

Country Policy and Institutional Assessment (CPIA) - World Bank



Objective and features

1. Objective

The CPIA is a diagnostic tool that is intended to capture the quality of a country's policies and institutional arrangements focusing on the key elements that are within the country's control.

2. Institutional coverage

National governments.

3. Technical coverage

The CPIA rates countries against a set of 16 criteria grouped in four clusters: (1) economic management, criteria 1–3; (2) structural policies, criteria 4–6; (3) policies for social inclusion and equity, criteria 7–10; and (4) public sector management and institutions, criteria 11–16. The criteria are focused on balancing the capture of the key factors that foster growth and poverty reduction, with the need to avoid undue burden on the assessment process.

In line with the scope of the stocktaking study, the technical coverage is focused on cluster 4, in particular on criterion 13, Quality of Budgetary and Financial Management.

4. Application method

Custodian.

Methodology



5. Methodology

The CPIA measures the extent to which a country's policy and institutional framework supports sustainable growth and poverty reduction, and consequently, the effective use of development assistance. The outcome of the exercise yields both an overall score and scores for all the 16 criteria that make up the CPIA.

The International Development Association's (IDA) resources are allocated on the basis of Country Performance Ratings (CPR) that are calculated based on the CPIA by country. The WB country teams prepare rating proposals based on available data. Country teams' rating proposals are accompanied by a write-up using the format provided by the Operations Policy and Country Services (OPCS), which provides the rationale for the proposed rating for each of the 16 criteria.

6. Benchmarking system

Benchmarking with scoring. For each criterion, countries are rated on a scale of 1 (low) to 6 (high). A rating of 1 corresponds to a very weak performance, and a rating of 6 to a very strong performance. Intermediate scores of 1.5, 2.5, 3.5, 4.5, and 5.5 may also be given. Each of the four clusters has a 25 percent weight in the overall rating. Within each cluster, all criteria receive equal weight, although components within a criterion may be weighted differently. The overall score is obtained by calculating the average score for each cluster, and then by averaging the scores of the four clusters. The overall country score is referred to as the IDA Resource Allocation Index (IRAI).

7. Linkage to PEFA framework

CPIA (WB) assessment draws from the performance indicators related to relevant criteria elements, such as aggregated expenditure outturn (PI-1), budget documentation (PI-5), debt management (PI-13), revenue administration (PI-19), annual financial reports (PI-29), and external audit (PI-30).

8. Complementarity with PEFA framework

CPIA guidelines refer to PEFA reports as source for scoring specific PFM-related criteria.

Development and use



9. Development and coordination

The WB CPIA assesses the conduciveness of a country's policy and institutional framework to poverty reduction and sustainable growth, and the effective use of development assistance. The CPIA enters the calculation of country performance ratings, which have been used since 1980 to allocate IDA resources to eligible client countries.

Over the years, the criteria have evolved reflecting lessons learned and mirroring the evolution of the development paradigm. In 1998, the criteria were substantially revised to include governance and social policies, the number of criteria was set at 20 (where it remained until 2004), and the ratings scale was changed from a 5- to a 6-point scale.

In 2001, further changes were introduced. These changes included establishing a written record, providing detailed guidance for criteria with several subcomponents, revising the content of the criteria, and explicitly defining the rating levels 2, 3, 4, and 5 (previously only the 2 and 5 rating levels were fully defined). In 2004, the existing criteria were revised on the basis of an external panel review constituted by the WB, resulting in the present set of 16 criteria. In 2011, following an evaluation by the Independent Evaluation Group (IEG), the criteria were revised to ensure that the content of the revisions were commensurate with the availability of information and the World Bank's ability to assess countries, particularly IDA countries, and to ensure some continuity in the criteria to avoid unwarranted changes in scores. Further details regarding development and revisions are available on the WB website.

10. Assessment management

The WB CPIA process is conducted in-house by the WB economists, sector specialists, and other members of country teams. A plethora of assessments along with country data are referred to for arriving at the country ratings. Some of the relevant ones include PEFA (A01), PER (A07), and Systematic Country Diagnostic. A detailed list of all sources to be referred to are mentioned in the WB CPIA criteria document.

In the first stage of the process, benchmark countries from each of the WB's six regions undergo intensive assessment to ensure consistency across regions, including setting regional benchmarks. In the second phase, each region assesses the remaining countries using the regional benchmark as a reference. Consultations are held with the country officials during this phase. During these consultations, countries produce material evidence that may have been overlooked by the World Bank team. Such evidence is taken into consideration before deciding the final rating.

To enable consistency across regions, and comparability of ratings across countries, WB CPIA scores are made final only after a two-stage review process: first, a regional review led by the chief economist to ensure the consistency of the scores within the region, and then a global practice (GP) and a Crosscutting Solution Area (CCSA) level review to ensure consistency across regions. Any differences between regions and GPs/CCSAs will be brought to the attention of the OPCS Vice-President for resolution.

11. Uses by the government and members of the PFM community

Ratings are used by the WB to calculate country performance ratings and to rank the ability of countries in making effective use of aid. CPIA is integrated in the IRAI, that is, based on the results of the annual CPIA exercise that covers the IDA-eligible countries.

12. Sequencing with other tools

There is no sequencing with other tools.

13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

14. Tracking of changes and frequency of assessments

The assessment frequency is annual and comparison with previous assessments are [available](#).

15. Resource requirements

The cost of conducting the assessment globally is estimated at US\$1 million. The average time taken for the assessment is from three to four months.

Transparency



16. Access to methodology CPIA (WB) 2017 criteria document is [available](#).

17. Access to assessment results

CPIA (WB) scores, IDA Resource Allocation Index (IRAI), and IDA Country Performance Ratings (CPR) are [available](#), and database of assessments is [available](#).