA and revise the criteria as necessary.**

I support this recommendation strongly. Indeed, after this major review I would suggest something like a cycle of three-year reviews. An alternative is to have a standing committee of external experts keep a watch on the CPIA process, with a major review every three to five years to incorporate new knowledge of the development process.

By and large I support the specific sub-recommendations under this category. However, I would like to highlight a point which, although it is present in the report, is not emphasized enough. This is the importance of bringing in actual outcome variables in the CPIA. I have argued elsewhere—("Reforming the Formula: A Modest Proposal for Introducing Development Outcomes in IDA Allocation Procedures", January, 2005. Revised version published in *Revue d'Économie du Développement*, 2005)—that bringing in the evolution of outcome variables is one way of factoring in country specificity that, for whatever reason, is not easily captured by the CPIA variables (think again of the Bangladesh paradox). As noted in the report, some outcome variables are already brought in to the CPIA assessment. The report itself argues for some more outcome variables, for example when it recommends "Revision of the trade criterion to include a subcomponent on exports that evaluates performance as well as policies and institutions."

My basic point is that the major review of the CPIA that is recommended in the report must explicitly address the question of systematic inclusion of outcome variables in the assessment, as part of an overall investigation of how country specificity is to be brought into the assessment, which itself is part of the fundamental question which the review must start with—"What observable variables are good predictors of development performance along the dimensions we are interested in?"

**Fourth, consider not producing an overall CPIA index although continuing to produce and publish the separate CPIA components.**

I support this recommendation. It will then render transparent how different uses, for example the IDA allocation process, weight the different components. It will allow researchers to try out different weights for different purposes and advance the development debate in that way. But (see my comments on the first recommendation), in order for the research and the debate to be comprehensive, the Bank should release all previous ratings, component by component, for all previous years.

To conclude, let me say again that I welcome this report and I trust Bank management will respond to it positively.
The Committee on Development Effectiveness (CODE) considered the report *The World Bank's Country Policy and Institutional Assessment (CPIA) - An Evaluation*, prepared by the Independent Evaluation Group (IEG), and the draft Management Response. A statement by the external advisory panel on the IEG report was distributed as background document for the meeting.

**Summary**

The Committee welcomed the timely discussion of the IEG report, which confirms the usefulness of CPIA as a broad indicator of development effectiveness. The Committee noted that the CPIA is not only being used for allocation of International Development Association (IDA) resources, but also for other purposes such as in the debt sustainability framework, for which an assessment on the impact of the CPIA review was requested. In this vein, there was an agreement that the purpose of the CODE discussion was not to address the use of CPIA in the Performance-Based Allocation formula for IDA.

The discussion focused on the four recommendations in the evaluation. Members and management broadly agreed with IEG’s findings on the content of the CPIA and the recommendation to review the individual CPIA criteria. There was extensive discussion about IEG recommendation to disclose International Bank for Reconstruction and Development (IBRD) ratings. Some members questioned the value added of disclosing CPIA for IBRD and stressed the importance of consultations with the countries being rated before further considering the matter. Others endorsed the recommendation and the benefits of disclosure for accountability and transparency, recognizing the complexity of this issue. There was general consensus that further review and consultations would be needed with a view to consider improving transparency over time.

Regarding “accounting for the stage of development” in the CPIA exercise, some members believed that this dimension should still be incorporated in CPIA and supported management’s proposal to clarify the relevant staff guidelines.

**Recommendations and Next Steps**

The Committee recommended to management the following:

The review of the CPIA should take into account the comments and suggestions raised at the meeting to enhance its quality. This would include reviewing the CPIA criteria as called for in the evaluation—for example, with respect to trade and finance, social and environmental components, and incorporation of criteria on disadvantaged groups.
in addition to gender, and engaging client countries. Next steps are:

- Management will undertake a thorough review of the CPIA in the context of IDA16
- IEG will disclose its report together with the Management Response and the Summary of CODE discussion.

Main Issues Discussed

Disclosure of IBRD Ratings. Differing views were expressed on this recommendation. Some speakers disagreed and recommended a more prudent and cautious approach to consider the value added of CPIA for IBRD countries. It was noted that the disclosure of CPIA for IDA countries was related to its use for the allocation of IDA resources that the CPIA did not play a role in determining IBRD lending envelopes, and that IBRD countries were not consulted on their CPIA. Others supported IEG recommendation to extend disclosure to IBRD countries in the spirit of transparency and accountability, suggesting that this may be done on a voluntary basis or for selected clusters of indicators, and always consulting the concerned countries before moving to disclosure. There was also a proposal to extend the indicator to industrialized countries. One speaker underscored that the CPIA is an indicator that tries to measure very different countries against a single benchmark.

Stage of Development. Some members agreed with management on the importance of clarifying the staff guidelines rather than removing the “accounting for the stage of development” in the CPIA exercise as recommended by IEG. Others pointed out the need to know the effect of removing the “accounting for the stage of development” on IDA allocations before endorsing the recommendation. One speaker stressed the need for CPIA to guide allocations in a fair, transparent, and effective manner. In this regard, members raised questions on how to synthesize effectively or prioritize specific issues such as governance, and how to strike a balance on “soft” versus “hard” macro issues. In particular, there was support for strengthening the “soft” indicators in the CPIA.

Review of CPIA. Members broadly encouraged management to undertake a thorough review of the CPIA and revise the content and criteria as recommended by IEG. In this regard, there were comments on the lack of agreement in the literature on the impact of aid assistance on growth and on the evidence to justify the large emphasis on governance; the need to avoid overlaps and further enhance the reliability of CPIA ratings; the linkage with Country Assistance Strategies and single country exposure framework; and disclosure of the CPIA methodology. Management indicated that the review of the CPIA will also analyze the issues of the value added and cost of preparing a CPIA for IBRD countries. The conclusion of this work will inform management’s decision on how to go forward.

Overall CPIA Index. There were different views expressed on the need to produce an overall CPIA index although continuing to produce and publish the separate CPIA component. Some speakers noted that it was inevitable to have one overall index.

Giovanni Magioni, Chairman
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