



Macroeconomics & Fiscal Management MFM PRACTICE NOTES

RWANDA EXPERIENCE: COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT (CPIA)

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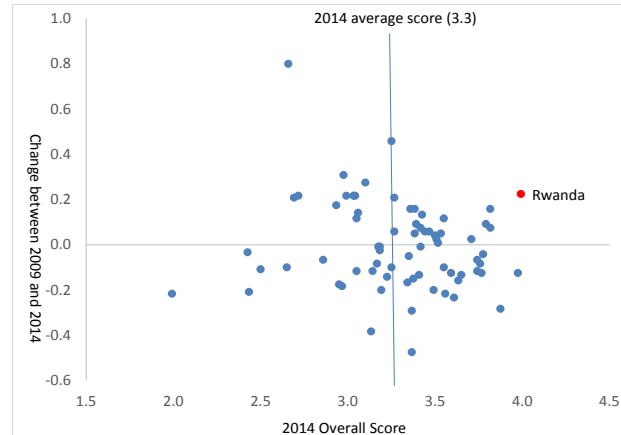
The Country Policy and Institutional Assessment (CPIA) assesses the quality of a country's present policy and institutional framework. "Quality" refers to how conducive that framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance. The CPIA ratings are used as part of the Country Performance Rating, which is the basis for the IDA allocation² and several other corporate activities. Within the World Bank, country economists under the Macroeconomics and Fiscal Policy Global Practice usually take the coordination role.

The Government of Rwanda takes the CPIA assessment seriously for two reasons. First, the assessment helps the government identify policy and institutional issues overtime and against other countries based on the established assessment criteria. Second, it affects the IDA allocation.

The results of the 2014 CPIA show that Rwanda's overall score of 4.0 is the best among 75 IDA countries³. Its overall score improved two consecutive years in 2013 and 2014 (Figure 1)⁴. The primary reason for this high and improved

performance is Rwanda's strong policy and institutional reforms. At the same time, established dialogue steps for the assessment between the Government and the World Bank has enabled the assessment to reflect the most updated and accurate information. This is especially challenging for Rwanda where the Bank is not engaged in all sectors in the same degree due to the division of labor⁵.

Figure 1: 2014 CPIA and Progress since 2009



Source: Author's calculation based on WDI

Four steps have contributed to the assessment for Rwanda; which are (i) enhancing communicating with the government; (ii) formulating a joint working group on the

¹ This Knowledge Note was cleared by Albert G. Zeufack, Practice Manager (GMFDR).

² How IDA Resources Are Allocated? (<http://www.worldbank.org/ida/how-ida-resources-allocated.html>)

³ <http://www.worldbank.org/ida/IRAI.html>

⁴ The standard error of the overall CPIA score is estimated to be 0.24.

⁵ In order to achieve development effectiveness, each development partner engages in limited numbers of sectors and subject (<http://www.devpartners.gov.rw/index.php?id=29>)

assessment; (iii) learning from previous years' experiences; and, (iv) sharing the results⁶.

Enhancing communication with the Government. Like other IDA countries, Rwanda has the experience of handling the CPIA assessment for more than a decade. However, the experience does not always guarantee that the country has a good understanding of the assessment, especially at the technical level. Technical level staffs have frequent changes in positions and experience high turnover. Thus, as the very first step, it is important to foster an understanding of the assessment. The World Bank's Rwanda country office organized a workshop to introduce the assessment right after the official launch within the Bank. During the workshop, the Government and the World Bank reviewed the assessment criteria, the required process and the roles of each actor.

Formulating a joint working group on the assessment. To ensure quality, the assessment is based on the explicit CPIA criteria and reflects professional judgment of Bank staff and analytical work (done by the World Bank, governments and other development partners). Nevertheless, for a country such as Rwanda where all key information and data are not readily available in the public domain (e.g., websites), finding the right government counterpart(s) for each indicator is critical. Thus, once the Government becomes familiar with the assessment, it is important to identify the right government official(s) for each indicator. In Rwanda, we requested permanent secretaries of the relevant ministries and agencies nominate a responsible government official for each indicator. The engagement in the permanent secretaries contributed to both identifying the right government official(s) as well as improving awareness of senior management of the Government about the CPIA. On the World Bank side, the country management unit (CMU) played a key role in identifying Bank staff for each indicator.

Afterwards, the identified government officials and World Bank staff formulated a joint working group. The role and responsibilities of the government officials include providing necessary information and data, and reviewing draft write-up. It was clearly understood that this process is not for negotiating ratings.

Learning from previous experiences. In conducting the assessment, we focused on learning from comments and feedback provided during internal review processes within the World Bank in recent years. Due to the importance of the assessment, the proposed rating and analysis go through reviews at the regional and corporate levels. Valuable comments and feedback including factors affecting ratings (based on the criteria) are provided by experts in the World Bank. This process enabled us to clearly describe key policy and institutional issues pointed out in recent years, and to ensure continuity and consistency of the ratings and write-up overtime.

Sharing the results. Once the assessment is completed, properly sharing the results is a key step. The most important audience is the Government, especially those officials who contributed to the assessment, to insure ownership of the assessment and any follow-up action. Understanding results would contribute to the CPIA assessment of the following year. As part of this step, Rwanda was selected as the venue for the regional launch of the 2013 CPIA results in June 2014, and the launch event was attended by senior government officials.

While the process taken to deliver Rwanda's CPIA assessment was effective, there are a few areas for improvement. These include: (i) better use of the assessment for policy discussion; (ii) information exchanges with regional development banks; and (iii) an early start on information collection and analysis.

Better use of the assessment for policy discussion. Currently, scores of IDA countries

⁶ The Bank is currently undertaking a review on the CPIA, which among other issues is looking at

whether the new organization structure requires changes to CPIA preparation process.

are publically available. However, the write-ups are confidential. While the current disclosure approach has merit, the whole assessment could be used for policy discussion with policy makers at the country level. This is because the CPIA assessment comprehensively covers policy and institutional issues that matter for poverty reduction and sustainable growth on an annual basis. Thus, the assessment is expected to be useful for policy makers to measure progress overtime and that vis-à-vis with other countries.

Information exchange with regional development banks. Regional development banks such as the Asian Development Bank and African Development Bank also conduct similar assessment on a regular basis. Sharing information with the regional development banks would help the CPIA assessment not only reduce transaction costs but also improve quality of the assessment.

Starting early. The CPIA process takes place from September to May in the following year involving two key phases: (i) the benchmarking phase (representative sample of countries) and (ii) assessment of other countries using benchmark countries' scores as guideposts and previous years' information. The CPIA preparation period is often extremely compressed (a few weeks). Given the importance and coverage of the assessment, a CPIA assessment team of any country would benefit from more time to prepare for the assessment or to start preparation ahead of the World Bank's official report launch.

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