COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT 2003
ASSESSMENT QUESTIONNAIRE

The Country Policy and Institutional Assessment assesses the quality of a country's present policy and institutional framework. "Quality" means how conducive that framework is to fostering poverty reduction, sustainable growth and the effective use of development assistance.

There are 20 items to be assessed, each with a 5% weight in the overall rating. They are grouped into four categories, as shown in the summary table below, although the distinctions between categories are not rigid. Each aspect of policy should be considered in light of its impact on poverty reduction.

Summary of Ratings

A. Economic Management
   1. Management of Inflation and Macroeconomic Imbalances
   2. Fiscal Policy
   3. Management of Public Debt (External and Domestic)
   4. Management and Sustainability of the Development Program

B. Structural Policies
   5. Trade Policy and Foreign Exchange Regime
   6 Financial Stability
   7 Financial Sector Depth, Efficiency and Resource Mobilization
   8. Competitive Environment for the Private Sector
   9. Goods and Factor Markets
   10. Policies and Institutions for Environmental Sustainability

C. Policies for Social Inclusion/Equity
   11. Gender
   12. Equity of Public Resource Use
   13. Building Human Resources
   14. Social Protection and Labor
   15. Monitoring and Analysis of Poverty Outcomes and Impacts

D. Public Sector Management and Institutions
   16. Property Rights and Rule-based Governance
   17. Quality of Budgetary and Financial Management
   18. Efficiency of Revenue Mobilization
   19. Quality of Public Administration
   20. Transparency, Accountability and Corruption in the Public Sector

Countries should be rated on their current status in relation to these guidelines and to the benchmark countries in each region, for which the agreed ratings have been provided to the staff. Please assess the countries on the basis of their currently observable policies, and *not* on the amount of improvement since last year *nor* on intentions for future change, unless the latter are virtually in place. For criteria with multi-dimensions (#9, 13, 17, and 19), a rating for each dimension should be provided in the write-up along with its justification.

As described in these guidelines, a "5" rating corresponds to a status that is good today. If this level has been sustained for three or more years, a "6" is warranted, signifying a proven commitment to and support for the policy. Similarly, a "2" rating represents a thoroughly unsatisfactory situation today. A "1" rating signifies that this low level has persisted for three or more years, and therefore that the resulting problems are likely to be more entrenched and intractable.

Ratings Scale:
1 (low) through **6** (high)

1 Unsatisfactory for an extended period
2 Unsatisfactory
3 Moderately Unsatisfactory
4 Moderately Satisfactory
5 Good
6 Good for an extended period

Intermediate scores of 2.5, 3.5 and 4.5 may also be given.
Scores of 1.5 and 5.5 may not be given.

Factual indicators of economic outcomes should be used to inform judgments about the effectiveness of the relevant policies and institutions, and to foster comparisons among countries. The PREM/DEC indicators for each country (available as part of the On-the-Fly tables on the SIMA website) show where each country's outcomes appear to be significantly below relevant cross-country reference values. Additional guideposts are also suggested to assist you in answering particular questions.

1. Management of Inflation and Macroeconomic Imbalances

This question assesses whether a country has a consistent macroeconomic program (in terms of exchange rate, monetary and fiscal policy) that addresses inflation and internal and external imbalances.

Guideposts:

- PREM/DEC Indicators on Macroeconomic and Fiscal Policies.
- PREM/DEC Indicators on Financial Sector.
- PREM/DEC Indicators on Access to Capital.

2	Needs a consistent macroeconomic program, or has stopped one with no immediate prospect of resumption.
3	Sporadically or partially attempts to correct major imbalances.
4	Applies measures to address major imbalances, but program is not fully consistent.
5	Is implementing a consistent macroeconomic program, and in the absence of shocks is expected to remove imbalances within the next 1-2 years.

2. *Fiscal Policy*

This item assesses the size of the fiscal balance and the composition of government revenue and spending to assess their compatibility with adequate provision of public services for economic growth, favorable macroeconomic outcomes, and a sustainable path of public debt.

Guidepost:

- PREM/DEC Indicators on Macroeconomic and Fiscal Policies.

2	Fiscal balance will likely lead (or is already leading) to inflationary financing, crowding out of private sector investment, an unsustainable current account deficit or an unsustainable level of public debt; or fiscal policy is not making a serious attempt at provision of public services and infrastructure essential to growth.
3	Sporadic efforts at macroeconomic stabilization through fiscal policy but not maintained consistently or implemented through temporary measures like ludicrously low real public sector wages or cuts in projects or services with high long run returns; or attempts at public services and infrastructure provision are sporadic and concentrated in not very cost-effective uses of funds.
4	Consistent maintenance of macroeconomic stability and fiscal sustainability through appropriate levels of the fiscal balance and lasting adjustment measures with only occasional lapses. Public service provision is good in some sectors but still inadequate in others.
5	Fiscal policies are consistent with adequate provision of high quality public services and infrastructure for economic growth and generate a fiscal balance that can be financed (including with aid flows where applicable) in a non-inflationary way and is consistent with adequate credit for the private sector and a sustainable path of public debt.

3. Management of Public Debt (External and Domestic)

This item assesses whether the country can manage its public debt, external and domestic, and service it now and sustainably into the future. Two separate but linked dimensions for assessment are: (a) Debt service capacity; (b) Debt management capacity. For the overall rating for this criterion, generally, these two dimensions should receive equal weighting.

Ratings should take into account, for both external and domestic debt, the existence and amount of any arrears; whether and how long the country has been current on debt service; the maturity structure of the debt; likelihood of reschedulings; future external debt service obligations in relation to export prospects and reserves, and future domestic debt service in relation to fiscal balances and GDP. Rating should also take into account the means of financing of domestic public debt—specially to quasi-fiscal operations carried out by central banks, such as credit to financial institutions facing solvency problems, purchase of bad loans, exchange rate guarantees, preferential exchange rates, foreign exchange capital losses, and so on. In addition, consideration should be given to the extent to which debt management has been unified and coordinated within the government, the capacity for debt management and analysis, and the integration of debt management considerations into the budgetary process.

Guideposts:

- PREM/DEC Indicators on Access to Capital.

- World Bank's Debt Reporting System (DRS) – reporting status ratings:

  http://intresources.worldbank.org/DATA/Resources/StatusReports_September2002.pdf

2	a.	A significant proportion of the public debt, external or domestic, is in arrears **or,** given the size and structure of the present debt, the country cannot expect to service it in a timely way in the absence of major relief or restructuring that is not in prospect.
	b.	No unified debt management department and different types of sovereign debt managed by different agencies and not well coordinated. Limited capacity for debt management and analysis and poor integration of debt management into the budget.
3	a.	Some arrears on debt to individual creditors; debt is clearly excessive; the government has to resort to exceptional measures to contain the debt servicing problems. Foreign exchange resources available to the government are generally barely sufficient for smooth servicing of its external debt; quasi-fiscal operations rely heavily on monetization to finance domestic public debt.
	b.	A department for sovereign debt exists but its mandate does not cover all types of debt. Monitoring and analytical capacity is weak, as is the integration of debt management into the budget.
4	a.	The government manages to service all its debt on time; debt arrears are infrequent and promptly dealt with. However, the debt burden, external and domestic, is high and constrains other expenditures. Chances are high that under adverse macroeconomic circumstances the debt situation might deteriorate dangerously.
	b.	A central department responsible for managing all sovereign debt, but has limited operational autonomy. It has reasonable monitoring and analytical capacity, and the debt management is integrated into the budget.
5	a.	No arrears and no quasi-fiscal operations. Given the size and structure of the public debt, prospective fiscal balances and foreign exchange receipts are adequate to ensure that public debt, external and domestic, can be fully serviced under most foreseeable circumstances.
	b.	Central department manages all debt and it has good analytical and monitoring capacity and sufficient operational autonomy. Debt management well integrated into the budget.

4. Management and Sustainability of the Development Program

This question assesses the degree to which the management of the economy and the development program reflect three elements: technical competence; sustained political commitment and public support, and participatory processes through which the views of stakeholders can be heard and inform government decision making. A high score is warranted if all three of these dimensions are satisfactory; a low score is warranted by weak performance on any one dimension.

Guidepost:

KKZ indices (government effectiveness, political stability, and voice and accountability):[1]

http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2	Institutions and instruments for implementing economic and development policies and managing shocks are not effective. Actual or incipient economic, political or security obstacles make it unlikely that authorities will implement needed reforms or maintain existing achievements. The public and key stakeholders have no influence on, or do not support, key decisions. The Government does not rely on participatory processes to gather information or review plans.
3	Institutions and instruments for implementing policies and managing shocks are weak, but there have been occasional successes. There are several impediments/obstacles that reduce the chances of successful reform efforts. There is only limited consultation and participation with key stakeholders and civil society. Participatory processes are rarely used, and public support is low.
4	Institutions and instruments work fairly well, although there are problems. While there are some impediments/obstacles to policy reforms, the Government has demonstrated the ability in the past to overcome these obstacles in many, but not all, cases. Some consultation has taken place with stakeholders, and participatory processes have been used in a limited fashion. Government coordination is good, and there is moderate public support for reform efforts.
5	Tools are available to implement policies and manage events effectively. Policies and actions of key agencies are well coordinated. Authorities have a coherent program of reform or a record of sustained good performance with broad public support. Participatory processes are often used as means through which the views of stakeholders can be heard and inform government decision making .

[1] Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton, "Governance Matters II : Updated Indicators for 2000/01", Policy Research Working Paper 2772, World Bank Institute (WBI), The World Bank, February 2002.

5. *Trade Policy and Foreign Exchange Regime*

This item assesses how well the policy framework fosters trade and capital movements. The four categories outlined below are intended to represent relatively typical "clusters" of trade policies. Where countries do not neatly fit within a cluster, countries should be classified by considering the overall restrictive impact of all of the policies prevailing in the country. In principle, this might be measured by adding up the tariff, or export-tax, equivalents of the protective measures prevailing. Thus, a country with a low average tariff rate, but highly restrictive quantitative restrictions might be classified in category 2. A highly variable tariff schedule (e.g. a coefficient of variation greater than one) that increases the cost of protection might cause a country to be lowered one category, while limited variation might allow it to be raised by one.

The treatment of exchange rate regimes requires special attention. Because the focus of this section is on measures of trade barriers, it seems appropriate to focus on those forms of exchange rate policies that act as a tax on both exports and imports. An important example of such a regime is an overvalued official exchange rate and rationing of foreign exchange for imports. Macro policies that lead to an overvalued exchange rate that taxes exports and subsidize imports, should be addressed in the Economic Management cluster.

Guidepost:

PREM/DEC Indicators on Trade Policies and Competitiveness.

2	Average tariff (weighted by global trade flows) is high (over 30%). High and erratic import and/or export barriers, including quantitative restrictions and/or state trading monopolies. Export taxes or quantitative restrictions frequently used. Customs or political authorities make discriminatory or *ad hoc* exemptions. Valuation procedures arbitrary and artificial exchange rates result in substantial over or under valuation of goods for customs purposes. Clearance of goods requires many approvals, arbitrary fines, frequent bribes to customs officials and involves long delays. Foreign exchange rationed or an administered foreign exchange regime with multiple exchange rates.
3	Average tariff 20-30 percent. Coverage of quantitative restrictions reduced to 15 per cent or lower. Export restrictions mostly phased out. Duty exemptions frequently used to offset the adverse impacts of import barriers on inputs used in production of exports or for approved investment projects. Foreign exchange convertible for most current account purposes. Customs clearance involves high inspection ratios for imports, and interaction between officials and importers encourages corruption.
4	Average tariff 10-20 percent. Quantitative restrictions cover only a very small percentage of imports (under 5 percent). Virtually no export restrictions. Duty exemptions provided only in accordance with well-defined rules. Foreign exchange convertible for virtually all current account purposes. Customs procedures are well-defined, quick, efficient and impersonal, and staff professional, although some "tea money" payments to expedite clearance may still be present.
5	Average tariff (weighted by global trade flows) is low (10% or less), with low dispersion and insignificant or no quantitative restrictions or export taxes. Trading monopolies absent or unimportant. Indirect taxes (e.g. sales, excise, surcharges) do not discriminate against imports or exports. Efficient and rule-bound customs administration. IMF Article 8 status. Minimal or no foreign exchange restrictions on long-term investment capital inflows

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

6. Financial Stability

This item assesses whether the structure of the financial sector, and the policies and regulations that affect it, are conducive to diversified financial services to be provided in a context of integrity and with a minimal risk of systemic failure. The key dimensions for assessment are: (a) competition policies, (b) legal regime, and (c) regulatory regime. Each of the three dimensions should be weighted equally. The size of the economy should be taken into account as appropriate in interpreting the guidelines.

2 **Unsatisfactory competition policies** (e.g., high barriers to entry and/or differential entry requirements for foreign and domestic financial institutions (FIs), segmented financial markets, strong capital controls), **legal regime** (e.g., weak corporate governance, insufficient legal powers for regulatory agencies, lack of orderly and transparent exit mechanisms for failed FIs, ineffective collateral, bankruptcy and anti-money laundering laws), and **regulatory regime** (e.g., regulatory agencies are not independent/subject to political interference, prudential regime for FIs is weak/not based on international best practice standards for consolidated supervision, capital adequacy, accounting and disclosure, large and connected exposures, money laundering, etc.). As a result, the financial sector is highly concentrated, undercapitalized and prone to frequent financial crises Depositor and investor confidence is low. Crisis response is disorderly/nontransparent (e.g., FI failure resolution costs hidden in the central bank)/lengthy/excessively costly.

3 **Moderately unsatisfactory competition policies** (e.g., some barriers to entry, differential entry requirements, segmentation and capital controls continue to exist but are beginning to be dismantled), **legal regime** (FI and related legislation (e.g, anti-money laundering) is improving, but the infrastructure needed for effective implementation of such legislation does not yet exist or is in its infancy, e.g. effective court systems, collateral registration systems, payments and securities clearing & settlement systems, accounting and auditing profession etc.) and **regulatory regime** (only partial introduction of international regulatory best practice standards, with effective enforcement still missing). Financial sector is still characterized by concentration/segmentation albeit to a declining degree, continued presence of several weak financial institutions and regular occurrence of financial crises. Depositor and investor confidence is still limited, and crisis response is still disorderly.

4 **Moderately satisfactory competition policies** (formal barriers to entry, segmentation policies or capital controls no longer exist or are very limited in scope, but informal mechanisms—e.g., deliberately slow processing of license applications—are sometimes utilized to protect vested/local interests), **legal regime** (good FI and related legislation (e.g. anti-money laundering) is on the books and the infrastructure for enforcement of such legislation is gradually becoming more effective), and **regulatory regime** (gradually increasing application—both issuance of rules and their enforcement—of international best practice standards but local financial system still not fully capable to comply with these standards). Financial sector characterized by growing openness/competition, appearance of several strong 'lead' financial institutions, growing depositor and investor confidence, and infrequent occurrence of financial crises. Pace, transparency and cost effectiveness of crisis/failure resolution are improving.

5 **Good competition policies** (e.g., no barriers to entry, equal treatment of foreign and domestic investors, integrated financial system, virtually complete capital account convertibility), **legal regime** (e.g., sound corporate governance arrangements are in place and effectively enforced, effective financial reorganization/restructuring/debt foreclosure mechanisms exist allowing expeditious resolution of problem assets and exit of failed FIs) and **regulatory regime** (e.g., based on international best practice standards, with effectively functioning and independent regulatory agencies able to enforce compliance, well fenced against money laundering). Financial sector characterized by healthy competition, high level of stability and high depositor/investor confidence. Financial crises are rare and if they do occur, resolution is quick, transparent and cost effective.

7. *Financial Sector Depth, Efficiency and Resource Mobilization*

This item assesses to what extent the policies and regulations affecting financial institutions foster the mobilization of savings and efficient financial intermediation. The key dimensions for assessment are: (a) monetary and credit policies (b) tax policies, and (c) ownership policies. Each of the three dimensions should be weighted equally.

Guidepost:

- PREM/DEC Indicators on Financial Sector.

2 **Unsatisfactory monetary & credit policies** (interest rates are not market determined and/or credit ceilings are widely used, widespread occurrence of subsidized credit schemes that have severe distortionary effects, public sector borrowing requirement (PSBR) crowds out credit to the private sector), **tax policies** (e.g., banks are subject to unduly high unremunerated reserve requirements, taxes are levied on non-existing profits because loan loss provisions are not tax deductible, differential tax regimes create unequal playing field for different FIs/products), and **ownership policies** (e.g., widespread state ownership of FIs, reluctance to FI privatization, the State abuses FIs for social policy purposes or for fraudulent/corrupt activities). As a result, financial sector is characterized by high margins, low levels of intermediation and limited range of financial products and services.

3 **Moderately unsatisfactory monetary & credit policies** (interest rates are not yet market determined, but market based monetary policy instruments are being developed/tested, selected use of credit ceilings continues, subsidized credit schemes are cut back but are still not transparently funded through the budget, the PSBR remains high but allows limited room for private sector credit growth), **tax policies** (e.g., unremunerated reserve requirements are still high but starting to decline, the tax regime is being adjusted to reflect the specific needs of FIs such as loan loss provisioning, but is not yet fully conducive to FI development/safety and soundness), and **ownership policies** (e.g., a start is made with privatization of state-owned FIs, but state ownership remains an dominant/important characteristic of the financial system, and incidences of fraud/corruption in state-owned institutions continue to occur). As a result, financial sector is characterized by still high but declining margins, still low but increasing levels of intermediation and a still limited range of financial products and services.

4 **Moderately satisfactory monetary and credit policies** (interest rates are increasingly or fully market determined, there are still directed/subsidized credit schemes with distortionary effects but these are increasingly—but not yet fully—transparently funded through the Government budget, fiscal policy is put on a more sustainable footing and the PSBR is declining but may still have a somewhat detrimental impact on private sector credit growth), **tax policies** (e.g., banks are no longer subject to unduly high unremunerated reserve requirements and taxes are no longer levied on non-existing profits with loan loss provisions being tax deductible or such tax deductibility being phased in, but differential tax regimes still create biases in favor of or against certain types of FIs/financial products), and **ownership policies** (e.g., state ownership of FIs has been significantly reduced but still exists, with the authorities being engaged in active privatization efforts; incidences of fraud or corruption in state-owned FIs are rare). As a result, financial sector is characterized by noticeably declining margins, increasing levels of intermediation and the appearance of an increasingly broad range of financial products and services.

5 **Good monetary and credit policies** (interest rates are market determined, credit is not directed, whatever few credit subsidy schemes remain that can be justified on social grounds and are transparently funded through the budget, the PSBR is small enough to not noticeably crowd out private sector credit), **tax policies** (e.g., the tax regime for all FIs takes account of legitimate risk reducing expenses, tax treatment of different FIs and products create a level playing field for all financial sector activity), and **ownership policies** (e.g., state ownership of FIs is limited to justifiably Government-supported, arms-length and commercially run institutions such as export credit agencies). As a result, financial sector is characterized by low margins, high levels of intermediation and availability of a wide and sophisticated range of financial products and services.

8. Competitive Environment for the Private Sector

This question assesses whether firms face competitive pressure to behave efficiently or be forced to exit. The state may inhibit a competitive private sector, either through direct regulation or by reserving significant economic activities for state-controlled entities. In addition to policies, administrative procedures have a bearing on the degree of competition and should thus be taken into account in addressing this question. The relative weight to be placed on the existence and effectiveness of anti-trust measures would depend on the countries; this is likely to be more relevant for middle-income countries.

Guideposts:

- PREM/DEC Indicators on Private Sector Framework.
- World Bank's Doing Business website at : http://rru.worldbank.org/doingbusiness/

(1) Days to register a business;

(2) Cost to register a business;

(3) Days to go through insolvency;

(4) Cost to go through insolvency.

2	Extensive bans on, or complex licensing of, investment, and costly procedures to enter and exit economic activities. No legal framework to address anti-competitive conduct by firms in naturally-competitive markets. Public sector entities required to purchase only from state firms.
3	Few bans on investment but complex licensing requirements for many activities. Costly procedures to enter and exit many economic activities. Legal framework to address anti-competitive conduct by firms exists but there is no effective enforcing agency. Public sector entities are not formally required to purchase exclusively from state firms but there is widespread implicit pressure to do so.
4	Licensing requirements for most activities eliminated or streamlined but remain problematic in some cases. Easy entry and exit for most activities but barriers remain for some. Good legal framework to address anti-competitive conduct by firms exists. Agency responsible for enforcing the framework is often, but not always, effective. Public sector entities are free to procure from any source but there is occasional interference in procurement decisions.
5	Very few bans or investment licensing requirements. Ease and low cost of entry and exit procedures. Good legal framework to address anti-competitive conduct by firms exist and is consistently enforced by an effective enforcing agency. All public sector entities are free to procure from any source and always exercise their freedom.

9. Goods and Factor Markets

This question addresses the policies that affect the efficiency of (a) goods markets and (b) factor markets for labor and land. The equity aspects are addressed in questions 11 and 12. The efficiency of the goods and factor markets should be rated separately, following the guidelines and rating scale below. The overall score for this criterion should be computed as average of the two scores.

Note: As a criterion with multi-dimensions, a rating for each dimension should be provided in the write-up along with its justification.

Guidepost:

- PRMPS Governance Indicators related to government intervention, wages/prices, and property rights:

http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2	a.	Only a limited market for goods exists, e.g. the state makes administrative allocative decisions about production.
	b.	Individuals are allocated to jobs. Private land ownership is illegal or severely curtailed.
3	a.	A market for goods exists, but there is extensive state intervention through controls and/or subsidies/taxes, e.g. a significant presence of regulated parastatals in product markets and/or significant subsidies on major commodities.
	b.	There are distortionary minimum wages and/or distortionary job security regulations in labor markets. It is difficult to obtain title to land.
4	a.	There is little direct state intervention through controls and/or subsidies, but there are some market imperfections not addressed by the state, e.g. high concentration ratios in industries enjoying some trade protection or producing non-tradable goods.
	b.	There are labor market institutions that depress employment in major sectors. There are no legal/institutional barriers to land ownership, but land markets could be distorted by significant monopolistic elements.
5	a.	State intervention in the goods market is limited to regulation and/or legislation to smooth out market imperfections, e.g. the state enforces competition laws in product markets. There is an industrial relation policy aimed at improved efficiency.
	b.	State intervention in the labor and land market is limited to regulation and/or legislation to smooth out market imperfections. There are policies aimed to improve land access in rural and/or urban areas.

10. Policies and Institutions for Environmental Sustainability

This question assesses the extent to which economic and environmental policies contribute to the incomes and health status of the poor, by fostering the protection and sustainable use of natural resources and the management of pollution.

Guideposts:

- Existence of an environmental policy framework (WDI Table 3.14) and Environmental Impact Assessment legislation;

- Specific issues: deforestation (WDI Table 3.4), protected areas (WDI Table 3.4), water use (WDI Table 3.5), access to safe water (WDI Table 3.5), access to sanitation (WDI Table 3.10), air pollution in major cities (WDI Table 3.13), ratification of global treaties (WDI Table 3.14), genuine savings rate (WDI Table 3.15).

Click here for WDI Tables (and then click on Environment)

2 Subsidies and/or ownership and tenure structures promote non-sustainable resource use or degradation. Policies and public programs for the management of natural resources and pollution control are ineffective. Environmental services such as water and sanitation are of limited scope and financially unsustainable. The regulatory framework and its implementation are inadequate to handle major environmental challenges.

3 Gaps exist in the coverage of policies concerning pollution and natural resources. Funding levels are low and not well matched to environmental priorities. Capacity to implement and enforce policies is weak.

4 Policies concerning pollution and natural resources are fairly broad, reasonably matched to environmental priorities and funded at minimally acceptable levels. Basic capacity to implement and enforce policies exists.

5 For *pollution* a policy framework and implementing regulations are in place. Monitoring and enforcement of regulations is credible. Water and sanitation services are broadly available and financially sustainable.

For *natural resources* there are clear property rights and transparent mechanisms for the allocation of concessions and quotas. Resource royalties are captured in the mineral, energy and forest sectors, and quotas control access to fishery resources. Protected areas are effectively managed and financially viable.

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

11. Gender

This item assesses the extent to which the country has created laws and policies, and institutions to enforce them, that promote equal access of males and females to productive and economic resources (e.g., employment), human capital development opportunities (e.g., in education and health), and equal status and protection under the law (e.g., freedom from discrimination on the basis of sex in both the private and public spheres).

Guideposts:

- *Suggested* indicators for the six areas listed in the box above. Several indicators are given for each dimension because not all indicators are available for all countries. Efforts should be made to obtain as many indicators as possible.

Access to Productive and Economic Resources:

(1) *access to assets*—male and female access to and use of credit, markets, financial services; property (land, capital, business) ownership by males and females

(2) *employment*—(formal) labor force participation, male and female (or female to male ratio); males and females as proportion of administrative and managerial positions

Human Capital Development:

(3) *education*—adult and youth illiteracy rates, male and female (or female-male difference); net primary and secondary school enrollment rates (or female/male ratios)

(4) *health services*—child mortality rate (age 1-5), male and female; sex ratios (ages 0-5); births attended by skilled health staff (% of births); % pregnant women receiving prenatal care

Status and Protection under the Law:

(5) *constitutional and legal rights*—laws, policies, and institutions in place to protect equal rights for women and men, e.g., property, inheritance, and contract rights; mechanisms and practices to enforce them, such as social security programs throughout the world

(6) *Convention on the Elimination of All forms of Discrimination Against Women (CEDAW)*—enactment of laws consistent with economic and social provisions of CEDAW and adoption of a national plan of action

Sources

- GenderStats CPIA Module—
  http://genderstats.worldbank.org/genderRpt.asp?rpt=CPIA&cty=AFG,Afghanistan&hm=home3
- GenderStats-- http://genderstats.worldbank.org/. Information on World Development Indicators; Poverty Monitoring Database: Social Indicators; regional gender databases (LAC, SSA, EAP). Data sources include national statistics, UN databases and World Bank-conducted or funded surveys.

2. Existing laws, policies, and institutions largely deny equal economic and social rights and opportunities to females and males. Specifically, laws and government policies provide equal rights to males and females ***in fewer than three*** of the following six areas:

In Access to Productive and Economic Resources: (1) access to assets, (2) employment; in Human Capital Development: 3) education, (4) health services; in Status and Protection under the Law: (5) constitutional and legal rights, and (6) economic and social areas referred to in the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW).

3. Some existing laws, policies and institutions provide equal economic and social rights and opportunities to females and males. Government policies and institutions provide equal rights and opportunities ***in at least 3*** of the areas listed in #2 above.

4. Most existing laws, policies and institutions provide equal economic and social rights or opportunities to females and males. Government policies and institutions provide equal rights and opportunities ***in at least 4*** of the areas listed in #2 above.

5. Almost all existing law, policies and institutions provide for equal economic and social rights and opportunities for females and males. ***Five or more*** of the gaps identified in #2 have been closed.

12. Equity of Public Resource Use

This item assesses the extent to which the pattern of public expenditures and revenues favors the poor, based on available poverty analysis, public expenditure reviews (PERs), and other relevant analyses, as well as on country owned Poverty Reduction Strategy, or, if not available, informed judgment based on existing information and analysis. PERs or other relevant expenditure analysis that covers the size, adequacy and allocation of public spending, should provide the analytical basis for identifying spending needs in key areas and their budgetary implications. In this regard, where relevant, the Bank considers the extent and impact of non-development expenditures. In countries where the Bank considers that public outlays for the social sectors or other development objectives are inadequate, the role of non-development expenditures is assessed, taking into account total resources, essential development expenditures and the crowding out effect or opportunity cost of non-productive expenditures on public spending for developmental purposes, and especially human resource development. Its focus is on assuring the maximum feasible allocation of resources to these developmental purposes.

National and sub-national levels of government should be appropriately weighted. Should a country rate differently on any of the three dimensions below, the first dimension, on public expenditures, should be weighted most heavily.

Guidepost:

Assessment of public expenditure and/or revenue incidence should draw from recent public expenditure reviews and poverty studies.

2 Most public expenditures for economic and social services do not benefit the poor more than the better off.

The government has not identified individuals, groups or localities that are poor, vulnerable, or have unequal access to services and opportunities, does not have appropriate programs, and has no plans. Spending on economic and social services targeted to the poor is inadequate.

The overall incidence of revenues is regressive.

3 Only some public expenditures for economic and social services benefit the poor more than the better off.

The government has not identified individuals, groups or localities that are poor, vulnerable, or have unequal access to services and opportunities, does not have appropriate programs, and has taken only small, if any, steps to correct this. Spending on some key economic services targeted to the poor is inadequate.

The overall incidence of revenues is regressive and only small steps, if any, are being taken to correct this.

4 Key public expenditures for economic and social services benefit the poor more than the better off, but some egregious regressive expenditures remain.

The government has identified individuals, groups or localities that are poor, vulnerable, or have unequal access to services and opportunities, and is taking significant steps to introduce appropriate programs. With few exceptions, spending on economic services targeted to the poor is broadly adequate.

The overall incidence of revenues is progressive, but some egregious regressive revenue sources remain.

5 Key public expenditures for economic and social services are well targeted to benefit the poor. There are few, if any, egregious regressive expenditures.

The government has identified individuals, groups or localities that are poor, vulnerable, or have unequal access to services and opportunities, and has designed appropriate programs. Spending on economic services targeted to the poor is broadly adequate.

The overall incidence of revenues is progressive, and there are few, if any, egregious regressive revenue sources.

13. Building Human Resources

This question assesses the programs and policies that affect access to and quality of (a) health care and nutrition services, (b) access to and quality of education, training and literacy, and (c) prevention of HIV/AIDS and other communicable diseases. Each of these three dimensions should be rated separately. For the overall rating for this criterion, these three dimensions should receive equal weighting.

Note: As a criterion with multi-dimensions, a rating for each dimension should be provided in the write-up along with its justification.

2 a. Policies and programs are inconsistent with improving access to good quality health care and for improving nutrition and health outcomes.

b. Policies and programs are inconsistent with improving literacy and broad access to good quality education and training.

c. There is little effective action for prevention of HIV/AIDS and other communicable diseases.

3 a. Policies and programs, and the roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are to some (limited) extent appropriate to ensuring broad access to health and nutrition services and sustainable health care financing. There is some health insurance or other protection against impoverishing financial burden resulting from illness (i.e. access to free hospital care funded by government, subsidies, and/or exemptions from fees for hospital services, private or public), but coverage is low.

b. Policies and programs, and the roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are to some (limited) extent appropriate for improving literacy and access to good quality education and training.

c. There are some activities for prevention of HIV/AIDS and other communicable diseases, but they are limited and inadequate.

4 a. Policies and programs and the roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are generally appropriate for improving health and nutrition outcomes, although there are some gaps or inconsistencies. There is health insurance and/or other protection against impoverishing financial burden resulting from illness for low income households, although coverage is incomplete.

b. Policies and programs and the roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are generally appropriate for improving literacy and broad access to good quality education and training, although there are some gaps or inconsistencies.

c. There are activities for prevention of HIV/AIDS and other communicable diseases in health and several other sectors.

5 a. There are clearly identified and appropriate strategies, policies and programs for improving health and nutrition outcomes. The roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are appropriate to implement the policies. There is health insurance and/or other protection against impoverishing financial burden resulting from illness for most households.

b. Appropriate priorities, strategies, policies and programs have been identified (preferably with participation by the public and affected groups), to improve literacy and access to good quality education and training. The roles and responsibilities of the various levels of government and of the private and non-government/voluntary sectors are appropriate to implement the policies.

c. There are activities for prevention of HIV/AIDS and other communicable diseases in all or most relevant sectors, with broad-based government commitment.

14. Social Protection and Labor

Government policies in the area of social protection and labor market regulation reduce the risk of becoming poor and assist those who are poor to mitigate and cope with further risk to their well-being. Programs and policies that help the poor reduce, mitigate, and cope with risk include the following: regulation which minimizes segmentation and inequity in the labor market; protection of basic labor standards; social safety nets; community-driven development projects; and active labor market programs such as public works or job training.

2	Government programs (social safety nets, targeted interventions, etc.) fail to reach chronically poor, vulnerable, and/or elderly. Excessive or inappropriate government labor market regulation discourages employment or fails to minimally protect workers. Labor codes and/or government policies and programs fail to address harmful child labor.[2] Labor codes and/or government policies fail to address discrimination (on the basis of gender, age, ethnicity, etc.) in the labor market. Government programs and policies impede development of community initiatives.
3	Achieves 2 of the 5 or partially achieves 4 of the 5 criteria required for a score of "5".
4	Achieves 4 of the 5 or achieves 3 and partially achieves 2 of the criteria needed for a score of 5.
5	Government policies and programs are in place which, in combination with private systems, are designed to protect chronically poor and vulnerable, including the elderly. Labor market regulation, including the application of core labor standards, promotes broad access to employment and reflects a balance between social protection and job creation objectives in accordance with the economic circumstances and values of the country. (See the HDN online Core Labor Standards Toolkit for further guidance.) Government policy and programs work toward the elimination of harmful child labor, including appropriate incentives for children to remain in school. Government policy encourages civil society and local government involvement in projects to reduce child labor. Labor codes and/or government policies and programs promote reduction of discrimination in the labor market. Government policies and programs are in place to support the poor communities's own development initiatives (e.g. allocation of resources to communities and their local governments for building infrastructure, providing services, or supporting other development Initiatives).

A score of 2 would be given to a country that fully met the criteria listed. A country where all but one of the (negative) criteria applied would be scored 2.5. A country which achieves 3 of the 5 criteria would get a score of 3.5.

[2] Harmful child labor is defined by the World Bank (see P. Fallon & Z. Tzannatos, *Child Labor—Issues and Directions for the World Bank*. World Bank, Human Development Network Social Protection, (1998) and in accordance with the 1999 ILO Convention No. 182 on the Elimination of the Worst Forms of Child Labor, as that which inhibits the child's growth and development, and has negative implications for social and human development in countries.

15. Monitoring and Analysis of Poverty Outcomes and Impacts

This item assesses both the quality of systems to monitor poverty outcome/impact indicators and their use in formulating policies. Poverty outcome/impact indicators include impact indicators such as income poverty, inequality, malnutrition, and other indicators of well-being, and outcome indicators such as those capturing access to, and use of and satisfaction with public services. Quality encompasses: timeliness, reliability, appropriate disaggregation, and policy relevance. Each score below, is evaluated on the basis of five dimensions (sentences), the first three of which apply to aspects of quality, and the last two of which apply to aspects of capacity and use. Each of the five dimensions should be weighted equally in your evaluation.

Guidepost: Information on the date, accessibility, comparability and availability of household surveys is available in:

- Regional tables on poverty data availability are available at http://www.worldbank.org/poverty/data/census/index.htm and

- Country information on surveys and participatory studies and poverty assessments is available in the Poverty Monitoring Database, at http://IEC_NTAS2.worldbank.org/povertys.nsf.

Guidepost: Information on comparative poverty outcome/impact indicators are available through:

- World Development Indicators: http://sima/data/frames/official_tables.htm and http://sima/

2 Key poverty and welfare indicators are not well defined, not monitored regularly, and the impact of key policies is not regularly assessed by domestic institutions. Whatever household surveys and participatory monitoring exist is carried out irregularly and/or by donors, with little capacity building within domestic institutions. Data are old, unavailable, and not adequately disaggregated by gender and socio-economic group. Capacity for data analysis is weaker than overall country capacity. Results are not used to inform policy decisions and program design.

3 *Same as 2 with the following modifications:*

Key poverty and welfare indicators are fairly well defined, but not monitored regularly, or the impact of key policies is not regularly assessed by domestic institutions. Whatever household surveys and participatory monitoring exist is carried out irregularly and/or by donors, but some capacity building is taking place. Capacity for data analysis is in line with overall country capacity. Results are seldom used to inform policy decisions and program design. Some steps are being taken to strengthen the poverty monitoring system.

4 *Same as 5 with the following modifications:*

Key poverty and welfare indicators are fairly well defined and monitored regularly, and the impact of key policies is assessed by domestic institutions. The monitoring and evaluation system includes regular nationally representative household surveys covering consumption/income, social indicators, etc as well as some type of more frequent assessments of access to and use of services through administrative systems, beneficiary/user surveys and participatory monitoring. Data are timely and disaggregated by gender and socio-economic group, but not widely accessible. Capacity for data analysis is at least in line with overall country capacity. Results are sometimes used to inform policy decisions and program design. Steps are being taken to further strengthen the poverty monitoring system, as necessary.

5 Key poverty and welfare indicators are well defined and monitored regularly, and the impact of key policies is assessed by domestic institutions. The monitoring and evaluation system includes regular nationally representative household surveys covering consumption/income, social indicators, etc as well as more frequent assessments of access to and use of services through administrative systems, beneficiary/user surveys and participatory monitoring. Data are timely, widely accessible, and disaggregated by gender and socio-economic group. Capacity for data analysis is at least in line with overall country capacity. Results are systematically used to inform policy decisions and program design.

16. Property Rights and Rule-based Governance

This item 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.

Guidepost:

PRMPS Governance Indicators (after opening the below link, click on CPIA Guidepost Data and see Guideposts for CPIA Question #16):

http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2	Enforcement of contracts and recognition of property rights depends almost entirely on informal mechanisms. Laws and regulations are applied selectively or changed unpredictably, for example through frequent and unpublicized executive decrees. Judicial decisions are not publicly available. Favoritism rather than equal treatment pervades dealings with the state. Obtaining a business license can take an inordinate time and require numerous "unofficial payments." Crime and violence substantially increases the cost of doing business.
3	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. Judicial decisions are sometimes publicly available. Rules are not changed arbitrarily but may not be publicly available. Those without connections can secure a business license, but the process is overly bureaucratic and prone to delays. The state is able to provide a modicum of protection against crime and violence.
4	Property rights are protected in practice as well as theory. Property registries are reasonably current and non-corrupt. Rules are publicly available and a mechanism exists to resolve conflicts of rules. Courts may be costly to use but judicial decisions are publicly available. Obtaining necessary licenses is a small share of the cost of doing business. The state is able to protect most citizens most of the time from crime and violence.
5	A rule-based governance structure governs interactions between all citizens and their government. The legal system is highly predictable. Laws and regulations affecting businesses and individuals are transparent and uniformly applied; changes in them are publicly announced and occur only after public hearings and deliberation. A well-functioning and accountable police force protects citizens from crime and violence.

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

17. Quality of Budgetary and Financial Management

This item assesses the extent to which there are (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 should receive equal weighting.

Note: As a criterion with multi-dimensions, a rating for each dimension should be provided in the write-up along with its justification.

Guideposts:

- Checklist of Budget/Financial Management Practices from Public Expenditure Management Handbook (attached at the end of the questionnaire).
- IMF Code of Good Practices on Fiscal Transparency—Declaration on Principles at http://www.imf.org/external/np/fad/trans/code.htm
- PRMPS Governance Indicators (after opening the below link, click on CPIA Guidepost Data and see Guidepost for CPIA Question #17):

  http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

2 a The budget is formulated without consultation with spending ministries. There is no discernible link with any government policies or priorities, including poverty reduction. Significant fiscal operations (e.g. extra-budgetary expenditures, donor funded projects and contingent liabilities 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 20% 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 nor 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, which may focus on poverty reduction, are explicit but are not linked to the budget. The budget is not completed before the start of the fiscal year. There is no forward look 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, 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 10% 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, which 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 5% 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 through a medium-term expenditure framework. The budget is formulated through systematic consultations with spending ministries and the legislature.

b. The budget classification system is comprehensive and meets international standards. The budget covers all or most fiscal operations, and contingent liabilities are fully analyzed. 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 5% 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.

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

18. Efficiency of Revenue Mobilization

This item evaluates the overall pattern of revenue mobilization--not only the tax structure as it exists on paper, but revenues from all sources as they are actually collected. Question 12, by contrast, assesses the incidence of public revenues from the equity standpoint.

Guideposts:

- WDI Table 5.5 on Tax Policies:

  Click here for WDI Tables (and then select States and Markets)

- PRMPS Governance Indicators (after opening the below link, click on CPIA Guidepost Data and see Guidepost for CPIA Question #18):

  http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2 Tax system is poorly designed: tax base is narrow and there are too many open-ended exemptions. Taxes on foreign trade (tariffs and export subsidies), turnover taxes and other distortionary taxes and levies 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. Tax administration is weak due to complex laws, poor information systems, corruption, capacity constraints 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 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. Tax administration is weak, but tax laws are not inordinately complex, and information systems are functioning (e.g., unique taxpayer identification numbers used). Capacity issues are being addressed and political interference is being checked.

4 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. Tax administration is solid, cost of revenue generation has been reduced and there are fewer cases of corruption and political interference.

5 The bulk of revenues are generated by low-distortion taxes such as sales/VAT, property, etc. Import tariffs are low 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. Tax administration is effective, cost-efficient and entirely rule-based. A taxpayer service and information program, and an efficient and effective appeals mechanism, have been established.

19. Quality of Public Administration

This item 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 subnational government.

The key dimensions for assessment are:

a. Policy coordination and responsiveness

b. Service delivery and operational efficiency

c. Merit and ethics

d. Pay adequacy and management of the wage bill.

Generally these areas are highly correlated. However, each of these four dimensions should be rated separately. For the overall rating for this criterion, these four dimensions should receive equal weighting.

Note: As a criterion with multi-dimensions, a rating for each dimension should be provided in the write-up along with its justification.

Guideposts:

- Civil service wages and employment database at http://www1.worldbank.org/publicsector/civilservice/development.htm
- Civil Service website at http://www1.worldbank.org/publicsector/civilservice
- PRMPS Governance Indicators (after opening the below link, click on CPIA Guidepost Data and see Guidepost for CPIA Question #19):

  http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2	a.	Mechanisms for coordination are weak or non-existent.
	b.	Administrative structures are highly fragmented, with overlapping responsibilities. Business processes are extremely complex involving multiple decision layers.
	c.	Hiring and promotion not based on merit. Public employees serve at the pleasure of the current government and rent seeking is normal behavior.
	d.	Public employment as a share of total employment is far higher than needed. The wage bill as a share of GDP is unsustainably large, crowding out spending essential for delivery of public services. 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 may not be adequate to overcome parochial bureaucratic interests.
	b.	Business processes can be overly complex and cause unnecessary delays.
	c.	Hiring and promotion formally merit-based, but there is extensive patronage in practice in several parts of government. Corruption appears entrenched.
	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 occurs but is not systemic
	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 little duplication. Business processes are regularly reviewed to ensure efficient 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).

20. Transparency, Accountability and Corruption in the Public Sector

This item assesses the extent to which (i) 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 (ii) 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. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain. National and sub-national governments should be appropriately weighted.

Guidepost:

PRMPS Governance Indicators (after opening the below link, click on CPIA Guidepost Data and see Guideposts for CPIA Question #20):

http://www-wbweb.worldbank.org/prem/prmps/publicsector/indicators.htm

2	There are no effective audit or other checks and balances on executive power. Boundaries between the public and private sector are ill-defined, and conflicts of interest abound. Responsibilities are not clearly defined across levels of government and the reasons for and costs of decisions by public officials and the judiciary are not made clear or are not based on legal rules or procedures. 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. The media are not independent of government or powerful business interests. Public officials are not sanctioned for failures in service delivery or for receiving bribes. The general public has little voice or participation in public activities.
3	Elected and other public officials often have private interests that conflict with their professional duties. Decision making is generally not transparent. External accountability mechanisms such as inspector-general, ombudsman or independent audit may exist, but have inadequate resources or authority. Restrictions on the media limit its potential for information-gathering and scrutiny, and civil society is weak.
4	External accountability mechanisms limit somewhat the degree to which special interests can divert resources or influence policy making through illicit and non-transparent means. Media publicity is an effective deterrent against unethical behavior. Risks and opportunities for corruption within the executive are reduced through adequate monitoring and reporting lines. 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. Administrative corruption is low.
5	Responsibilities are clearly defined across levels of government. 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. 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. 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. Authorities monitor the prevalence of corruption and implement sanctions transparently.

1 Unsatisfactory for an extended period	**3** Moderately Unsatisfactory	**5** Good
2 Unsatisfactory	**4** Moderately Satisfactory	**6** Good for an extended period

GUIDEPOST A—QUESTION 17

CHECKLIST OF BUDGET/FINANCIAL MANAGEMENT PRACTICES

The following matrix contains practices that are relevant to assessing a country's strengths and weaknesses in budgeting and financial management.

Instructions**:** For each practice listed below, circle a number which represents your country's stage of development.

Budget and Financial Management Practices	**Country:**
	Stage of Development
	1-Inadequate 5-Adequate 10-Excellent
Budget:	
Comprehensive	1 2 3 4 5 6 7 8 9 10
Based on reliable data and estimates	1 2 3 4 5 6 7 8 9 10
Has medium-term perspective	1 2 3 4 5 6 7 8 9 10
Linked to macroeconomic policy	1 2 3 4 5 6 7 8 9 10
Links planning & resource allocation	1 2 3 4 5 6 7 8 9 10
Capital and recurrent expenditure well integrated	1 2 3 4 5 6 7 8 9 10
Links between policy and resources are transparent	1 2 3 4 5 6 7 8 9 10
Trade-offs within spending constraints	1 2 3 4 5 6 7 8 9 10
Effectively controls spending aggregates	1 2 3 4 5 6 7 8 9 10
Is implemented as authorized	1 2 3 4 5 6 7 8 9 10
Is adopted on timely basis	1 2 3 4 5 6 7 8 9 10
Controls items of expenditure	1 2 3 4 5 6 7 8 9 10
Provides incentives for efficiency	1 2 3 4 5 6 7 8 9 10
Uses performance measures	1 2 3 4 5 6 7 8 9 10
Financial Management:	
Based on accounting standards	1 2 3 4 5 6 7 8 9 10
Efficient cash management	1 2 3 4 5 6 7 8 9 10
Timely disbursement of budgeted funds	1 2 3 4 5 6 7 8 9 10
Accountability for expenditure	1 2 3 4 5 6 7 8 9 10
Internal control systems	1 2 3 4 5 6 7 8 9 10
Audit of expenditure (professional, timely reporting)	1 2 3 4 5 6 7 8 9 10
The FMIS links planning, budgeting, accounting	1 2 3 4 5 6 7 8 9 10
Budget/Accounting is consistent	1 2 3 4 5 6 7 8 9 10
Procurement is transparent and competitive	1 2 3 4 5 6 7 8 9 10