



**AFRICAN DEVELOPMENT BANK GROUP**

# **2015 COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT (CPIA)**

***Questionnaire***

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# THE COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT OF THE AFRICAN DEVELOPMENT BANK 2015 QUESTIONNAIRE AND GUIDELINES

## Introduction

The Country Policy and Institutional Assessment (CPIA) of the African Development Bank (AfDB) is a rating system designed to assess the performance of countries' policy and institutional frameworks in terms of their capacity to ensure the efficient utilization of scarce resources for achieving sustainable and inclusive growth. It is based on the scoring of 18 criteria<sup>1</sup> covering different aspects of development such as: economic and public sector management; structural policies; social inclusion and equity. The scores range between 1 (very weak) and 6 (very strong) and are revised every year.

In pursuit of the institutional objective of greater harmonization and consistency among MDBs, the AfDB CPIA questionnaire is aligned (but not identical) to that of the World Bank. The assignment of AfDB CPIA country scores is the solely responsibility of the African Development Bank.

This document includes the general content and the scoring guidelines for all CPIA criteria. It also explains the computation of the scores and provides information on the guideposts that should be used to support the scores. For any other information regarding the rating and review process of country evaluations, please refer to the 2015-2016 CPIA/AEO Manual for drafters.

## Structure of CPIA Country Evaluations

Following the combination of the CPIA with the African Economic Outlook (AEO) in 2011, the structure and sequence of the CPIA questionnaire have been streamlined and adapted to allow a better integration and complementarity with that of the AEO report. The current structure used in the CPIA Electronic Platform has three sections that encompass eighteen criteria of five CPIA clusters. See Table 1) The CPIA structure based on cluster classification could be consulted in Annex 1.

Table 1: Structure of CPIA Questionnaire

A. Macroeconomic Policies	B. Structural Policies and Regulation	C. Social Context and Human Development
1. Fiscal Policy	8. Business Regulatory Environment	15. Building Human Resources
2. Quality of Budgetary and Financial Management	9. Infrastructure Development	16. Social Protection and Labour
3. Efficiency of Revenue Mobilization	10. Property Rights and Rule Based Governance	17. Equity of Public Resource Use
4. Monetary Policy	11. Quality of Public Administration	18. Gender Equality
5. Trade Policy	12. Transparency, Accountability and Corruption in the Public Sector	
6. Regional Integration	13. Financial Sector Development	
7. Debt Policy	14. Environmental Policies and Regulations	

<sup>1</sup> As part of the ADF-13 Replenishment, the Performance Based Allocation (PBA) System has been adjusted to better adapt it to the specific circumstances of Africa and the AfDB's mandate. More specifically, a new cluster has been added to the CPIA questionnaire. The new cluster, called cluster encompasses two additional criterions split in five sub criterions or indicators.

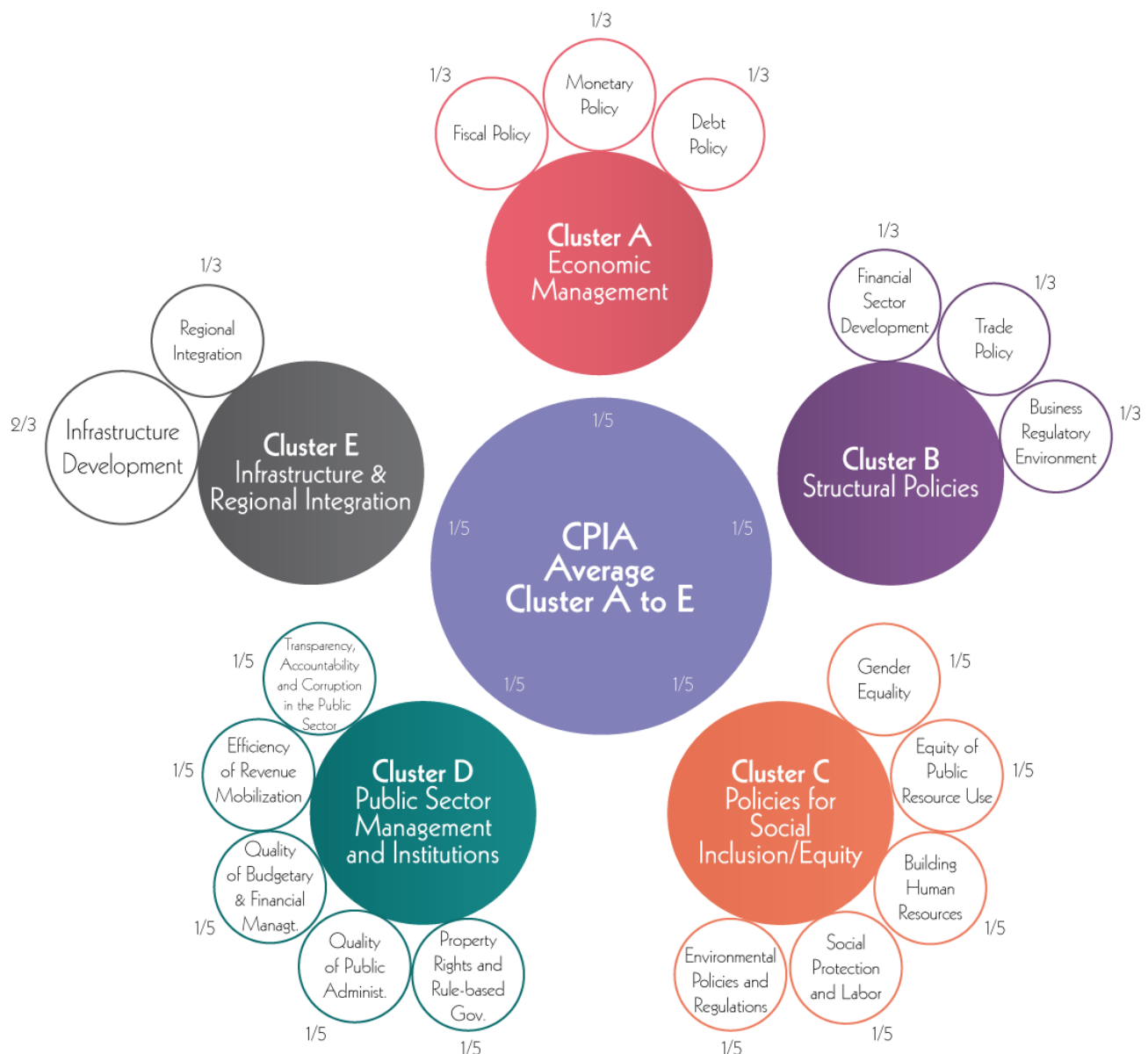
## Computation of Scores

For the purpose of the calculation of the PBA country allocations, three separated scores are derived from the CPIA questionnaire: the rating of the CPIA Clusters A, B and C, the CPIA Cluster D (Governance Rating) and the rating of Cluster E. The CPIA clusters A, B and C are made of 11 criteria, the Governance Rating on 5 and Cluster E on 2. The composition and weighting for each group of questions that serves for the calculation of the PBA country allocations are showed in Figure 1.

The overall score of the AfDB's CPIA is the simple average of the score of the five clusters; all the clusters have the same weight. For the purpose of comparison and to establish the harmonized list of Fragile States (together with the World Bank), the Bank also disclose a simple average of the rating of the four CPIA clusters A, B, C and D.

The CPIA scores, rankings and quintiles per country are disclosed by FRMB though the CPIA platform after the release of the PBA country allocations, generally between March and April each year.

**Figure 1: Computation of CPIA Scores**



## **Before you start**

Country evaluations must contain all the necessary information to support all country ratings (i.e. assume no prior knowledge of the country by the reader). This includes undertake analytical assessment, provides data information and bibliography/references and also meet the national counterpart to discuss and get updated information on the main institutional and policy reforms. The rationale behind each score should be precise and concrete as to make the whole report compelling. CPIA country evaluations are supposed to provide a diagnostic of the main issues and constraints affecting the institutional and policy performance of African Countries.

Ratings should derive from informed judgment on tangible results resulting from implementing policies over a sustained period of time rather than on promises and/or intentions. The rating scale allows for intermediate ratings such as 1.5; 2.5; 3.5; 4.5, 5.5 and 6.0. The rating scale applies for each criterion irrespective of the number of dimensions. For multi-dimensional criteria, an individual rating and rationale should be provided for each dimension and the overall score will be computed automatically by the CPIA Electronic Platform.

Since 2012, the CPIA country evaluations are drafted through an electronic platform. The CPIA platform is an on-line system designed to help designated AfDB Bank's staff (both drafters and reviewers) to undertake quality country evaluations on policies and institutions. It facilitate the coordination of the CPIA process, proposing secured, efficient and user-friendly web interfaces to facilitate the work process related to the drafting and the reviewing of CPIA evaluations and scores. In addition to the drafting of the CPIA country evaluations, the tool hosts a CPIA knowledge centre which provides quantitative and qualitative CPIA information, including the historical country, regional and continental CPIA scores.

Country evaluations must be updated every year. This is valid even if the score from the previous year is maintained. Maintaining a score (especially high ones) requires sustained government's commitment and action and well documented sources of information. By the same token, strong justification and rationale must be provided for any modification in the score. The use of quantitative and qualitative indicators and consultation with relevant local institutions is required. Stronger level of justification and evidence is expected to support improvements at higher levels of the scale (i.e. moving from 4.5 to 5 should be more difficult than moving from 2 to 2.5). Same rationale applies for maintaining a score (i.e. maintaining a score of 5 should be more difficult that maintaining a score of 2).

Reference to events that occurred before 2013 or 2012 should be accompanied by a follow-up and as much as possible should be sourced. For example if a law went to Parliament in 2010 you are expected to provide information on the final outcome of that process (i.e. approved or not, level of implementation, etc.).

Each criterion and sub-criterion has its own set of rating guidelines which broadly characterizes the level of performance associated with each score. The criteria were developed to ensure that their contents are not influenced by the level of development in the country. Special attention was paid to ensure that higher scores do not set unduly demanding standards and can be attained by a country that, given its stage of development, has a policy and institutional framework that strongly fosters growth and poverty reduction. Yet, staff may need to take into account the size of the economy and its degree of sophistication in applying the rating guidelines.

Each criterion includes suggested guideposts to assist country teams in determining country scores. Guideposts have been extended to include country specific information. Since country specific information is only relevant for a given country, it is not included in Annex 1 of this document. Drafters and reviewers will be able to have access to country specific guidepost in the CPIA platform. However, guideposts are indicative information and country economists or any other drafter are the ultimate responsible for the information they provide in the CPIA evaluation. Therefore, they should confirm with authorities the relevance and trustiness of the any information used to evaluate country's performance in policies and institutions. Most of the available data (e.g., macroeconomic data and social indicators)

refer to “*outcomes*”. Policies and institutions are seen as “*inputs*”—as elements that are essentially under the country’s control. “*Outcomes*”, on the other hand, can be affected by external factors beyond the country’s influence. Staff should use outcome indicators to analyse the effectiveness of the relevant policies and institutions, and for comparisons among countries.

All ratings for ADF countries are immediately disclosed after the exercise, and can be scrutinized by any third party. Country ratings of ADB countries are disclosed only one year after the finalization of the exercise. All country evaluations remain confidential to the external public. Since 2014, they will be accessible to professional Bank’s staff only as to contribute to policy dialogue and be used as working document for the preparation of Bank’s documents (including Country strategy Papers and Regional Integration Strategy Papers).

### General content and scoring guidelines

Note: this section follows the sequence showed in Table 1 which is the same used in the CPIA Electronic Platform.

## A. MACROECONOMIC POLICIES

The analysis in this section should show how the macroeconomic policy stance has performed in 2015, providing rationale and support for scores in seven criteria: i) Fiscal Policy; ii) Quality of Budgetary and Financial Management; iii) Efficiency of Revenue Mobilization; iv) Monetary Policy; v) Trade Policy; vi) Regional Integration; and vi) Debt Policy.

### 1. Fiscal Policy

This CPIA criterion covers the extent to which: (a) the primary balance is managed to ensure sustainability of the public finances; (b) public expenditure/revenue can be adjusted to absorb shocks if necessary; and (c) the provision of public goods, including infrastructure, is consistent with medium-term growth. Sustainability also refers to off-budget government spending and contingent liabilities.

Score	Guidelines
1	For 2 years or more fiscal policy has contributed to macroeconomic imbalances (high inflation, crowding out of private investment, and unsustainable current account deficits or unsustainable public debt). Public expenditures and revenues have been inflexible to adapt to shocks. The provision of public goods has been greatly insufficient to support medium-term growth.
2	Fiscal balance is likely to lead (or is already leading) to macroeconomic imbalances. The primary balance is insufficient to halt the increase of the ratio public debt to GDP; public expenditure and revenues are rigid to adapt to shocks without jeopardizing the quality and quantity of public goods produced; and the provision of public goods is insufficient to support medium-term growth.
3	Sporadic efforts to address macroeconomic imbalances through fiscal policy, but not maintained consistently, or implemented through ad-hoc or temporary measures that cannot be maintained (i.e., unrealistic cuts in real wages, or cuts in public investment with high long-term run returns). Public expenditure and revenue rigidities and/or delayed response result in frequent departures from the programmed balance when unexpected shocks occur. The provision of public goods in some areas is insufficient to support medium-term growth.
4	Fiscal policy is consistent with macroeconomic stability and debt sustainability, but there are occasional slippages. Fiscal balance is sometimes reached at the expense of public goods provision. Fiscal policy response to shocks is reasonably rapid. The quality of public goods provision is in many areas sufficient to support growth most of the time.
5	Fiscal policies are consistent with macroeconomic stability. Fiscal balance can be financed in a non-inflationary way and is consistent with adequate credit for the private sector and a sustainable path of public debt. Public expenditures and revenues are flexible to adapt to shocks, and the provision of public

	goods is adequate to support growth.
6	Fiscal policy has been supporting, for 3 years or more, macroeconomic stability. The primary surplus has been managed to maintain a stable and low ratio public debt to GDP; public expenditure and revenues have adjusted to shocks without jeopardizing the quality and quantity of public goods produced; provision of public goods has been adequate to support medium-term growth.

## 2. Quality of Budgetary and Financial Management

This criterion assesses the extent to which there is: (a) a comprehensive and credible budget, linked to policy priorities, which in turn are linked to a poverty reduction strategy; (b) effective financial management systems to ensure that incurred expenditures are consistent with the approved budget, that budgeted revenues are achieved, and that aggregate fiscal control is maintained; (c) timely and accurate fiscal reporting, including timely and audited public accounts and effective arrangements for follow up; and (d) clear and balanced assignment of expenditures and revenues to each level of government. Each of these four dimensions should be rated separately. For the overall rating for this criterion, these four dimensions receive equal weighting. In countries without local governments with significant budgets, the fourth dimension should not be rated.

Score		Guidelines
1	a	If there is a budget, it is not a meaningful instrument, nor an indicator of policies or tool for allocation of public resources. More than 50 percent of public resources from all sources do not flow through the budget
	b	There is practically no monitoring and reporting of public expenditures. There is no reconciliation of cash accounts with fiscal accounts. No regular, in-year fiscal reports are produced.
	c	Public accounts are seldom prepared, or are more than five years out of date. The use of public resources is not on the public agenda
	d	There is no information on revenues and expenditures at different levels of government. If at all, revenues and expenditures are assigned to different levels of government only on an ad hoc basis.
2	a	The budget is formulated without consultation with spending ministries. There is no discernible link with government policies or priorities, including poverty reduction. Significant fiscal operations (e.g., extra-budgetary expenditures, donor funded projects, and contingent liabilities of 25-50 percent of total spending by value) are excluded from the budget
	b	There is no adequate system of budget reporting and monitoring, and no consistent classification system. There are significant payments arrears, and actual expenditures often deviate significantly from the amounts budgeted (e.g., by more than 30 percent overall or on many broad budget categories).
	c	There are significant delays (more than three years) in the preparation of the public accounts. The accounts are not (professionally) audited or submitted to the legislature in a timely way, and no actions are taken on budget reports and audit findings.
	d	There is no clear assignment of revenues and expenditures between different levels of government and there is a significant mismatch of revenues and expenditures at each level.
3	a	Policies or priorities that may focus on poverty reduction are explicit, but are not linked to the budget. There is no forward looking in the budget. The budget is formulated in consultation with spending ministries. A significant amount of funds controlled by the executive is outside the budget (e.g., 10-25 percent), a number of donor activities bypass the budget, and there is no analysis of contingent liabilities.
	b	The budget classification system does not provide an adequate picture of general government activities, and budget monitoring and control systems are inadequate. Payment arrears are a problem, and expenditures deviate from the amounts budgeted by more than 20 percent overall, or on many broad budget categories.
	c	There are significant delays (more than two years) in the preparation of public accounts. Accounts are not audited in a timely and adequate way, and few if any actions are taken on budget reports and audit findings
	d	The assignment of revenues and expenditures between different levels of government is vague and there is a mismatch of revenues and expenditures.
4	a	Policies and priorities that focus on poverty reduction are broadly reflected in the budget. Some elements of forward budget planning are in place. The budget is prepared in consultation with spending ministries.

	b	The budget classification system is comprehensive, but different from international standards. There are no significant extra-budgetary funds and nearly all donor funds are reported in the budget, but there is little analysis of contingent liabilities. Budget monitoring and control systems exist, but there are some deficiencies. Actual expenditures deviate from the amounts budgeted by more than 10 percent on many broad budget categories.
	c	There are delays (more than one year) in preparation of the public accounts. The accounts are audited in a timely and professional manner, but few meaningful actions are taken on budget reports or audit findings.
	d	The assignment of revenues and expenditures between different levels of government is clear, but there is still some mismatch of revenues and expenditures.
5	a	Policies and priorities focus on poverty reduction and are linked to the budget. The budget is formulated through systematic consultations with spending ministries and the legislature.
	b	The budget classification system is comprehensive. Budget monitoring occurs throughout the year based on well-functioning management information systems. The budget is implemented as planned, and actual expenditures deviate only slightly from planned levels (e.g., by less than 10 percent on most broad categories).
	c	The public accounts are prepared on a timely basis. The accounts are audited and submitted to the legislature in a timely way, and appropriate action is taken on budget reports and audit findings.
	d	The assignment of revenues between different levels of government is clear and there is a good match of revenues and expenditures at each level of government.
6		Criteria for “5” on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

### 3. Efficiency of Revenue Mobilization

When assessing CPIA rating in Efficiency of Revenue Mobilization, the focus should be not only on the tax structure as it exists on paper, but also actual revenue collection. Separate sub-ratings should be provided for (a) tax policy and; (b) tax administration. For the overall rating, these two dimensions receive equal weighting.

Score	Guidelines	
1	a	Tax base is extremely narrow with many open-ended exemptions. Most tax revenues are collected from foreign trade and other distortionary taxes. There are high, multiple, and widely ranged import tariffs, which change frequently or are applied in a highly discretionary manner. Little is collected from income taxes.
	b	Tax administration is extremely weak, with very low collection rates. It is organized by type of tax and business processes have not been reviewed and reformed. Computerization is limited to very basic functions. Many taxpayers must make several or more personal visits to tax offices. Corruption is endemic among tax and customs officials.
2	a	Tax system is poorly designed, with a narrow base and many open-ended exemptions. Taxes on foreign trade, turnover taxes and other distortionary taxes are the dominant source of revenue. There are high and multiple import tariffs. Both company and personal income taxes have high rates on a very narrow base and generate little revenue.
	b	Tax administration is weak due to complex laws, poor information systems, corruption, weak capacity and political interference. Collection rates are low. Tax obligations are negotiable rather than rule-based. Appeals and other dispute resolution mechanisms have not been developed.
3	a	Taxes on trade are the dominant source of revenue; turnover and other distortionary taxes and levies remain. Consumption based taxes (e.g., a VAT) are planned or in limited use. Import tariffs are moderate, but there are too many rates. Income tax base is narrow and the rate structure is only partly rationalized.
	b	Tax administration is weak, but tax laws are not inordinately complex, and information systems are functioning (e.g., unique taxpayer identification numbers used). Corruption exists, but there are efforts to improve integrity as well as capacity.
4	a	A significant amount of revenue is being generated by low-distortion taxes such as retail sales/VAT, property, etc. VAT has not been fully operational to include activities at the retail stage. Non-trivial amounts of revenue are generated from company and personal income taxes. Tax base is broad and



		exemptions are moderate and made time-bound, especially for promotion schemes. Trade taxes have few and low rates.
	b	Tax administration is solid, cost of revenue generation has been reduced and there are relatively few cases of corruption and political interference. Eligibility for preferential rates and exemptions is largely transparent.
5	a	The bulk of revenues are generated by low-distortion taxes such as sales/VAT, property, etc. Import tariffs are low and relatively uniform, and export rebate or duty drawback are functional. There is a single statutory corporate tax rate comparable to the maximum personal income tax rate. Tax base for major taxes is broad and free of arbitrary exemptions.
	b	Tax administration is effective, and entirely rule-based. Administrative and compliance costs are low. A taxpayer service and information program, and an efficient and effective appeals mechanism, have been established.
6		Criteria for “5” on both sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

#### 4. Monetary Policy

This criterion assesses the trends and policies regarding inflation, as well as the policy tools used to control it. Where relevant, the situation of Franc-zone countries vis-à-vis the convergence criteria of the regional central banks should also be discussed.

Score	Guidelines
1	For 2 years or more, aggregate demand policies have generated macroeconomic imbalances and raised the risk of (or led to) balance of payment crisis; monetary/exchange rate policies have not been oriented towards price stability; and public spending has been crowding out private sector investment.
2	Aggregate demand policies are inconsistent with macroeconomic stability. Monetary and exchange rate policies do not ensure price stability; and there is significant private sector investment crowding out. Policy framework is inadequate to mitigate the effects of external/internal shocks.
3	Sporadic or partial attempts to address macroeconomic imbalances (e.g., pursue price stability, reduce current account deficits, mitigate the effects of external shocks, and avoid crowding out). In many cases the set of policies pursued are not fully consistent.
4	Aggregate demand policies pursue external and internal balances. Monetary/exchange rate policies pursue price stability; and expenditure policy intends to avoid crowding out. Policy inconsistencies or slippages, however, sometimes undermine the achievement of these objectives.
5	Aggregate demand policies pursue external and internal balances. Rapid and flexible policy response mitigates the effects of external or internal shocks. Monetary/exchange rate policies clearly target price stability, and public spending does not crowd out private investment.
6	For 3 years or more aggregate demand policies have maintained external and internal balance and built adequate safeguards against external/internal shocks. Monetary/exchange rate policies have maintained price stability, and public spending has not crowded out private investment

#### 5. Trade Policy

This criterion is divided in two parts. The first part seeks to measure the extent to which a country supports regional organizations and its commitment to economic cooperation and regional integration initiatives. The second part focuses on trade and covers two areas: (a) trade regime restrictiveness focusing on the height of tariffs barriers, the extent to which non-tariff barriers (NTBs) are used, and the transparency and predictability of the trade regime; and (b) customs and trade facilitation, including the extent to which the customs service is free of corruption, relies on risk management, processes duty collections and refunds promptly, and operates transparently. The overall score is the

simple average of the economic cooperation and the trade component. The score for trade is a weighted average of the scores for the two components: (a) trade restrictiveness (0.75) and (b) customs/trade facilitation (0.25).

Score	Guidelines	
1.1	Has signed and ratified less than 25% of protocols and agreements of key regional economic integration and cooperation institutions. Non-existence of a mechanism and policies for addressing regional integration and co-operation. No allocation of government resources for existing regional economic integration projects/programme for two years or more.	
1.2	a	Average tariff above 25 percent; many rates above 50 percent; no use of tariff bands. Internal taxation (e.g., VAT, excises, sales tax, withholding procedures, etc.) discriminates heavily against imports. NTBs (e.g., anti-dumping, protectionist technical standards, price controls, trade monopolies, tariff rate quotas) routinely used to limit trade. Administrative measures are non-transparent, discretionary, and discriminatory. Tariff setting process is unpredictable, favours specific firms, and is not transparent. Many export taxes at high tax rates.
	b	Corruption and arbitrary decisions are endemic. Total reliance on physical examination for control of imported goods. Import and export documentation and procedures are manual and paper-based. Poor processing of duty and tax collections; refunds rarely paid. Customs procedures are not documented. Mechanisms for appealing customs decisions do not work.
2.1	Has signed and ratified between 25-50% of protocols and agreements of key regional economic integration and cooperation institutions. Non-existence of a mechanism and policies for addressing regional integration and co-operation issues. Limited allocation of government resources for existing regional economic integration projects/ programs.	
2.2	a	Average tariff below 25 percent; many rates above 40 percent; more than 5 tariff bands. Discriminatory internal taxes used as trade policy tool. Widespread use of NTBs, especially trade monopolies and quantitative restrictions. Administrative measures are documented, but are discriminatory and discretionary. Tariff rates are adjusted frequently and not transparently; concessions and exemptions are often given to specific firms. Many export taxes, often at high rates.
	b	Widespread perception of corruption. Heavy reliance on high levels of physical examination of goods. Documentation on trade goods paper-based, but supported by information technology (IT) for duty assessment and statistical purposes. Collection of duties, taxes, and payment of refunds routinely slow and cumbersome. Published laws, regulations, and procedures are incomplete, outdated, and cumbersome. Formal mechanisms in place for appealing customs decisions, but are difficult to use.
3.1	Has signed and ratified between 50-75% of protocols and agreements of key regional economic integration and cooperation institutions. Partially effective mechanism for addressing regional integration issues. Insufficient allocation of government resources to existing regional economic integration projects and programmes. Any arrears on multinational projects are temporary and due to administrative reasons.	
3.2	a	Average tariff below 20 percent; 5 or fewer bands, maximum band at 30 percent tariff. Few cases of discriminatory internal taxation. Common use of NTBs, applied transparently and on most favoured nation (MFN) status basis, but not automatically. Tariff rates are adjusted more than once a year, but through a transparent process. Few export taxes.
	b	Allegations of corruption are frequent. Decisions on level of documentary/physical examination based partially on risk assessment. IT employed for processing of declarations, duty assessment and control of transit goods. Collection of duties, taxes, and payment of refunds often slow and cumbersome. Laws, regulations, and guidelines published; procedures need to be simplified and rationalized. Formal mechanisms for appealing customs decisions work erratically and slowly.
4.1	Has signed and ratified between 75-90% of protocols and agreements of key regional economic integration and cooperation institutions. Well-functioning regional integration mechanism. Adequate allocation of government resources for regional economic integration projects and programmes. Existence of an effective focal point for regional economic integration. No arrears on multinational projects for at least nine months.	
4.2	a	Average tariff below 16 percent; 4 or fewer tariff bands, maximum band at 25 percent tariff rate. Exceptional and temporary cases of discriminatory internal taxation. NTBs, such as standards, are limited

		to a relatively few sensitive goods, but are transparent and non-discretionary. Tariff rates are adjusted no more than annually, through a transparent process. No export taxes.
	b	Limited allegations of corruption in customs administration. Risk management guides most decision-making. Reliance on IT for processing of declarations, duty assessment, control of transit goods. Manifest information transmitted to customs electronically. Facility exists for Direct Trader input of import/export declarations. Collections and refunds processed relatively quickly and at low cost. Laws, regulations and guidelines are published; attempts made to simplify and rationalize procedures. Formal mechanisms established for appealing customs decisions.
5.1		Has signed and ratified over 90% of protocols and agreements of key regional economic integration and cooperation institutions, and has implemented such agreed upon protocols, agreements, policies, programmes and projects, and the mechanisms for their implementation are efficient making discernible progress towards policy harmonization with countries in the region. No arrears on multinational projects for at least the last one year.
5.2	a	Average tariff below 12 percent; 3 or fewer tariff bands, maximum band at 20 percent tariff rate. Internal taxes do not discriminate between imported and local products. NTBs are used infrequently and in a transparent and non-discriminatory manner. Tariff rates rarely change other than through negotiated trade agreements.
	b	Customs has reputation for professionalism; few instances of corruption. Risk management used as main basis for decisions on treatment of import and export consignments. Low level of physical examinations. Extensive use of IT. Facility exists for direct trader input of import/export declarations and payment of duty and taxes. Usually speedy and complete processing of collections and refunds. Laws, regulations, and guidelines are published, simplified, and rationalized. Speedy resolution of appeals against customs decisions
6.1		For at least the last 3 years, the government has efficiently implemented regional policies, programmes and projects and the mechanisms for their implementation have been efficient. Has significantly harmonized fiscal and monetary policies with regional member countries. No arrears on multinational projects for at least the last 3 years.
6.2	a	Average tariff rate less than 7 percent; maximum tariff rate 15 percent. No internal tax discrimination. Little or no use of protectionist NTBs. Tariff rates rarely change other than through negotiated trade agreements.
	b	Customs has sound reputation for professionalism and integrity. Risk management extensively used. Very low level of physical examinations. Approaching paperless trading environment. Laws, regulations, and guidelines are published, simplified, and rationalized. Speedy resolution of appeals against customs decisions; rapid processing of duties, taxes, and refunds.

## 6. Regional Integration

This section provides complementary analyses on regional integration and economic cooperation<sup>2</sup> by assessing government's actions and efforts to: (i) promote free movement of persons and labour and easy right of establishment; and (ii) contribute to regional financial integration.

### *a) Movement of persons and labour and right of establishment*

This criterion refers to the level of implementation by countries of protocols regarding free movement of persons and labour within RECs. This includes, among others, the adoption of common means of identification at the regional level, the easing of visa requirements and the extent to which the country facilitates issuance of a resident card. The efficiency of national immigration offices at border posts/airports with the required human and institutional capacities should also be assessed.

Score	Guidelines
1	None of the existing regional agreements (e.g. conventions, treaties, protocols, etc.) regarding free movement of persons and labour within the REC (that the country is a membership) have been signed nor ratified. Free movement of persons and labour from other member of the REC is constrained by costly and

<sup>2</sup> Cluster B, criteria number 4 of the CPIA.

	discriminatory administrative and immigration procedures. This is the case for instance for the issuance of entry visa and residence cards. There are many delays in implementing concrete measures to facilitate movement of persons and labour, including the lack of common means of identification at the regional level (e.g. regional passports) and the non-establishment of efficient immigration offices at border posts/airports with the required human and organizational capacities.
2	At least 25 percent of the existing regional agreements(e.g. conventions, treaties, protocols, etc.) regarding free movement of persons and labour within the REC (that the country is a membership) have been signed and ratified but their transposition into the national legislation/regulations experiences significant delays. There is no local capacity to implement those regional agreements. Generally the renewal of resident cards is not burdensome but remains costly. The issuance of entry visa is constrained by costly and discriminatory administrative and immigration procedures. A national file for residents from other member of the REC exists but is not computerized and it is not regularly updated. There are many delays in implementing concrete measures to facilitate the movement of persons and labour, including the lack of common means of identification at the regional level (e.g. regional passports) and the non-establishment of efficient immigration offices at border posts/airports with the required human and organizational capacities.
3	The country has signed and ratified at least 50 percent of the existing regional agreements (e.g. conventions, treaties, protocols, etc.) on free movement of persons and labour within the REC (that the country is a membership) but transposition into the national legislation/regulations is not fully achieved. National institutions in charge of implementing those regional agreements face human, institutional and financial constraints to fulfill their mandate. Bureaucratic administrative and immigration procedures related to movement of persons and labour prevail as well as discriminatory treatment. Generally the renewal of resident cards is not burdensome but remains costly. A national file for residents from other member of the REC exists but is not computerized and it is not regularly updated. Measures to facilitate movement of persons and labour -such as issuance of common means of identification at the regional level (e.g. regional passports), easing of visa requirement and the establishment of efficient immigration offices at border posts/airports with the required human and organizational capacities- are partially applied.
4	The country has signed and ratified most of (above 75 percent) the existing regional agreements (e.g. conventions, treaties, protocols, etc.) on free movement of persons and labour within the REC (that the country is a membership) and the necessary actions have been taken to harmonize the national legislation/regulations to its implementation. However, national institutions in charge of implementing those regional agreements face human, institutional and financial constraints to fulfill their mandate. Most of the administrative and immigration procedures related to movement of persons and labour have been lightened (including renewal of resident cards) but several discriminatory treatments prevail. A computerized national file for residents from other member of the REC exists but its maintenance is not regular. Measures to facilitate movement of persons and labour are applied, including the issuance of common means of identification at the regional level (e.g. regional passports), easing of visa requirement and the establishment of efficient immigration offices at border posts/airports with the required human and organizational capacities.
5	The country has signed and ratified all the existing regional agreements (e.g. conventions, treaties, protocols, etc.) on free movement of persons and labour within the REC (that the country is a membership) and the necessary actions have been taken to harmonize the national legislation/regulations to its full implementation. National institutions in charge of implementing those regional agreements have to some extent the required human, institutional and financial capacity to fulfill their mandate. Most of the administrative and immigration procedures related to movement of persons and labour have been lightened (including renewal of resident cards) but some discriminatory treatments prevail. Citizens from members of the REC are listed in a computerized national resident file which is updated regularly. Measures to facilitate movement of persons and labour are applied, including the issuance of common means of identification at the regional level (e.g. regional passports), lifting of visa requirement and the establishment of efficient immigration offices at border posts/airports for citizens from regional member countries. Those immigration offices are generally equipped with the required human and organizational capacities.
6	The country has signed and ratified all the existing regional agreements (e.g. conventions, treaties protocols,

	<p>etc.) on free movement of persons and labour within the REC and the national legislation/regulations have been harmonized to its full implementation. National institutions in charge of implementing those regional agreements have the required human, institutional and financial capacity to fulfill their mandate. For more than three consecutive years administrative and immigration procedures related to movement of persons and labour have been lightened and are not discriminatory. The renewal of resident cards is neither burdensome nor costly. Citizens from members of the REC are listed in a computerized national resident file which is updated regularly. Common measures to facilitate movement of persons and labour are applied, including the issuance of common means of identification at the regional level (e.g. regional passports), lifting of visa requirement and the establishment of effective immigration offices at border posts/airports with the required human and organizational capacities.</p>
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**b) Regional Financial Integration**

This sub-criterion assesses the extent to which countries promote policies, legal and regulatory frameworks that help capital move easily within a given REC. This supposes that the region already adopted finance and investment protocols or even an economic and monetary union.

Score	Guidelines
1	None of the existing regional agreements (e.g. conventions, treaties, protocols, etc.) on finance/investment have been signed nor ratified. The financial system is discriminatory to foreign banks/financial institutions and there is lack of coordination between national and regional strategies in the financial sector. In the case of economic/monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is not observed and the country does not comply with transnational and financial convergence criteria. While payment system exists, they are not secured and integrated to regional payment systems.
2	The country has signed and ratified at least 25 percent of the existing regional agreements (e.g. conventions, treaties, protocols, etc.) on finance/investment, but cross-border financial activities/investments are constrained by lack of strong political commitment and low appetite delays the required harmonization of fiscal, tax treatment, banking and insurance, and stock exchange legislations. The financial system is discriminatory to foreign banks/financial institutions And there is lack of coordination between national and regional strategies in the financial sector. In the case of economic and monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is not observed while the country complies with few of the macroeconomic convergence criteria agreed at regional level. While payment system exists, they are not secured and integrated to regional payment systems.
3	The country has signed and ratified at least 50 percent of the existing regional agreements on finance/investment (e.g. conventions, treaties, protocols, etc.). Despite political commitment and appetite, the required harmonization of fiscal, tax treatment, banking and insurance, and stock exchange legislations is not ensured. The financial system is somewhat discriminatory to foreign banks/financial institutions prevail. There is lack of coordination between national and regional strategies in the financial sector. In the case of economic and monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is partially observed while the country complies with some of the transnational and financial convergence criteria agreed at regional level. While payment system exists, they are somewhat secured but not integrated to regional payment systems.
4	The country has signed and ratified most (above 75 percent) of the existing regional agreements on finance/investment (e.g. conventions, treaties, protocols, etc.) and the required harmonization of fiscal, tax treatment, banking and insurance, and stock exchange code/legislations are partially in place. Fair competition among national and foreign banks/financial institutions is ensured. Coordination between national and regional strategies on financial integration is not fully ensured. In the case of economic and monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is observed and the country complies with some of the transnational and financial convergence criteria. Existing payment systems are somewhat secured and partially integrated to

	regional payment systems.
5	Cross-border financial activities and flows benefit from clear and transparent transposition of regional agreements (e.g. conventions, treaties, protocols, etc.) on finance/investment into the national legal and regulatory frameworks. Required harmonization of fiscal, tax treatment, banking and insurance, and stock exchange code/legislations are in place. Fair competition among national and foreign banks/financial institutions is ensured. Coordination between national and regional strategies on financial integration is fully ensured. In the case of economic and monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is often observed and for two consecutive years the country complies with most of transnational and financial convergence criteria. Existing payment systems are secured and integrated to regional payment systems.
6	Cross-border financial activities/investments and flows benefit from clear and transparent transposition of regional agreements (e.g. conventions, treaties, protocols, etc.) on finance/investment into the national legal and regulatory frameworks. Required harmonization of fiscal, tax treatment, banking and insurance, and stock exchange code/legislations has taken place. Coordination between national and regional strategies on financial integration is fully ensured. In the case of economic and monetary unions, cross border banking supervision and information-sharing (including the fight against money laundering) is fully observed and for more than three consecutive years the country fully complies with the transnational and financial convergence criteria. Existing payment systems are fully secured and integrated to regional payment systems.

## 7. Debt Policy

The focus of this criterion is on whether the debt management strategy aims at minimizing budgetary risks and ensuring long-term debt sustainability. Debt sustainability should also be discussed taking into account the joint Bank/Fund Debt Sustainability Framework and the AfDB traffic light system. The adequacy of the debt recording systems, the timelines of the public debt data, and the effectiveness of the debt management unit also need to be considered. MDRI should not be used as a rationale for proposing higher country scores, given that it is an external factor related to country performance already incorporated in the CPIA scores.

Score	Guidelines
1	Debt burden indicators are high, and the country is running arrears. New debt is contracted in amounts/terms that are not conducive to long-term debt sustainability. Little coordination/ major inconsistencies exist between debt management and other macroeconomic policies. Systems for recording and monitoring debt are inadequate, and no unified debt management unit exists. Debt data are not accurate and/or publicly available. Borrowing operations are reactive and the authorities may resort to quasi-fiscal financing by the central bank, use of captive investors, and other short-term expedient measures. There is no clear financing strategy and the legal framework for borrowing is not defined.
2	Debt burden indicators are high with a significant risk that arrears will emerge in the absence of debt restructuring/reduction. New external/domestic debt is contracted on terms that may worsen debt sustainability in the short/medium term. There is little coordination between debt management and other macroeconomic policies and major conflicts may exist. A debt management unit exists, but lacks adequate systems for recording and monitoring debt. Data on debt are made available on a sporadic basis and analytical capacity is weak. Financing strategies are prepared on an informal basis and are not clearly linked to the composition of debt. The legal framework for borrowing is defined, but there is little coordination between agencies responsible for contracting debt.
3	Debt burden indicators do not signal a risk of debt service problems, though in the medium term the country may experience debt-servicing difficulties in the event of shocks. New external/domestic debt is contracted in amounts and on terms that are partly conducive to debt sustainability. There is some coordination between debt management and other macroeconomic policies. A debt management unit exists, debt-recording systems are adequate, but analytical capacity could be bolstered. Data on public



	debt is produced, but it may be difficult to obtain an overall picture of its composition. Emphasis is placed on developing an annual plan for financing the government, but it may lack specificity and is not set in a medium-term framework. The legal framework for public borrowing is clearly defined, although coordination and information sharing between different agencies responsible for contracting debt could be improved.
4	Debt burden indicators do not signal a reasonable risk of debt servicing difficulties. New external/domestic debt is contracted in amounts and on terms conducive to debt sustainability. There is some coordination between debt management and macroeconomic policies. A debt management unit exists, debt-recording systems are adequate, and analytical capacity is satisfactory. Data on public debt is produced, but it may be difficult to obtain an overall picture of its composition. Emphasis is placed on developing an annual plan for financing the government, but it may lack specificity and is not set in a medium term framework. The legal framework for public borrowing is clearly defined and there is some coordination and information sharing between different agencies responsible for contracting debt.
5	Debt burden indicators do not signal a reasonable risk of debt servicing difficulties. Terms of new borrowing are conducive to long-term debt sustainability. There is good coordination between debt management and macroeconomic policies. The debt management unit is well established, supported by efficient systems, and has good analytical capacity as indicated by regular analytical work on debt. Regular, comprehensive and accurate statistics are produced. The government produces annually a strategy defining how the composition of the debt is projected to evolve over the medium term. The legal framework for public borrowing is clearly defined, and information is shared between different agencies responsible for contracting debt.
6	Debt burden indicators do not signal the possibility of debt servicing difficulties even under reasonable shock scenarios. Terms of new borrowing are conducive to long-term debt sustainability. There is good coordination between debt management and macroeconomic policies, and debt management is implemented separately from monetary policy. The debt management unit is well established, supported by efficient systems, and has good analytical capacity. Regular, comprehensive and accurate statistics are produced. The objectives for debt management are public (and may be defined in legislation), and the government produces annually a strategy defining how the composition of the debt is projected to evolve over the medium term, based on a thorough analysis of risk and cost, and taking into account the (explicit) constraints that the government faces. The legal framework for public borrowing is clearly defined, and information is shared between different agencies responsible for contracting debt.

## B. STRUCTURAL POLICIES AND REGULATION

The analysis in this section intends to assess the country's performance in the economic and political governance areas in 2013, providing rationale and support for scores in seven criteria: i) Business Regulatory Environment; ii) Infrastructure Development; iii) Property Rights and Rule Based Governance; iv) Quality of Public Administration; v) Transparency, Accountability, and Corruption in the Public Sector; vi) Financial Sector Development; and vii) Environmental Policies and Regulations.

### 8. Business Regulatory Environment

This criterion focuses on direct regulations of business activity and regulation of goods and factor markets. Three sub-components are measured: (a) regulations affecting entry, exit, and competition; (b) regulations of ongoing business operations; and (c) regulations of factor markets (labor and land). The analysis informing the rating on employment regulations should consider hiring and firing costs for temporary and long-term contracts separately and take into account the overall cost of employing formal labor, i.e. payroll taxes and safety regulations. "Other labor institutions" should include the efficiency and reliability of labor courts as well as matching services that help employers find workers efficiently. The three components are equally weighted for the overall score. Macroeconomic aspects, trade

factors and discretion and lack of transparency are not covered in Business Regulator Environment as they are considered in other criteria.

Score		Guidelines
1	a	Extensive bans on, or complex licensing of, investment. Procedures to enter and exit are extremely difficult and costly. No legal framework to address anti-competitive conduct by firms in naturally-competitive markets. Public sector entities are required to purchase only from state firms.
	b	Extremely burdensome operational licensing, permits, inspections, and other compliance systems, including taxes and customs. Goods markets are highly restricted, e.g. through extensive state ownership in competitive sectors, widespread price controls, or the state makes administrative allocation/decisions about production. No, or weak requirements on ownership and financial disclosure, few or no shareholder protections; those that exist are not enforced.
	c	Extensive labour market controls and rigidity of labour regulation. Private land ownership is illegal or severely curtailed. Very few businesses have formal title or use rights to land. Process to register property extremely costly.
2	a	Many bans on, or complex licensing of, investment. Procedures to enter and exit economic activities are very costly. Very limited legal framework to address anti-competitive conduct by firms in naturally-competitive markets. Public entities are required to purchase many goods and services only from state firms.
	b	Burdensome operational licensing, permits, inspections and other compliance systems, including taxes and customs. A market for goods exists, but there is significant state intervention, e.g. a significant presence of regulated parastatals in product markets and/or significant subsidies on major commodities. Weak regulations on ownership and financial disclosure, few shareholder protections; those that exist are not effectively enforced.
	c	Very rigid employment regulations and other labour institutions that significantly depress formal employment. Private land ownership curtailed by restrictive land use rights and distortions from property market controls. Many businesses do not have formal title or use rights to land. Process to register property is very costly.
3	a	Few bans on investment, but there are complex licensing requirements for many activities. Procedures to enter and exit many economic activities are costly. Legal framework to address anti-competitive conduct by firms exists, but there is no effective enforcement. Public sector entities are not formally required to purchase exclusively from state firms, but there is widespread implicit pressure to do so.
	b	Operational licensing, permits, inspections and other compliance systems, including those related to taxes and customs, are moderately burdensome in some sectors. A market for goods exists, but there is some state intervention through controls and/or subsidies/taxes. Inadequate regulations on ownership and financial disclosure; those that exist are sometimes not enforced effectively.
	c	Rigid employment regulations and other labour institutions depress formal employment. Private land ownership permitted with very few restrictions or distortions from property market controls, but in practice some businesses do not have formal title or use rights to land. Process to register property is costly.
4	a	Licensing requirements for most activities eliminated or streamlined, but remain problematic in some cases. Few barriers to entry and exit for most activities, but barriers remain for some. Good legal framework to address anti-competitive conduct by firms exists, and enforcement is often, but not always, effective. Public entities are free to procure from any source, but there is occasional interference.
	b	Operational licensing, permits, compliance and inspection requirements, including those related to taxes and customs, impose few burdens on business. Little direct state intervention in goods markets through controls and/or subsidies, but there some market imperfections are not addressed, e.g. high concentration ratios in industries enjoying some trade protection or producing non-tradable goods. No significant parastatals in product markets. Corporate governance laws generally encourage disclosure and protect shareholder rights, although enforcement requires improvement.
	c	Employment law is reasonably flexible, but there are some labour market institutions that depress formal employment in some sectors. No legal/institutional barriers to land ownership, but land markets could be distorted by significant monopolistic elements. Registering property is reasonably easy.



5	a	Very few bans or investment licensing requirements. Few barriers to entry and exit of business. Good legal framework to address anti-competitive conduct by firms exists and is generally enforced. All public sector entities are free to procure from any source.
	b	Operational licensing, permits, inspections and other compliance requirements, including those related to taxes and customs, impose only minimal burdens on business. State intervention in the goods market is generally limited to regulation and/or legislation to smooth out market imperfections. Corporate governance laws encourage ownership and financial disclosure and protect shareholder rights and are generally enforced.
	c	Employment law provides for flexibility in hiring and firing. State intervention in the labour and land markets is limited to regulation and/or legislation to smooth out market imperfections. Procedures to register property are simple and low-cost.
6	a	Almost no bans or investment licensing requirements. Regulations facilitate efficient entry and exit of business. Good legal framework to address anti-competitive conduct by firms exists, and is consistently enforced. All public sector entities are free to procure from any source.
	b	Streamlined industry licensing, permits, and inspections requirements facilitate business activity. State intervention in the goods market is limited to regulation and/or legislation to smooth out market imperfections. Corporate governance laws encourage disclosure and protect shareholder rights and are enforced effectively.
	c	Employment law provides a high degree of flexibility to hire and fire at low cost. Other labour market institutions facilitate doing business. State intervention in the labour and land markets is limited to regulation and/or legislation to smooth out market imperfections. Procedures to register property are

## 9. Infrastructure Development

The analysis in this section should show how government's policies and strategies as well as human and financial resources contribute to infrastructure development, providing rationale and support for scores in three criteria: 1) Legal and Regulatory Frameworks for Infrastructure; 2) Sector Strategy; 3) Public Resource Management and Accountability in the Infrastructure Sector.

### a) Legal and Regulatory Frameworks for Infrastructure

This sub-criterion assesses the extent to which there is: (i) a clear and transparent legislation and regulatory frameworks for infrastructure; (ii) comprehensive laws and regulations that take into account the relevant infrastructure sectors and the private sector's participation in the financing and managing of infrastructures; and (iii) local human and institutional capacity for designing and enforcing those legislations/regulations.

Score	Guidelines
1	Infrastructures' laws and regulations have generally been inherited from the former colonial power, and have not been modified accordingly. Infrastructures' legal and regulatory frameworks are: <u>not comprehensive</u> (i.e. they do not cover the full spectrum of the infrastructure sector; fail to address the relevant issues relating to the sector and the legal framework is incomplete), <u>unclear</u> (i.e. not consistent or coherent with; difficult to both understand and interpret, leading to arbitrariness; lack of uniformity; contradictions/ambiguities between provisions), <u>not transparent</u> (i.e. not easily accessible nor available to the public) and <u>unstable</u> (i.e. the legal and regulatory frameworks lack solid legislation, efficient enforcement systems and mechanisms allowing for legal uncertainties; the institutional instability results into recurrent changes in the legislation/regulations). Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose specific task / mandate is to design and enforce infrastructure's laws and regulations, are deficient. The laws and regulations for infrastructure are not applied. The legal/regulatory framework does not allow the private sector to participate in the financing and managing of infrastructures.

2	<p>The former colonial power's laws and regulations are no longer the main infrastructure legislation and regulations' source. The last update is due for review. Infrastructures' legal and regulatory frameworks remain <u>incomprehensive</u> (i.e. they do not cover the full spectrum of the infrastructure sector; fail to address the relevant issues relating to the sector and the legal framework is incomplete), <u>unclear</u> (i.e. not consistent or coherent with; difficult to both understand and interpret, leading to arbitrariness; lack of uniformity; contradictions/ambiguities between provisions), <u>not transparent</u> (i.e. not easily accessible nor available to the public) and <u>unstable</u> (i.e. the legal and regulatory frameworks lack solid legislation, efficient enforcement systems and mechanisms allowing for legal uncertainties; the institutional instability results into recurrent changes in the legislation/regulations). Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose mandate is to design and enforce infrastructure's laws and regulations, are deficient. The laws and regulations for infrastructure are hardly applied. The private sector is allowed to participate in the financing and managing of infrastructures but the process is cumbersome and bureaucratic regulations hamper such participation. Specific authorities in charge of promoting the private sector's participation (including though PPP) are not in place.</p>
3	<p>Past revisions of the infrastructure's legal and regulatory frameworks contributed to render it <u>clearer</u> (i.e. consistent, coherent, easy to understand and interpret) and more <u>stable</u> (i.e. no legal uncertainties and no recurrent changes of the legislation/regulations). However, the infrastructure legislations and regulations still lack <u>transparency</u> (i.e. not easily accessible/available to the public) and <u>remain incomprehensive</u>, as some of the infrastructures sectors remain uncovered. Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose mandate is to design and enforce infrastructures' laws and regulations, are partially available. The laws and regulations for infrastructure are partially applied. The private sector is allowed to participate in the financing and managing of infrastructures but cumbersome and bureaucratic regulations constrain such participation. Specific authorities in charge of promoting such participation (including though PPP) are in place. However, they have limited mandate (they are not able to formulate plans for PPP, nor evaluate or negotiate project proposals made by private companies/potential concessionaries).</p>
4	<p>Legal and regulatory frameworks for infrastructure are <u>comprehensive</u> (i.e. cover all relevant areas of the infrastructure sector; relevant issues related to the sector are addressed and the law is not silent), <u>clear</u> (i.e. consistent, coherent, easy to understand and interpret), and <u>stable</u> (i.e. no legal uncertainties and no recurrent changes in the legislation/regulations). However, the infrastructure legislations and regulations are not <u>transparent</u> (i.e. not easily accessible/available to the public). Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose mandate is to design and enforce infrastructures' laws and regulations, are partially available. The laws and regulations for infrastructure are mostly applied. The private sector is allowed to participate in the financing and managing of infrastructures. The national authorities in charge of promoting such participation have the required (human, financial and institutional) capacities to formulate plans for PPP and negotiate companies/potential concessionaires' project proposals. However, they are limited in (i) promoting foreign investment in PPP projects through advisory services and consultations and (ii) developing and implementing capacity-building programs for public sector practitioners.</p>
5	<p>Legal and regulatory frameworks for infrastructure are comprehensive (i.e. cover all relevant areas of the infrastructure sector; relevant issues related to the sector are addressed and the law is not silent), clear (i.e. consistent, coherent, easy to understand and interpret), <u>transparent</u> (i.e. easily accessible/available to the public) and stable (i.e. no legal uncertainties and no recurrent changes in the legislation/regulations). Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose mandate is to design and enforce infrastructures' laws and regulations, are mostly available. The laws and regulations for infrastructure are mostly applied. The private sector is allowed to participate in the financing and managing of infrastructures. The national authorities in</p>

	charge of promoting such participation have the required (human, financial and institutional) capacities to formulate plans for PPP; negotiate private companies/potential concessionaires' project proposals; provide advisory services for foreign companies They are however limited in developing and in implementing capacity-building programs for public sector practitioners.
6	For more than three years infrastructures' legal and regulatory frameworks have steadily been <u>comprehensive</u> i.e. cover all relevant areas of the infrastructure sector; relevant issues related to the sector are addressed and the law is not silent), clear (i.e. consistent, coherent, easy to understand and interpret), transparent (i.e. easily accessible/available to the public) and stable (i.e. no legal uncertainties and no recurrent changes in the legislation/regulations). Human (e.g. engineers, legal experts, financing experts, project/program management experts) and institutional capacity (including courts, special parliamentary commissions, relevant sector/technical ministries and regulatory agencies) whose mandate is to design and enforce infrastructures' laws and regulations, are fully available. The laws and regulations for infrastructure are fully applied. The private sector is allowed to participate in the financing and managing of infrastructures. The national authorities in charge of promoting such participation have the required (human, financial and institutional) capacities to execute its mandate, including to formulate plans for PPP; negotiate private companies/potential concessionaires' project proposals; provide advisory services for foreign companies; develop and implement capacity-building programs for public sector practitioners.

**b) Infrastructure Sector Strategy**

This sub-criterion covers the extent to which: (i) the PRSP/national development plan takes into account infrastructure development; (ii) infrastructure development plans/strategies are aligned to other sector strategies/plans; and (iii) the infrastructure sector strategy is effectively implemented.

Score	Guidelines
1	Although the PRSP/national development plan identifies infrastructure development as a major priority, there is neither a strategy nor planning tools (e.g. master plan/multiyear action plan/medium term expenditure framework -MTEF) for achieving such a priority. Furthermore, there is no alignment with others sectors for which infrastructure is critical (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are neglected within the infrastructure strategy/programs. Government's human (e.g. strategy/planning experts, project/program management experts, engineers, etc.) and institutional capacities (e.g. ministry of infrastructure, ministry of economy/planning, municipalities, national authorities in charge of infrastructure maintenance, etc.) in charge of the design and the implementation of infrastructure projects/programs are deficient. The implementation of infrastructure projects/programs is systematically delayed. Most of the infrastructure projects/programs are designed and financed by development partners with the share of this sector within the national budget representing less than 15 percent ( <u>another indicator could be</u> : the infrastructure expenditure completion rate represents less than 50 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds or any other specific financing instrument for infrastructure maintenance (namely road, energy, water, etc.) are inexistent.
2	The PRSP/national development plan identifies infrastructure development as a major priority and a strategy for the infrastructure sector exists. However, the planning tools (e.g. master plan/multiyear action plans, MTEF, etc.) to achieve such a strategy are not in place and there is no alignment with others sectors for which infrastructure is critical (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are neglected within the infrastructure strategy/programs. Government's human (e.g. strategy/planning experts, project/program management experts, engineers, etc.) and institutional capacities (e.g. ministry of infrastructure, ministry of economy/planning, municipalities, national authorities in charge of infrastructure maintenance, etc.) are deficient. The implementation of infrastructure projects/programs is regularly delayed. Most of the infrastructure projects/programs are designed and financed by development partners with the share of this sector within the national budget representing less than 20 percent (another indicator could be: the infrastructure expenditure completion rate represents less than 60 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds or any other specific financing instrument for infrastructure maintenance (namely road, energy, water, etc.) are inexistent.

3	<p>Infrastructure development is a key pillar of the PRSP/national development plan and a strategy for the sector exists. Planning tools (e.g. master plan/multiyear action plans, etc.) are in place but are only partially implemented. The alignment with others sectors for which infrastructure is critical is only partially ensured (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are partially covered by infrastructure strategy/programs. Government's human (e.g. strategy/planning experts, project/program management experts, engineers, etc.) and institutional capacities (e.g. ministry of infrastructure, ministry of economy/planning, municipalities, national authorities in charge of infrastructure maintenance, etc.) are partially available. The implementation of infrastructure projects/programs is very often delayed. Many of the infrastructure projects/programs are designed and financed by development partners with the share of this sector within the national budget representing at least 25 percent (<u>another indicator could be</u>: the infrastructure expenditure completion rate represents less than 70 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds or any other specific financing instrument for infrastructure maintenance (namely road, energy, water, etc.) are inexistent.</p>
4	<p>Infrastructure development is a key pillar of the PRSP/national development plan and a strategy for the sector exists. Planning tools such as master plans/multiyear action plan/MTEF are in place and mostly implemented. The alignment with others sectors for which infrastructure is critical is mostly ensured (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are mostly covered by infrastructure strategy/programs. Government's human (e.g. strategy/planning experts, project/program management experts, engineers, etc.) and institutional capacities (e.g. ministry of infrastructure, ministry of economy/planning, municipalities, national authorities in charge of infrastructure maintenance, etc.) are in place and play an effective role in designing and implementing infrastructure strategy/projects/programs. However, monitoring and evaluation (M&amp;E) capacity remains an issue, in particular for infrastructure maintenance. Development partners play a complementary role in designing and financing infrastructure projects/programs; at least 30 percent of the national budget is consecrated to investments in the infrastructure sector (<u>another indicator could be</u>: the infrastructure expenditure completion rate represents less than 80 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds/any other specific financing instruments for infrastructure maintenance (namely road, energy, water, etc.) exist and met partially its role.</p>
5	<p>Infrastructure development is a key pillar of the PRSP/national development plan and a strategy for the sector exists. For three consecutive years planning tools such as master plans/multiyear action plan/MTEF are in place and fully implemented. The alignment with others sectors for which infrastructure is critical is mostly ensured (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are covered by infrastructure strategy/programs. Government's human and institutional capacities are in place and play an effective role in designing, implementing and evaluating infrastructure strategy/projects/programs. At least 35 percent of the national budget is consecrated to investments in the infrastructure sector (<u>another indicator could be</u>: the infrastructure expenditure completion rate represents less than 90 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds/any other specific financing instruments for infrastructure maintenance (namely road, energy, water, etc.) exist and mostly met its role.</p>
6	<p>Infrastructure development is a key pillar of the PRSP/national development plan and a strategy for the sector exists. For more than five consecutive years planning tools such as master plans/multiyear action plan/MTEF are in place and fully implemented. The alignment with others sectors for which infrastructure is critical is fully ensured (e.g. agriculture, food security, private sector, etc.). Social sectors and rural areas are fully covered by infrastructure strategy/programs. Government's human and institutional capacities are in place and play an effective role in designing, implementing and evaluating infrastructure strategy/projects/programs. At least 40 percent of the national budget is consecrated to investments in the infrastructure sector (<u>another indicator could be</u>: the infrastructure expenditure completion rate represents more than 90 percent of the total amount planned in the public investment program/MTEF/PRSP or national development plans for a given year). Funds/any other specific financing instruments for infrastructure maintenance (namely road, energy, water, etc.) exist and fully met its role.</p>

**c) Public Resource Management and Accountability in the Infrastructure Sector**

This sub-criterion assesses the extent to which the government can be held accountable for the use of funds for infrastructure projects/programs (notably during the procurement process) and the results of its actions to develop infrastructure. It also assesses the extent to which the government respects environmental safeguards and consult the affected populations and different stakeholders in designing and implementing infrastructure projects/programs.

Score	Guidelines
1	The national procurement/public contract systems and procedures: (i) does not conform to international standards of procurement/public contracts; (ii) is not transparent (i.e. not easily accessible nor available to the public); (iii) and is unstable (i.e. lack of enforcement or discretionary appliance of the existing procurement rules/public contract systems and procedures allowing for contract uncertainties). Economic analysis/cost opportunity analysis is rarely undertaken. Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is not ensured during or after works. External/independent audits to assess the selection process of contractors are not undertaken. Populations/beneficiaries/civil society/private sector are not consulted in designing, implementing and evaluating infrastructures projects/programs. Security and environmental safeguards are ignored. Expropriation or damage/injury compensation mechanisms are inexistent.
2	The national procurement/public contract systems and procedures has been updated but it remains not conform to international standards of procurement/public contracts. It is neither transparent (i.e. not easily accessible nor available to the public) nor stable (i.e. lack of enforcement or discretionary appliance of the existing procurement rules/public contract systems and procedures allowing for contract uncertainties). Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is rarely ensured during or after works. External/independent audits to assess the selection process of contractors are rarely undertaken. Economic analysis/cost opportunity analysis is rarely undertaken. Populations/beneficiaries/civil society/private sector are rarely consulted in designing, implementing and evaluating infrastructures projects/programs. Security and environmental safeguards are ignored. Expropriation or damage/injury compensation mechanisms are inexistent.
3	The national procurement/public contract systems and procedures is partially conform to international standards of procurement/public contracts. It is partially transparent and stable. Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is partially ensured during or after works. External/independent audits to assess the selection process of contractors are rarely undertaken. Economic analysis/cost opportunity analysis is partially undertaken. Populations/beneficiaries/civil society/private sector are rarely consulted in designing, implementing and evaluating infrastructures projects/programs. Security and environmental safeguards are ignored. Expropriation or damage/injury compensation mechanisms are inexistent. Security and environment safeguards are partially addressed. Expropriation or damage/injury compensation mechanisms exist but are unclear and discriminatory.
4	The national procurement/public contract systems and procedures is mostly conform to international standards of procurement/public contracts. It is transparent and stable. Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is often ensured during or after works. External/independent audits to assess the selection process of contractors are undertaken when necessary but no further action is taken. Economic analysis/cost opportunity analysis is always undertaken. Populations/beneficiaries/civil society/private sector are regularly consulted in designing, implementing and evaluating infrastructures projects/programs. Security and environmental safeguards are partially addressed. Clear compensation mechanisms in case of expropriation or damage/injury exist, but remain partially discriminatory and hardly enforced.
5	The national procurement/public contract systems and procedures is conform to international standards of procurement/public contracts. It is transparent and stable. Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is often ensured during or after works. External/independent audits to assess the selection process of contractors are undertaken when necessary and action is taken but with some delays. Economic analysis/cost opportunity analysis is always undertaken. Populations/beneficiaries/civil society/private sector are always consulted in designing, implementing and

	evaluating infrastructures projects/programs. Security and environmental safeguards are mostly addressed. Clear compensation mechanisms in case of expropriation or damage/injury exist, are not discriminatory and mostly enforced.
6	The national procurement/public contract systems and procedures is fully conform to international standards of procurement/public contracts. It is fully transparent and stable. Quality control/inspection to verify the conformity of the infrastructure constructed/rehabilitated is always ensured during or after works. External/independent audits to assess the selection process of contractors are undertaken when necessary and immediate action is taken. Economic analysis/cost opportunity analysis is always undertaken. Populations/beneficiaries/civil society/private sector are always consulted in designing, implementing and evaluating infrastructures projects/programs. Security and environmental safeguards are mostly addressed. Security and environmental safeguards are fully addressed. Clear mechanisms of compensation in case of expropriation or damage/injury exist, are not discriminatory and are fully enforced.

## 10. Property Rights and Rule Based Governance

This criterion assesses the extent to which private economic activity is facilitated by an effective legal system and rule-based governance structure in which property and contract rights are reliably respected and enforced. Each of four dimensions should be rated separately: (a) legal basis for secure property and contract rights; (b) predictability, transparency, and impartiality of laws affecting economic activity, and their application by the judiciary; (c) difficulty in obtaining business licenses; and (d) crime and violence as an impediment to economic activity. For the overall rating, these four dimensions receive equal weighting.

Score	Guidelines	
1	a	Formal property rights are hardly recognized, and informal rights are seldom enforced. Formal contractual arrangements are little used. Manipulation of property and contract rights is endemic.
	b	Laws and regulations are rarely applied and enforced. They are changed frequently and unpredictably to suit a select few. Records of legal changes and judicial decisions are not available outside government. Favouritism rather than equal treatment pervades dealings with the state.
	c	Business licenses and permits are non-existent or can only be obtained through private connections and the unpredictable use of unofficial payments.
	d	The state cannot protect the lives and property of its citizens in most of its territory.
2	a	Enforcement of contracts and recognition of property rights depend largely on informal mechanisms. Property and contract rights are subject to manipulation by government officials or other elites.
	b	Laws and regulations are applied selectively or changed unpredictably, for example through frequent and unpublicized executive decrees. Judicial decisions are not publicly available.
	c	Obtaining business licenses and permits is inordinately time-consuming and may require numerous unofficial payments.
	d	The state is ineffective in protecting citizens' lives and property against crime and violence.
3	a	. The law protects property rights in theory, but in fact registries and other institutions required to make this protection effective function poorly, making the protection of private property uncertain.
	b	Laws and regulations are not changed arbitrarily, but may not be publicly available. Courts are costly to use. Judicial decisions are sometimes publicly available.
	c	The process of securing business licenses and permits is overly bureaucratic and prone to delays, for those without connections.
	d	The state is able to provide a modicum of protection against crime and violence.
4	a	Property rights are protected in practice as well as theory. Contracts are enforced, but the process may be lengthy and expensive.
	b	Laws and regulations are publicly available and a mechanism exists to resolve conflicts of rules. Courts may be costly to use, but judicial decisions are publicly available.
	c	Obtaining business licenses may be costly, but can be done without using connections. The process is cumbersome and delays are common, but are not pretexts for bribes.
	d	The state is able to protect the lives and property of most citizens from crime and violence most of the



		time.
5	a	All property rights are transparent and well protected. Property registries are current and non-corrupt. Contracts are routinely enforced.
	b	Laws and regulations affecting businesses and individuals are uniformly applied; changes in them are publicly announced. Low-cost means are available for pursuing small claims. Citizens can pursue claims against the state without fear of retaliation.
	c	Obtaining the necessary licenses is a relatively small share of the costs of doing business, even for those without connections. Delays are rare and are not pretexts for bribes to operate a business.
	d	A well-functioning and accountable police force protects citizens and their property from crime and violence.
6		Criteria for “5” on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

## 11. Quality of Public Administration

This criterion assesses the extent to which civilian central government staffs (including teachers, health workers, and police) are structured to design and implement government policy and deliver services effectively. Civilian central government staffs include the central executive together with all other ministries and administrative departments, including autonomous agencies. It excludes the armed forces, state-owned enterprises, and sub-national government. The key dimensions for assessment are: i) Policy coordination and responsiveness; ii) Service delivery and operational efficiency; iii) Merit and ethics; and iv) Pay adequacy and management of the wage bill. These four dimensions receive equal weighting for the overall rating.

Score	Guidelines	
1	a	Mechanisms for coordination are non-existent or ineffectual, creating bureaucratic conflict and uncertain or conflicting policies.
	b	Administrative structures are highly fragmented, with vague and overlapping responsibilities. Business processes are extremely complex and convoluted, with multiple decision layers, and many signatures required for moving decisions forward.
	c	There are no workable rules on hiring and promotion, which are based on bribes, personal ties, or ethnic affiliation rather than merit. Most public employees, even at lower levels, lose their positions on changes in government. Bribe seeking is endemic.
	d	Level of public employment has little relation to provision of public services: either employment is too low or too few employees show up for work to provide essential services, or the wage bill consumes all of current spending, leaving no funds available for essential supplies such as drugs or textbooks. Pay and benefit levels, particularly at upper levels, are a small fraction of comparable private sector levels, and bribe payments represent a large share of income for many public officials.
2	a	Mechanisms for coordination are weak.
	b	Administrative structures are fragmented, with frequently overlapping responsibilities. Business processes are complex involving multiple decision layers, regularly causing unnecessary delays.
	c	Hiring and promotion based on personal ties or time in service rather than merit. Most public employees serve at the pleasure of the current government, and bribe-seeking is accepted behaviour.
	d	Public employment as a share of total employment is clearly excessive. The wage bill represents an inordinate share of recurrent spending, with adverse impacts on the quality of public service delivery. Pay and benefit levels, particularly at upper levels, are far below comparable private sector levels, but benefits (housing, car, utilities, servants) for senior civil servants may be high and there are other complex and opaque forms of compensation. “Ghost” employees are on the payroll.
3	a	Administrative structures are fragmented, and coordination mechanisms are generally inadequate to overcome parochial bureaucratic interests.
	b	Business processes can be overly complex, often causing unnecessary delays.
	c	Hiring and promotion formally merit-based, but there is extensive patronage in practice in several parts of government. Bribe seeking is accepted behaviour in some agencies but not throughout government.
	d	Public employment as a share of total employment is higher than needed and unsustainable if adequate

		wages were paid. The wage bill represents an excessively large proportion of total government expenditure. Some sectors are overstaffed (particularly health and education). Pay and benefit levels are generally inadequate and there are major difficulties in attracting and retaining staff in key technical areas.
4	a	Mechanisms for policy coordination generally function effectively.
	b	Administrative structures are generally well designed, although gaps or areas of overlap may exist. Initial efforts have been made to redesign business processes in selected areas.
	c	Hiring and promotion merit-based but emphasize seniority unduly. Corruption may occur but is not general practice in any public agency.
	d	Public employment as a share of total employment is somewhat higher than needed and the wage bill represents a large proportion of government spending. Pay and benefit levels are low but not unattractive when benefits and job security are factored in. Some sectors are overstaffed (particularly health and education) and there are some difficulties in attracting and retaining staff in key technical areas.
5	a	Effective coordination mechanisms ensure a high degree of policy consistency across departmental boundaries.
	b	Organizational structures are along functional lines with very little duplication. Business processes are regularly reviewed to ensure efficiency of decision making and implementation.
	c	Hiring and promotion are based on merit and performance, and ethical standards prevail.
	d	The wage bill is sustainable and does not crowd out spending required for public services. Pay and benefit levels do not deter talented people from entering the public sector. There is flexibility (that is not abused) in paying more attractive wages in hard to fill positions (e.g. rural teachers, technical specialists).
6		Criteria for "5" on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

## 12. Transparency, Accountability and Corruption in the Public Sector

This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decision-making, public audit institutions, access to relevant and timely information, and public and media scrutiny. National and sub-national governments should be appropriately weighted. Each of three dimensions should be rated separately: (a) the accountability of the executive to oversight institutions and of public employees for their performance; (b) access of civil society to information on public affairs; and (c) state capture by narrow vested interests. For the overall rating, these three dimensions receive equal weighting.

Score	Guidelines	
1	a	There are no checks and balances on executive power. Public officials use their positions for personal gain and take bribes openly. Seats in the legislature and positions in the civil service are often bought and sold.
	b	Government decision-making is secretive. The public is prevented from participating in or learning about decisions and their implications.
	c	The state has been captured by narrow interests (economic, political, ethnic, and/or military). Administrative corruption is rampant.
2	a	There are only ineffective audits and other checks and balances on executive power. Public officials are not sanctioned for failures in service delivery or for receiving bribes.
	b	Decision making is not transparent, and government withholds information needed by the public and civil society organizations to judge its performance. The media are not independent of government or powerful business interests.
	c	Boundaries between the public and private sector are ill-defined, and conflicts of interest abound. Laws and policies are biased towards narrow private interests. Implementation of laws and policies is distorted by corruption, and resources budgeted for public services are diverted to private gain.



3	a	External accountability mechanisms such as inspector-general, ombudsman, or independent audit may exist, but have inadequate resources or authority
	b	Decision making is generally not transparent, and public dissemination of information on government policies and outcomes is a low priority. Restrictions on the media limit its potential for information-gathering and scrutiny.
	c	Elected and other public officials often have private interests that conflict with their professional duties.
4	a	External accountability mechanisms limit somewhat the degree to which special interests can divert resources or influence policy making through illicit and non-transparent means. Risks and opportunities for corruption within the executive are reduced through adequate monitoring and reporting lines.
	b	Decision making is generally transparent. Government actively attempts to distribute relevant information to the public, although capacity may be a constraint. Significant parts of the media operate outside the influence of government or powerful business interests, and media publicity provides some deterrent against unethical behaviour.
	c	Conflict of interest and ethics rules exist and the prospect of sanctions has some effect on the extent to which public officials shape policies to further their own private interests.
5	a	Accountability for decisions is ensured through a strong public service ethic reinforced by audits, inspections, and adverse publicity for performance failures. The judiciary is impartial and independent of other branches of government. Authorities monitor the prevalence of corruption and implement sanctions transparently.
	b	The reasons for decisions, and their results and costs, are clear and communicated to the general public. Citizens can obtain government documents at nominal cost. Both state-owned (if any) and private media are independent of government influence and fulfil critical oversight roles.
	c	Conflict of interest and ethics rules for public servants are observed and enforced. Top government officials are required to disclose income and assets, and are not immune from prosecution under the law for malfeasance.
6		Criteria for “5” on all three sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

### 13. Financial Sector Development

Three dimensions are covered in this criterion: (a) financial stability; (b) the sector’s efficiency, depth, and resource mobilization strength; and (c) access to financial services. The first dimension assesses the sector’s vulnerability to shocks, the banking system’s soundness, and the adequacy of relevant institutional elements. The second dimension assesses efficiency, the degree of competition, and the ownership structure of the financial system, as well as its depth and resource mobilization strength. The third dimension covers institutional factors, (such as the adequacy of payment and credit reporting systems) the regulatory framework affecting financial transactions (including collateral and bankruptcy laws and their enforcement) and the extent to which consumers and firms have access to financial services. The three components are equally weighted for the overall score.

Score	Guidelines	
1	a	Banking sector very vulnerable to shocks. Share of NPLs and level of capital at risk are very high. No adherence to Basel Core Principles and the quality of risk management in financial institutions is very poor. Supervisors lack tools and resources to adequately assess risk.
	b	Size and reach of financial markets is very limited, and capital markets are very underdeveloped. Interest rate spreads are very high and private sector credit (percent of GDP) is very low, given the economy’s size and sophistication. Microfinance very inefficient.
	c	Payment and clearance systems and credit reporting systems are highly underdeveloped. Very small percent of the population has access to formal sector financial services, and small and medium enterprises (SMEs) have very limited access to finance. Legal and regulatory framework burdensome to financial services.
2	a	Banking sector highly vulnerable to shocks in the medium term. Share of NPLs and level of capital at risk are high. Adherence to Basel Core Principles is limited (capital adequacy requirements not in line or

		below Basel I requirements). Quality of risk management in financial institutions is poor. Supervisors use rudimentary tools and resources to adequately assess risk.
	b	Size and reach of financial markets are limited, and capital markets underdeveloped, but improving. Interest rate spreads are high, and private sector credit (percent of GDP) is low, given the economy's size and sophistication. Microfinance is inefficient.
	c	Payment and clearance systems and credit reporting systems are underdeveloped. Small percent of the population has access to formal sector financial services. SMEs face significant limitations in access to finance. Legal and regulatory framework burdensome to financial services.
3	a	Banking sector vulnerable to shocks in the medium term. The share of NPLs and the level of capital at risk are moderately high. Adherence to Basel Core Principles is limited (capital adequacy requirements in line with or below Basel I requirements but enforcement is weak) and quality of risk management in financial institutions is poor but improving. Supervisors' ability to adequately assess risk is very limited.
	b	Size and reach of financial markets, and capital markets, underdeveloped but growing. High but falling interest rate spreads, and moderately low ratio of private sector credit to GDP. Microfinance moderately inefficient.
	c	Underdeveloped but functioning payment and clearance systems and credit reporting systems. Small but growing percent of population has access to formal sector financial services. Limited but improving access to finance by SMEs. Legal and regulatory framework burdensome to financial services but improving.
4	a	Banking sector is to some extent vulnerable to shocks in the medium-term. The share of NPLs and the level of capital at risk are moderate. General adherence to Basel Core Principles (capital adequacy requirements in line with or above Basel I requirements, enforcement improving) and the quality of risk management in financial institutions is not quite satisfactory. Supervisors have a moderate ability to assess risk.
	b	Size and reach of financial and capital markets approaching adequate levels for economies of similar size and sophistication. Interest rate spreads somewhat high but falling and the private sector credit (share of GDP) is moderately adequate for the economy's size and sophistication. Microfinance is reasonably efficient.
	c	Payment and clearance systems and credit reporting systems moderately developed and functional. Moderate share of the population has access to formal sector financial services. SMEs have moderate access to finance. Legal and regulatory framework still has weaknesses but generally supports access to finance.
5	a	Banking sector resilient to shocks. The share of NPLs and the level of capital at risk are low. There is consistent adherence to Basel Core Principles and quality of risk management in financial institutions and of supervision is generally satisfactory.
	b	Size and reach of financial markets is good. Capital markets reasonably strong. Interest rate spreads reasonable and high ratio of private sector credit to GDP. Efficient microfinance.
	c	Payment and clearance systems and credit reporting systems are well developed. Sizeable share of the population has access to formal sector financial services. SMEs have good access to finance. Legal and regulatory framework supports access to finance.
6	a	Banking sector highly resilient to shocks. The share of NPLs and the level of capital at risk are very low. There is consistent adherence to Basel Core Principles following best practice. The quality of risk management in financial institutions and of supervision is good.
	b	Size and reach of financial markets very good. Strong capital markets. Interest rate spreads low, and very high ratio of private sector credit to GDP. Very efficient microfinance.
	c	Payment and clearance systems and credit reporting systems demonstrate best practice. Vast majority of the population has access to formal sector financial services. SMEs have very good access to finance. Legal and regulatory framework supports access to finance.

#### 14. Environmental Policies and Regulations

This criterion assesses the extent to which environmental policies foster the protection and sustainable use of natural resources and the management of pollution. Assessment of environmental sustainability requires multi-dimension criteria (i.e. for air, water, waste, conservation management, coastal zones management, natural resources

management). The two-way relationship between environmental degradation and poverty is well recognized. Poverty tends to lead to an extensive use of marginal land, water and forest resources, thus straining the already fragile and limited environment base. This question assesses the effectiveness of government's policies to protect the environment and promote sustainable development.

Score	Guidelines
1	For two years or more, government policies have a negative effect on environment (e.g. agriculture policies that stimulate expansion into marginal land or tropical forest; subsidised prices on the exploitation of scarce and/or non-renewable resources). Government has no environmental action plans or similar national framework, and no institutions to sustainably manage the environment and support the various dimensions of sustainable development.
2	Government recognizes the environmental problems, but has been slow to formulate appropriate policies and programmes. Only few concrete actions have been taken.
3	The government has some environmental policies and programmes that address problems of environmental degradation, but the policies are not covering all the sectors and institutional capacity to implement these policies is limited.
4	The government's national environmental policy framework covers all the relevant sectors, and there are funds and good institutional capacity to implement the policies and programmes. The policies and programmes are being implemented.
5	Government environmental policies and programmes are comprehensive and well developed; impact assessments and implementation capacities are excellent and consistent with international norms; adequate financial resources are available; and macroeconomic and fiscal policies are consistent with environmental objectives.
6	For at least the last 3 years, government environmental policies and programmes have been effectively implemented with adequate financial resources.

## C. SOCIAL CONTEXT AND HUMAN DEVELOPMENT

This section should show how the country performed in 2013 in terms of social and human resources development along four criteria: i) Building Human Resources; ii) Social Protection and Labour; iii) Equity of Public Resource Use; and iv) Gender Equity.

### 15. Building Human Resources

This criterion assesses the national policies and public and private sector service delivery that affect access to and quality of: (a) health and nutrition services, including population and reproductive health, (b) education, ECD, training and literacy programs, and (c) prevention and treatment of HIV/AIDS, tuberculosis, and malaria. ECD refers to Early Child Development programs, including both formal and non-formal programs (which may combine education, health and nutrition interventions) aimed at children aged 0-6. Within each HD domain, the quality of both policies and program design and implementation should be assessed. In most cases, government performance will be stronger in some program areas than in others (i.e., basic health services vs. nutrition, primary education vs. tertiary, or HIV/AIDS vs. malaria). The rating for "health" or "education" should reflect a judgment about the relative importance of each underlying policy/program area for the country's overall development. Progress towards the MDGs must also be taking into consideration for the rating. To determine the overall rating, the three broad areas – health, education, and HIV/AIDS, TB and malaria -- receive equal weight.

Score	Guidelines
1	a Policies, programs and implementation are nonexistent or grossly inadequate to assure equitable access to a minimum package of basic health services, protect against the financial burdens of illness, or

		prevent malnutrition.
	b	Policies, spending, and effectiveness are inexistent or grossly inadequate to assure literacy, universal access to basic education, equitable access to ECD services, and adequate post-basic education and training; teacher and student learning standards are inexistent or grossly inadequate.
	c	Policies, programs and implementation for prevention and treatment of HIV/AIDS, tuberculosis, and malaria are inexistent or grossly inadequate.
2	a	Policies and funding permit only limited access to essential health services and protection against the financial burdens of illness; national health strategy lacks many important elements; oversight and regulation are largely ineffective; programs to prevent malnutrition are limited; public resources generally do not achieve intended goals.
	b	Policies, spending and effectiveness are inadequate to achieve universal basic education, literacy, or equitable ECD access; teacher and student learning standards are low; policies for post-basic education and training are inappropriate and/or poorly implemented.
	c	Policies for prevention and treatment of HIV/AIDS, tuberculosis, and malaria exist, but funding and implementation are limited; limited standards and epidemiological information exist; public resources generally do not achieve intended goals.
3	a	Policies and programs provide for some essential preventive and curative interventions, but financial protection for the poor against the burdens of illness is limited; national health strategy lacks key elements and government stewardship and regulation are only partly appropriate; programs to prevent and treat malnutrition exist but implementation is weak; public resources achieve some intended objectives.
	b	Policies, spending and effectiveness are adequate to achieve progress towards universal basic education, literacy, and equitable ECD access; standards for teacher preparation, student learning, and oversight of private/NGO providers exist, but lack key elements or implementation is weak; policies for post-basic education and training exist but are inadequate in some areas or ineffectively implemented.
	c	Policies for prevention and treatment of HIV/AIDS, tuberculosis, and malaria are in place but are not effectively implemented; tracking of program coverage is inadequate; public resources achieve some intended objectives.
4	a	Health or social insurance policies provide basic protection against the financial burdens of illness; public expenditure on health allows access to an appropriate package of preventive and some curative services; national public health policy and government regulation and oversight are appropriate; programs exist to prevent under- and micronutrient malnutrition, as well as severe malnutrition, and are adequately implemented; public resources often achieve intended objectives.
	b	Policies, spending and effectiveness are generally appropriate for sustained progress towards universal basic education, literacy, and more equitable access to reasonable quality ECD services, although there may be gaps or inconsistencies; standards for teacher preparation, student learning, and oversight of private/NGO providers are largely appropriate, although implementation may be incomplete; policies in place for post-basic education and training are appropriate for sustained progress on quality, equity of access, and the efficiency of resource use.
	c	Policies for prevention and treatment of HIV/AIDS, tuberculosis, and malaria are in place, but coverage is limited; systems to track program coverage are being put in place; public resources often achieve intended objectives.
5	a	Appropriate health or social insurance policies exist; preventive and curative health services have good coverage; national public health strategy and government oversight at central and decentralized levels is appropriate; policies and resources to prevent and treat all forms of malnutrition are in place; public resources generally achieve intended objectives.
	b	Policies, spending and effectiveness are appropriate for achieving universal basic education of reasonable quality, universal literacy, and equitable access to reasonable quality ECD services; standards for teacher preparation, student learning, and oversight of private/NGO providers are appropriate; system performance and student learning outcomes are tracked, and increasingly used to guide policy; policies for post-basic education and training services are appropriate, and quality, equity of access, and efficiency of resource use are good.

	c	Policies for prevention and treatment of HIV/AIDS, tuberculosis, and malaria are in place and programs achieve reasonable coverage; systems to track disease prevalence and program coverage are in place and are showing annual improvements in service delivery; government oversight is appropriate; public resources generally achieve intended objectives.
6	a	Health or social insurance policies exist and have wide coverage; access to appropriate preventive and curative health services is universal and services are client-focused and good quality; national health strategy is consistent with best practice and regulation is effective; policies and resources allow prevention and treatment of all forms of malnutrition; public resources are used cost-effectively.
	b	Strategic national education policies, high standards, and effective use of public and private resources support a good quality, universal basic education system, good quality, equitable ECD services, and diversified, good quality post-basic education and training systems adequate to support economic development and life-long learning; government oversight of private/NGO providers is effective; school performance and student learning outcomes are systematically tracked, with feedback to schools and parents; performance data and evaluation guide policy; at all levels of education, equity of access is protected and efficiency of resource use is high.
	c	Policies for prevention, treatment, care and support of HIV/AIDS, tuberculosis, and malaria reflect strong government commitment and client-focused programs reach all who need them; national authority is able to track disease prevalence, resources, and program implementation; quality and timeliness of services is steadily improving; interventions focus on the poor; public resources are used cost-effectively.

## 16. Social Protection and Labor

The CPIA Social Protection and Labor Criterion assesses government policies which reduce the risk of becoming poor, assist those who are poor to better manage further risks, and ensure a minimal level of welfare to all people. Interventions include: social safety net programs, pension and old age savings programs; protection of basic labor standards; regulations to reduce segmentation and inequity in labor markets; active labor market programs, such as public works or job training; and community driven initiatives. In interpreting the guidelines it is important to take into account the size of the economy and its level of development. For example, a combination of pension and savings programs can include mandatory, voluntary, public, private, funded, pay-as-you go, contributory and non-contributory programs, as appropriate given the country's level of development.

Labor market issues are also covered in the Business Regulatory Environment Criterion, where the focus is on the effects of labor market regulations on firms' employment decisions. Under the Social Protection Criterion, the focus is on the balance between job creation and social protection, and the availability and coverage of active labor market programs (e.g., retraining and public works).

The overall rating is a composite indicator of five different areas of social protection and labor policy: (a) social safety net programs, (b) protection of basic labor standards; (c) labor market regulations; (d) community driven initiatives; and (e) pension and old age savings programs. Within each area, policies and program design as well as implementation effectiveness should be assessed. To determine a country's overall rating, the five areas receive equal weight.

Score	Guidelines	
1	a	Social protection programs to assist the poor and other vulnerable groups (the disabled, orphans, etc.) to cope with risk and ensure adequate living standards are non-existent or severely underfunded.
	b	The ILO conventions on core labour standards have not been ratified nor legislation that conforms to them, passed.
	c	Labour market regulations on health and safety, working conditions and hiring and firing do not exist, or are inappropriate and discourage job creation in the formal sector while not protecting most workers.
	d	Government policies and programs impede development of community initiatives or local accountability mechanisms.
	e	Pension and old age savings systems are regressive, consume an unsustainable share of public resources,

		and do not provide adequate income security even to the few who are covered.
2	a	Some social protection programs have been developed, but funding and coverage are limited and weak administration allows substantial leakage of benefits to better-off groups.
	b	The government has ratified ILO Convention 182 on the Worst Forms of Child Labour, or passed legislation that conforms to it. Only a few of the other ILO core conventions have been ratified, or legislation passed that conforms to them. These conventions and legislation on core labour standards are not enforced.
	c	There remain labour market regulations that discourage job creation in the formal sector. Regulations fail to protect a large proportion of the workforce. Very limited resources are devoted to labour market programs (e.g., retraining, public works) and very few workers benefit from them.
	d	No government policies or programs exist to encourage or support communities' own development initiatives
	e	Pension and old age savings schemes are limited to only a small segment of the working population. They provide minimally adequate old age support, but are unsustainable over periods of more than a few years in their financing arrangements.
3	a	The government has an overall strategy for social protection and some safety net programs. However, program scale and funding are inadequate to protect most poor and vulnerable groups and significant leakages exist. Systems are being developed to monitor performance.
	b	The government has ratified ILO Convention 182 on the Worst Forms of Child Labour and is beginning to make progress in implementing the convention in national law and policy. It is also beginning to make progress in complying with the other ILO core conventions.
	c	Labour market regulations are increasingly appropriate to balance social protection and job creation, yet they are weakly enforced. Active labour market programs (e.g., retraining, public works) for workers are available, although limited in coverage.
	d	The government recognizes the importance of community involvement in development and has introduced some policies and programs to encourage it.
	e	Pensions and old age savings systems afford some level of income security to some portion of the population, including most who are employed in the formal sector. However, programs are not financially sustainable across generations and may distort the efficient operation of labour markets by providing incentives for early withdrawal from the labour force.
4	a	The government has an overall strategy for social protection and a reasonable set of safety net programs. Programs reach more poor and vulnerable groups, but the level of benefits continues to be low and/or targeting uneven, and leakages exist. Systems are in place to monitor performance, but are not used effectively to guide policies.
	b	The government has ratified ILO Convention 182 on the Worst Forms of Child Labour and has made progress in implementing the convention in national law and policy. The government has also made progress in complying with the other ILO core conventions.
	c	Labour market regulations are broadly appropriate and enforced for an increasing number of workers. Active labour market programs (e.g., retraining, public works) are improving in quality and coverage, although weaknesses remain.
	d	Government has a policy of community involvement in development initiatives, with some community involvement in planning and some allocation of resources to the community level.
	e	Pensions and old age savings systems cover most formal sector workers, provide some access for the informal sector and afford adequate income security. Long-term (multi-generational) fiscal sustainability is not fully assured, however, and effective strategies for extending old age and disability protection broadly to workers outside the formal sector have not been developed.
5	a	The government has an overall strategy for social protection and a well-designed set of safety net programs; financing is sufficient to reach most poor and vulnerable groups, and leakage is low. Performance monitoring systems are being used to improve implementation.
	b	The government has ratified international conventions on, or passed legislation that conforms with, core labour standards and has put in place policies and programs toward the application of these standards.
	c	Labour market regulations are well-designed and effectively enforced. Active labour market programs (e.g., retraining, public works) are effective and reach a significant proportion of the unemployed.



	d	Government has a clear policy of community involvement in development initiatives, with systematic community involvement in planning, and significant allocation of resources to the community level.
	e	Pensions and old age savings systems provide income security to a high share of the population inside and a growing share outside of the formal sector. Program administration in most areas is efficient, and benefit levels are consistent with long-term financial sustainability.
6	a	Social protection programs provide income support to poor and vulnerable groups. Programs are cost-effective, well-targeted, and include monitoring and evaluation procedures. They form a balanced strategy with measures to increase poor and vulnerable groups' own incomes and their access to services and to social insurance.
	b	Government has ratified international conventions on, or passed legislation that conforms with, core labor standards and is implementing these through its policies and programs. Government policy encourages civil society and local government actions to reduce child labor, including appropriate incentives for children to remain in school.
	c	Labour market regulations and active labour market policies promote broad access to employment in the formal sector and reflect a balance between social protection and job creation objectives in accordance with the economic circumstances and values of the country.
	d	Government policies and programs encourage and support communities' own development initiatives with systematic community involvement in planning, significant allocation of resources to the community level, and capacity building and other institutional strengthening efforts to ensure integration of communities into local government processes.
	e	diversified, well-supervised, and appropriate combination of pension and savings programs (including mandatory, voluntary, public, private, funded, pay-as-you go, contributory and non-contributory programs) provide affordable, adequate, sustainable and robust income security to most of the potentially vulnerable groups with minimal distortions in the operation of labour markets.

## 17. Equity of Public Resource Use

This criterion assesses the consistency of government spending with the poverty reduction priorities taking into account the extent to which: (a) individuals, groups, or localities that are poor, vulnerable, or have unequal access to services and opportunities are identified; (b) a national development strategy with explicit interventions to assist the groups identified in (a) has been adopted; and (c) the composition and incidence of public expenditures are tracked systematically and their results feedback into subsequent resource allocation decisions. The assessment of the revenue collection dimension takes into account the incidence of major taxes, e.g., whether they are progressive or regressive, and their alignment with the poverty reduction priorities. When relevant, expenditure and revenue collection trends at the national and sub-national levels should be considered. The expenditure component receives two thirds of the weight in computing the overall rating.

Score	Guidelines	
1	a	Public expenditures are not aligned with poverty reduction priorities. Poverty diagnosis and the identification of vulnerable groups, and of groups w/o access to basic services, not in place. No strategy and interventions to explicitly assist above identified groups. No tracking of composition and incidence of expenditures and no feedback into allocation of resources.
	b	The overall incidence of revenues is very regressive and does not reflect national poverty reduction priorities.
2	a	Public expenditures are only marginally aligned with poverty reduction priorities. Poverty diagnosis in place but does not identify target groups. There is a strategy to assist the poor, the vulnerable, and those lacking access to services place, but without explicit interventions. Only a general tracking of expenditures is available (recurrent and investment and by ministry). No benefit incidence analysis.
	b	The overall incidence of revenues is largely regressive and does not reflect national poverty reduction priorities.
3	a	Public expenditures are unevenly aligned with poverty reduction priorities, but there are ongoing efforts

		to improve alignment. Poverty diagnosis identifies only some sub-groups of poor, vulnerable groups, and those lacking services. A few interventions are in place to assist identified groups, and implementation is partial. There is a tracking of spending by program, but not spatially or by target group
	b	The overall incidence of revenues is regressive. Only small steps, if any, are being taken to correct this and to ensure consistency with the national poverty reduction priorities.
4	a	Public expenditures are generally aligned to poverty reduction. The poverty diagnosis generally identifies poor, vulnerable groups, and those lacking services. There are ongoing interventions targeted at identified groups, but implementation of the strategy is partial. Expenditures are tracked by category, program, and region. Benefit incidence analysis is uneven. Feedback of the analysis to subsequent expenditure allocations is increasing.
	b	Some egregious regressive revenue sources remain, but initiatives are underway to correct them and ensure that revenue generation is consistent with national poverty reduction priorities.
5	a	Public expenditures are generally aligned to poverty reduction priorities, and alignment is improving. Poverty diagnosis clearly identifies poor, vulnerable groups and those lacking services. There are targeted interventions to assist identified groups and the alignment of expenditures with the strategy is improving. Tracking of expenditures in place by program, category, and region. Benefit incidence analysis carried out on a few programs, but some important programs are not assessed. Feedback of the analysis to subsequent expenditure allocations is broadly in place.
	b	There are few, if any, egregious regressive taxes. Revenue generation generally aligned with national poverty reduction priorities.
6	a	Public expenditures are fully aligned with poverty reduction priorities. Strong poverty diagnosis is in place that very clearly identifies poor, vulnerable groups, and those lacking services. Strategy adopted with well-defined interventions directed at assisting identified groups. Good progress achieved in aligning expenditures with the strategy. Tracking of spending (program, category, region) in place. Benefit incidence analysis carried out for major programs. Feedback of the analysis to subsequent expenditure allocations is fully implemented.
	b	There are no egregious regressive revenue sources. Revenue generation aligned with national poverty reduction priorities.

## 18. Gender Equality

This section must discuss progress in terms of achieving MDG 3 on reducing gender disparity and include rating and rationale for CPIA Gender Equality Criterion, which assesses the extent to which the country has enacted and put in place institutions and programs to enforce laws and policies that: (a) promote equal access for men and women to human capital development opportunities; (b) promote equal access for men and women to productive and economic resources; and (c) give men and women equal status and protection under the law. The three components receive equal weighting in the overall score.

Score	Guidelines
1	<p>a Significant differences exist in female to male enrolment in primary or secondary education. Substantial gaps exist in access to antenatal or delivery care and family planning services. Policies and laws are obstacles to gender equality in education, access to antenatal care and delivery, and access to family planning services. There have been no recent efforts to make laws or policies more supportive of gender equality in education, access to antenatal and delivery care, or access to family planning services.</p> <p>b Significant gender disparities exist in participation and remuneration in the labour force, business ownership, land tenure, property ownership, and inheritance practices. Formal policies and laws are obstacles to gender equality in these areas, and there have been no recent efforts to make formal laws and policies more supportive of gender equality.</p>



	c	CEDAW has not been ratified. Family law gives men and women different rights in requesting a divorce, or in obtaining individual identity cards or a passport. Violence against women is common, the law does not treat it as a crime, and there are no policies, institutions or programs aimed at decreasing violence against women. Significant gender disparities exist in political participation at the local or national level. Laws and policies are obstacles to women's participation in national or local governments, and there have been no recent efforts to make laws and policies more supportive of gender equality in this respect.
2	a	Same as 1a), except that there have been recent efforts to make laws or policies more supportive of gender equality in education, access to antenatal and delivery care, and access to family planning services.
	b	Same as 1b), except that there have been recent efforts to make formal laws and policies more supportive of gender equality.
	c	Same as 1c), except that there have been recent efforts to make laws and policies more supportive of gender equality in this respect.
3	a	Significant differences prevail in female to male enrolment in primary or secondary education; and substantial gaps exist in access to antenatal or delivery care and family planning services, particularly at the regional urban/rural levels. Policies and laws provide for gender equality in education, access to antenatal care and delivery, and access to family planning services but enforcement is weak because there are no mechanisms for their enforcement.
	b	Significant gender disparities exist in participation and remuneration in the labour force, business ownership, land tenure, property ownership and inheritance practices. Formal policies and laws provide for gender equality in these areas, but enforcement is weak because there are no mechanisms for their enforcement.
	c	CEDAW has been ratified with reservations. Family law gives men and women equal rights in requesting a divorce, and in obtaining individual identity cards or a passport. Violence against women is common and it is considered a crime. The law however, is weakly enforced because there are no mechanisms for their enforcement. Significant gender disparities exist in political participation at the local or national level. Laws and policies provide for gender equality in participation in national or local governments, but are weakly enforced because there are no mechanisms for their enforcement.
4		Same as 3, except that there are mechanisms to enforce these laws (e.g., in the form of programs to achieve gender equality, or institutions and agencies to guide the achievement of gender equality).
5	a	No major differences in female to male enrolment in primary and secondary education. Broad access to antenatal or delivery care and family planning services. Policies and laws that specifically address gender equality in education, access to antenatal care and delivery, and to family planning services are broadly enforced. However, there are no active programs or institutions to prevent an increase in gender inequalities or a decline in antenatal or delivery care or in family planning services.
	b	Few or no gender disparities exist in participation and remuneration in the labour force, business ownership, land tenure, property ownership and inheritance practices. Policies and laws that specifically address gender equality in these areas are broadly enforced. However, there are no active programs or institutions to prevent an increase in gender inequalities in these areas.
	c	CEDAW has been ratified without reservations. Family law gives men and women equal rights in. a. requesting a divorce and in obtaining individual identity cards or a passport. Extremely few or no cases of violence against women. Violence against women is considered a crime. Relatively few gender disparities exist in political participation at the local or national level (compared to international averages). Policies and laws that specifically address gender equality in these areas are broadly enforced. However, there are no active programs or institutions to prevent an increase in domestic violence or to promote greater gender equality.
6		Same as 5, except that policies and laws that specifically address gender equality in all these areas are consistently and effectively enforced, and there are active programs or institutions to prevent an increase in gender inequalities or to promote greater gender equality.

## ANNEX 1: CPIA CLUSTERS, CRITERIA AND SUB-CRITERIA

CLUSTER	CRITERIA	SUB-CRITERIA
A. ECONOMIC MANAGEMENT	1. Monetary Policy	a. Monetary Policy
	2. Fiscal Policy	b. Fiscal Policy
	3. Debt Policy	c. Debt Policy
B. STRUCTURAL POLICIES	4. Economic Cooperation, Regional Integration and Trade	a. Regional Integration and Economic Cooperation b. Trade restrictiveness c. Customs/trade facilitation
	5. Financial Sector Development	a. Financial stability b. Sector's efficiency, depth, and resource mobilization strength c. Access to financial services
	6. Business Regulatory Environment	a. Regulations affecting entry, exit, and competition b. Regulations of ongoing business operations c. Regulations of factor markets (labor and land)
C. POLICIES FOR SOCIAL INCLUSION AND EQUITY	7. Gender Equality	a. Promotion of equal access for men and women to human capital development opportunities b. Promotion of equal access for men and women to productive and economic resources c. Men and women equal status and protection under the law
	8. Equity of Public Resource Use	a. Public Expenditures: Measurement b. Public Expenditures: Priorities and strategies c. Revenue Collection
	9. Building Human Resources	a. Health and nutrition services b. Education, ECD, training and literacy programs c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria
	10. Social Protection and Labor	a. Social safety net programs b. Protection of basic labour standards c. Labour market regulations d. Community driven initiatives e. Pension and old age savings programs
	11. Environmental Policies and Regulations	a. Environmental Policies and Regulations
D. PUBLIC SECTOR MANAGEMENT AND INSTITUTIONS	12. Property Rights and Rule-based Governance	a. Legal basis for secure property and contract rights b. Predictability, transparency, and impartiality of laws affecting economic activity c. Difficulty in obtaining business licenses d. Crime and violence as an impediment to economic activity
	13. Quality of Budgetary and Financial Management	a. Comprehensive and credible budget b. Effective financial management systems c. Timely and accurate fiscal reporting d. Clear and balanced assignment of expenditures and revenues to each level of government
	14. Efficiency of Revenue Mobilization	a. Tax policy b. Tax administration
	15. Quality of Public Administration	a. Policy coordination and responsiveness b. Service delivery and operational efficiency c. Merit and ethics d. Pay adequacy and management of the wage bill
	16. Transparency, Accountability and Corruption in the Public Sector	a. Accountability of the executive to oversight institutions b. Access of civil society to information on public affairs c. State captured by narrow vested interests
E. INFRASTRUCTURE AND REGIONAL INTEGRATION	17. Infrastructure development	a. Legal and Regulatory Frameworks for Infrastructure b. Infrastructure Sector Strategy c. Public Resource Management and Accountability in the Infrastructure Sector
	18. Regional integration	a. Movement of persons and labour and right of establishment b. Regional Financial Integration

## ANNEX 2: Guideposts for CPIA Ratings

CPIA Criterion		Guideposts
#	Name	
1	Monetary Policy	IMF Article IV Consultation National (or regional) Central Bank Websites and Annual Reports
2	Fiscal Policy	IMF Article IV - Checklist of Budget/Financial Management Practices from Public Expenditure Management Handbook (see Annex D). IMF Code of Good Practices on Fiscal Transparency—Declaration on Principles <a href="http://www.imf.org/external/np/fad/trans/code.htm">http://www.imf.org/external/np/fad/trans/code.htm</a> World Development Indicators (Tax policy indicators) The Global Competitiveness Report, The World Economic Forum (Extent and Effect of Taxation) ( <a href="http://reports.weforum.org/global-competitiveness-report-2014-2015/">http://reports.weforum.org/global-competitiveness-report-2014-2015/</a> )
3	Debt Policy	IMF/World Bank Debt Sustainability Reports National (or regional) Central Bank Websites and Annual Reports
4	Economic Cooperation, Regional Integration and Trade	Penn Tables (Trade openness and others) ( <a href="http://pwt.econ.upenn.edu/php_site/pwt63/pwt63_form.php">http://pwt.econ.upenn.edu/php_site/pwt63/pwt63_form.php</a> ) FIAS Administrative Barriers Reports (where current) ( <a href="http://www.fias.net/">http://www.fias.net/</a> ) Enterprise surveys ( <a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a> ) WTO Trade Policy Review (where current) ( <a href="http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm">http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm</a> ) Doing Business Indicator (Trading across Borders) ( <a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a> ) The Global Competitiveness Report; The World Economic Forum ( <a href="http://reports.weforum.org/global-competitiveness-report-2014-2015/">http://reports.weforum.org/global-competitiveness-report-2014-2015/</a> ) The Africa Competitiveness Report 2015 ( <a href="http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf">http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf</a> )
5	Financial Sector Development	World Development Indicators ( <a href="http://data.worldbank.org/data-catalog/world-development-indicators">http://data.worldbank.org/data-catalog/world-development-indicators</a> ) Finance and Private Sector Development Databases Financial Sector Assessment Programs Documents (FSAP) where available; Doing Business Indicator (Getting Credit) ( <a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a> ) The Global Competitiveness Report; The World Economic Forum Indicators (Financial Market Sophistication) ( <a href="http://reports.weforum.org/global-competitiveness-report-2014-2015/">http://reports.weforum.org/global-competitiveness-report-2014-2015/</a> ) National (or regional) Central Bank Websites and Annual Reports
6	Business Regulatory Environment	Doing Business Indicators ( <a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a> ) Corporate governance disclosure index Investment Climate Assessments <a href="http://www.worldbank.org/privatesector/ic/ic_country_report.htm">http://www.worldbank.org/privatesector/ic/ic_country_report.htm</a> ; World Bank Institute Governance Indicators (Regulatory Quality) <a href="http://www.worldbank.org/wbi/governance/data">http://www.worldbank.org/wbi/governance/data</a>
7	Gender Equality	The Global Gender Gap Report 2014 ( <a href="http://www3.weforum.org/docs/GGGR14/GGGR_CompleteReport_2014.pdf">http://www3.weforum.org/docs/GGGR14/GGGR_CompleteReport_2014.pdf</a> ) UNDP ( <a href="http://hdr.undp.org/en/content/gender-inequality-index-gii">http://hdr.undp.org/en/content/gender-inequality-index-gii</a> ) European Commission ( <a href="http://ec.europa.eu/justice/gender-equality/files/annual_reports/150304_annual_report_2014_web_en.pdf">http://ec.europa.eu/justice/gender-equality/files/annual_reports/150304_annual_report_2014_web_en.pdf</a> ) The World Bank Gender Portal ( <a href="http://www.worldbank.org/en/topic/gender">http://www.worldbank.org/en/topic/gender</a> ) The MDGs Report 2015 ( <a href="http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf">http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf</a> ) World Development Indicators (School Enrolment rates by Gender) International Labor Organization (Professional occupations prevalence by gender)
8	Equity of Public Resource Use	National development strategy and the Bank's (or their partners') assessment, Available Public Expenditure Reviews, poverty analyses, country economic memorandum, or any other relevant analytical work prepared by the Bank, the government, other donors and development partners
9	Building	The Human Capital Report 2015: <a href="http://www.weforum.org/reports/human-capital-report-2015">http://www.weforum.org/reports/human-capital-report-2015</a>

	Human Resources	<p>The MDGs Report 2015 (<a href="http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf">http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf</a>)</p> <p>UNECA, AU, AfDB, UNDP - MDG Report 2013 (<a href="http://www.uneca.org/sites/default/files/publications/mdgreport2013_eng.pdf">http://www.uneca.org/sites/default/files/publications/mdgreport2013_eng.pdf</a>)</p> <p>Recent PERs, sector reviews, poverty assessments, Country Status Reports for education and health.; EDSTATS: <a href="http://www1.worldbank.org/education/edstats/">http://www1.worldbank.org/education/edstats/</a> ;</p> <p>EFA Fast Track monitoring indicators (under development) (<a href="http://www1.worldbank.org/education/efati/">http://www1.worldbank.org/education/efati/</a>)</p> <p>Education attainment (countries DHS survey data) (<a href="http://www.worldbank.org/research/projects/edattain/edattain.htm">http://www.worldbank.org/research/projects/edattain/edattain.htm</a>)</p> <p>UNICEF (<a href="http://www.childinfo.org/">http://www.childinfo.org/</a>)</p> <p>WHO (<a href="http://www3.who.int/whosis/menu.cfm">http://www3.who.int/whosis/menu.cfm</a>)</p> <p>UNAIDS (<a href="http://www.unaids.org/en/resources/epidemiology.asp">http://www.unaids.org/en/resources/epidemiology.asp</a>);</p> <p>US Bureau of the Census (HIV/AIDS database) (<a href="http://www.census.gov/ipc/www/hivaidsd.html">http://www.census.gov/ipc/www/hivaidsd.html</a>)</p>
10	Social Protection and Labor	<p>World Social Protection Report, 2014, ILO (<a href="http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245201.pdf">http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245201.pdf</a>)</p> <p>Summary indicators of labor market regulations in the World Bank Doing Business Database</p> <p>International Labor Organization (<a href="http://www.ilo.org/global/statistics-and-databases/lang--en/index.htm">http://www.ilo.org/global/statistics-and-databases/lang--en/index.htm</a> ; <a href="http://www.ilo.org/global/regions/lang--en/index.htm">http://www.ilo.org/global/regions/lang--en/index.htm</a>)</p>
11	Environmental Policies and Regulations	<p>The MDGs Report 2015 (<a href="http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf">http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf</a>)</p> <p>UNECA, AU, AfDB, UNDP - MDG Report 2013 (<a href="http://www.uneca.org/sites/default/files/publications/mdgreport2013_eng.pdf">http://www.uneca.org/sites/default/files/publications/mdgreport2013_eng.pdf</a>)</p> <p>Existence of an environmental policy framework and Environmental Impact Assessment legislation;</p> <p>Specific Issues: deforestation, protected areas, water use, access to safe water, access to sanitation, air pollution in major cities, ratification of global treaties</p>
12	Property Rights and Rule Based Governance	<p><b>Legal base for secured property and contract rights</b></p> <p>Mo Ibrahim Index of African Governance (Property Rights Index) (<a href="http://www.moibrahimfoundation.org/iiag/">http://www.moibrahimfoundation.org/iiag/</a>)</p> <p>African Competitiveness Report (Property Rights Indicator) (<a href="http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf">http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf</a>)</p> <p><b>Predictability, transparency, and impartiality of laws affecting economic activity</b></p> <p>Doing Business Report (Enforcing Contracts) (<a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a>)</p> <p>Global Integrity Report (Rule of Law/Law Enforcement)</p> <p><b>Difficulty in obtaining business licenses</b></p> <p>Doing Business Report (Obtaining business licenses) (<a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a>)</p> <p>Enterprise Surveys (Days to obtain Operating Licenses) (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>)</p> <p>Global Integrity Report (Business Licensing and Regulation)</p> <p><b>Crime and violence as an impediment to economic activity</b></p> <p>Mo Ibrahim Index of African Governance (Safety and Security) (<a href="http://www.moibrahimfoundation.org/iiag/">http://www.moibrahimfoundation.org/iiag/</a>)</p> <p>African Competitiveness Report (Business Costs of Crime and Violence / Organized crime / Reliability of police) (<a href="http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf">http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf</a>)</p> <p>Worldwide Governance Indicators (rule of law/Oversight and Regulation/Business Licensing and Regulation) (<a href="http://info.worldbank.org/governance/wgi/index.aspx#home">http://info.worldbank.org/governance/wgi/index.aspx#home</a>)</p>
13	Quality of Budgetary and Financial Management	<p><b>General</b></p> <p>IMF Report on the Observance of Standards and Codes (ROSC) – Fiscal Transparency</p> <p><b>Comprehensive and credible budget</b></p> <p>PEFA (PI-11 and PI-12)</p> <p><b>Effective financial management systems</b></p>

		<p>PEFA (PI-1, PI-2, PI-4, PI-5, PI-6, PI-7) Open Budget Survey (Open Budget Index) <b>Timely and accurate fiscal reporting</b> ROSC Accounting and Auditing PEFA (PI-21, PI-22, PI-23, PI-24, PI-25, PI-26, PI-27, PI-28) <b>Clear and balanced assignment of expenditures and revenues to each level of government</b> PEFA (PI-8)</p>
14	Efficiency of Revenue Mobilization	<p><b>General</b> IMF Article IV staff report <b>Tax policy</b> Enterprise Surveys (% of Firms Identifying Tax Rates as Major Constraint) (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>) African Competitiveness Report (Extent and effect of taxation) (<a href="http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf">http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf</a>) African Development Indicators Online (ADI) <b>Tax administration</b> Doing Business Report (Paying Taxes) (<a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a>) Enterprise Surveys (% of Firms Identifying Tax Administration as Major Constraint) (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>) Global Integrity Report (Taxes and Customs) PEFA (PI-13, PI-14, PI-15)</p>
15	Quality of Public Administration	<p><b>General</b> African Governance Report <b>Policy coordination and responsiveness</b> Afrobarometer (Government Performance) Bertelsmann Transformation Index (Status Index and Management Index) <b>Service delivery and operational efficiency</b> Worldwide Governance Indicators (Government Effectiveness) (<a href="http://info.worldbank.org/governance/wgi/index.aspx#home">http://info.worldbank.org/governance/wgi/index.aspx#home</a>) African Competitiveness Report (Burden of Government Regulation) (<a href="http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf">http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa_Competitiveness_Report_2015.pdf</a>) <b>Merit and ethics</b> Global Integrity Report (Civil Service Regulation) Africa Peer Review Mechanism (<a href="http://aprm-au.org/">http://aprm-au.org/</a>) <b>Pay adequacy and management of the wage bill</b> World Bank Civil Service website</p>
16	Transparency, Accountability and Corruption in the Public Sector	<p><b>General</b> Transparency International Corruption Perception Index (<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>) <b>Accountability of the executive to oversight institutions and of public employees for their performance</b> Global Integrity Report Africa Peer Review Mechanism (<a href="http://aprm-au.org/">http://aprm-au.org/</a>) Open Budget Survey Afrobarometer <b>Access of civil society to information on public affairs</b> Africa Peer Review Mechanism (<a href="http://aprm-au.org/">http://aprm-au.org/</a>) Global Integrity Report Open Budget Survey Reporters Without Borders (<a href="http://fr.rsf.org/">http://fr.rsf.org/</a>) Freedom House (<a href="https://www.freedomhouse.org/reports#.VfHPbk_bLIV">https://www.freedomhouse.org/reports#.VfHPbk_bLIV</a>) <b>State capture by narrow vested interest</b> Enterprise Surveys (Corruption) (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>)</p>

		<p>African Competitiveness Report (Diversification of Public Funds)</p> <p><b>2014 Ibrahim Index of African Governance (IIAG):</b></p> <p><a href="http://www.moibrahimfoundation.org/fr/interactives/">http://www.moibrahimfoundation.org/fr/interactives/</a></p>
17	Infrastructure Development	<p>Existing National Infrastructure Master Plans/Strategies</p> <p>AfDB - Africa Infrastructure Development Index (AIDI)</p> <p>Infrastructure Consortium for Africa (ICA) (<a href="http://www.icafrica.org/en/">http://www.icafrica.org/en/</a>)</p> <p>Doing Business Indicator (Energy) (<a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a>)</p> <p>Enterprise Surveys (Corruption) (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>)</p> <p>The Global Competitiveness Report; The World Economic Forum (<a href="http://reports.weforum.org/global-competitiveness-report-2014-2015/">http://reports.weforum.org/global-competitiveness-report-2014-2015/</a>)</p>
18	Regional Integration	<p>Websites of Regional Economic Communities (RECs)</p> <p>UNCTAD Stats (<a href="http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx">http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx</a>) and thematic reports</p> <p>UNCTAD - World Investment Report (<a href="http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf">http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf</a>)</p> <p>UNECA – Assessing Regional Integration in Africa VI (<a href="http://www.uneca.org/sites/default/files/PublicationFiles/aria_vi_english_full.pdf">http://www.uneca.org/sites/default/files/PublicationFiles/aria_vi_english_full.pdf</a>)</p> <p>Enterprise surveys (<a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a>)</p> <p>The Global Competitiveness Report; The World Economic Forum (<a href="http://reports.weforum.org/global-competitiveness-report-2014-2015/">http://reports.weforum.org/global-competitiveness-report-2014-2015/</a>)</p> <p>Logistic Performance Index Report, 2014 (<a href="http://d21a6b425f3bbaf58824-9ec594b5f9dc5376fe36450505ae1164.r12.cf2.rackcdn.com/LPI_Report_2014.pdf">http://d21a6b425f3bbaf58824-9ec594b5f9dc5376fe36450505ae1164.r12.cf2.rackcdn.com/LPI_Report_2014.pdf</a>)</p>