



March 2006

2005 Annual Report on ADB's Country Performance Assessment Exercise

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CPA	–	country performance assessment
CPIA	–	country policy and institutional assessment
DMC	–	developing member country
IDA	–	International Development Association
MDB	–	multilateral development bank
PBA	–	performance-based allocation
SPD	–	Strategy and Policy Department

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I. INTRODUCTION

1. The Asian Development Bank (ADB) approved the original policy on Performance-Based Allocation (PBA) for Asian Development Fund (ADF) resources in March 2001.¹ The new approach explicitly recognized that, in seeking to reduce poverty, ADF concessional resources should be directed to good performers, thus creating incentives to improve performance. The PBA policy and its implementation was a central theme of ADF IX negotiations. The ADB Board approved a review of the PBA policy on 10 December 2004.² As required by the review, this is the first annual report on the conduct and results of the 2005 country performance assessment (CPA) exercise and its outcomes. This paper also covers progress in harmonization on PBA policy with the World Bank.³

II. ADB'S PERFORMANCE-BASED ALLOCATION POLICY

A. Objectives and Scope of the Policy

2. The PBA policy defines the principles and criteria to guide the allocation of ADF resources. The premise of the policy is that aid is most effective in accelerating poverty reduction in countries where policy and institutional performance are strong. Thus, the policy supports poverty reduction and sustainable development by allocating ADF resources based on country performance. It covers allocation of ADF resources to eligible countries that have access to ADF.⁴ The policy also takes into consideration other factors, including country needs, absorptive capacity, and special circumstances. In addition to providing a PBA framework for ADF resources, the policy also provides management with an important tool to strengthen ADB's development effectiveness through more focused policy dialogue, better country planning processes, and improved operations.

B. Main Features of the Policy

1. Country Performance Assessments

3. Under the PBA policy, ADB conducts CPAs for all ADF-eligible developing member countries (DMC) with access to ADF. These CPAs are carried out annually for DMCs with populations exceeding 1 million, and every 2 years for other DMCs. The CPA assesses a DMC's policy and institutional framework for promoting poverty reduction, sustainable growth, and effective use of concessional assistance. Each country's performance is assessed based on the (i) coherence of its macroeconomic and structural policies, (ii) quality of its governance and public sector management, (iii) degree to which its policies and institutions promote equity and inclusion, and (iv) portfolio quality. Appendix 1 shows the list of CPA criteria, while Appendix 2 displays the portfolio performance conversion table. Starting with the 2005 CPA exercise, ADB is using World Bank's performance criteria and performance assessment guidelines.⁵ In the past, CPA results were treated as confidential. However, starting with the

¹ ADB. 2001. *Policy on Performance-Based Allocation for Asian Development Fund Resources*, Manila, (R29-01, 20 February).

² ADB. 2004. *Review of the Asian Development Bank's Policy on the Performance-Based Allocation of Asian Development Fund Resources*. Manila (R249-04, 19 November).

³ ADB. 2005. *A Status Report on Implementation of the Revised Policy on Performance-Based Allocation of Asian Development Fund Resources*, Manila (IN.281-05, 28 October).

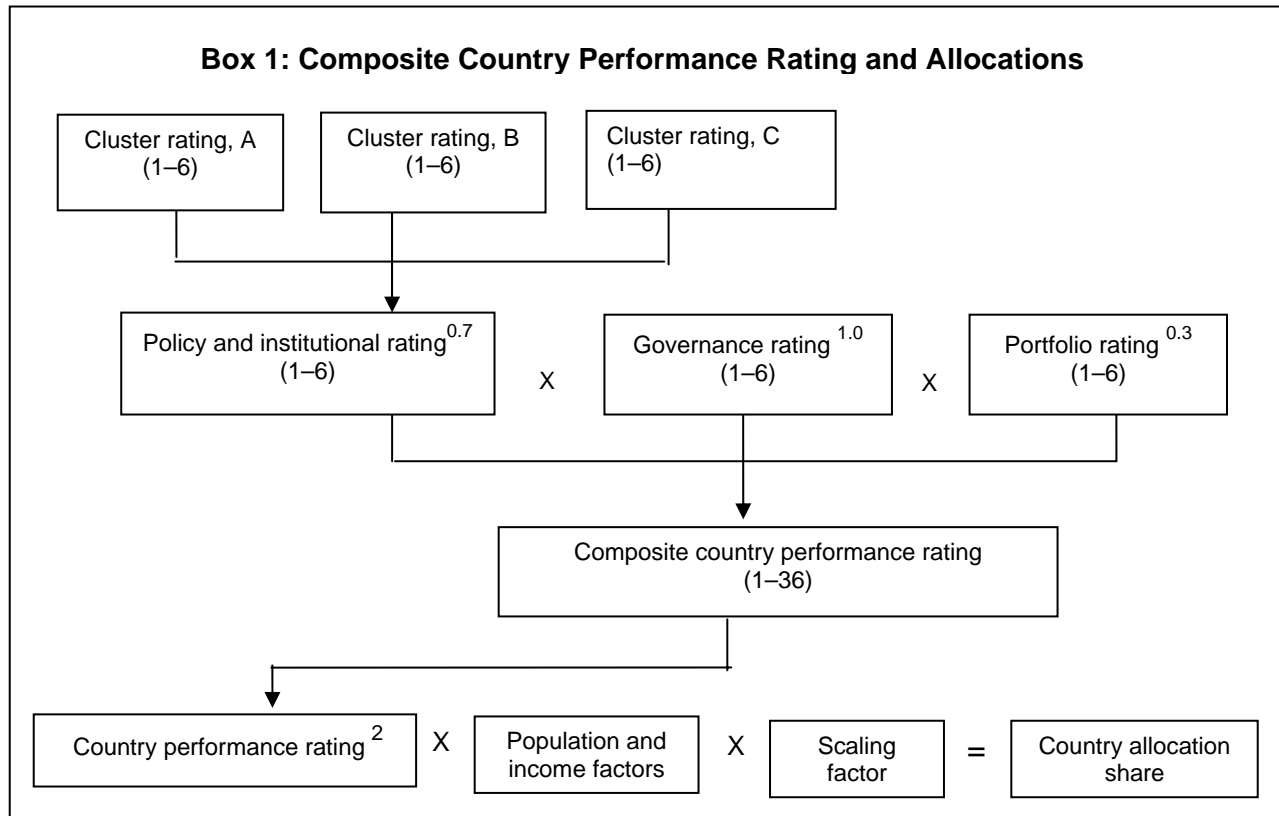
⁴ Currently, 27 ADB DMCs have access to ADF.

⁵ These are available on: <http://siteresources.worldbank.org/IDA/Resources/CPIA2004questionnaire.pdf>.

2005 CPA exercise, the numerical performance ratings of concerned DMCs will be disclosed to the public.

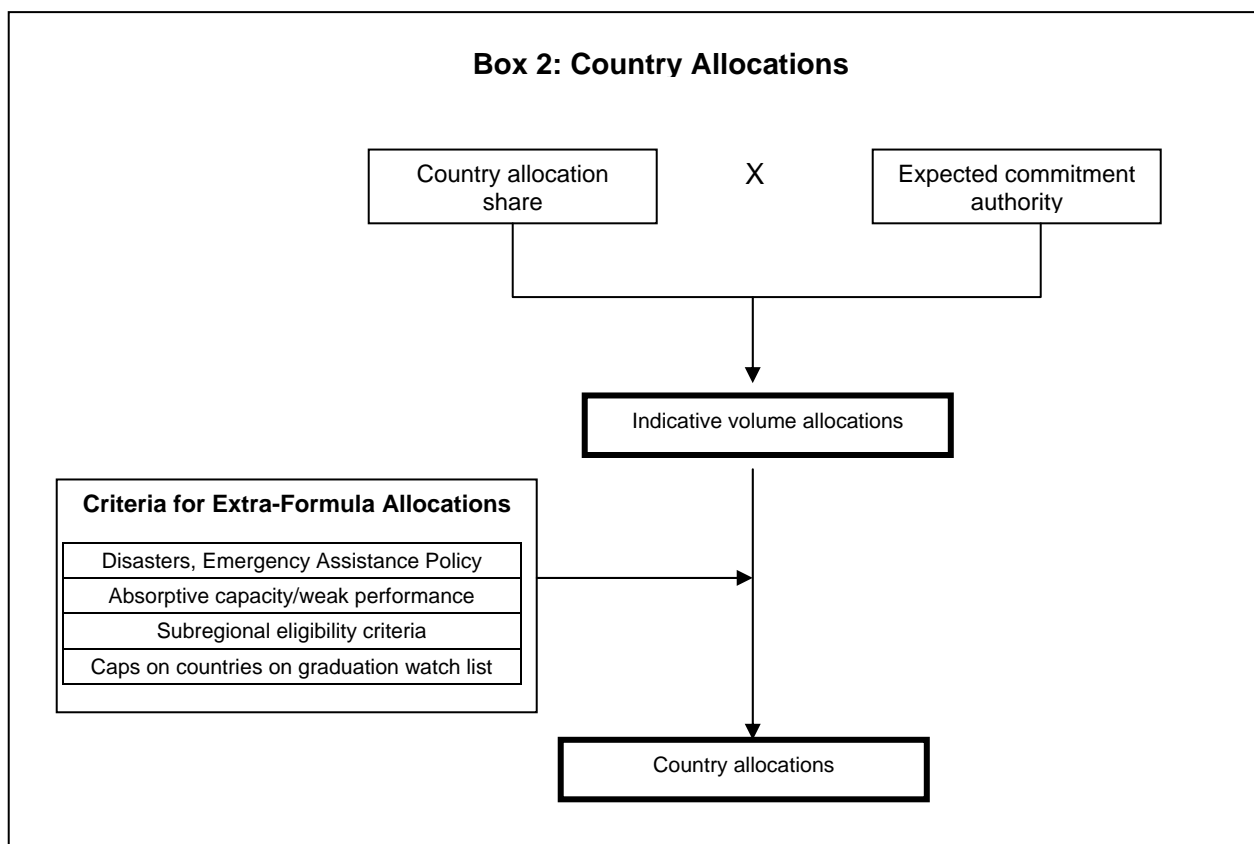
2. Allocation of ADF Resources

4. The PBA exercise converts country performance ratings into allocation shares for ADF borrowers using a formula that takes into account (i) country performance; (ii) average need, as measured by Gross National Product (GNP) per capita; and (iii) country size, as measured by population (Box 1). Changes in performance exert the greatest influence over changes in



allocation, with the governance rating accounting for 50% of the overall performance rating, policy and institutional performance for 35%, and portfolio considerations for 15%. The allocation share is inversely related to per capita income, and positively related to population.

5. Box 2 demonstrates how the country allocation shares translate to country allocations. The exact specifications of the PBA formula are in Appendix 3.



6. PBA policy earmarks two ADF resource pools, one for Pacific DMCs and another for all other eligible countries with access to ADF⁶. The policy covers ADF loans as well as grants (eligibility for grants is guided by the ADF IX Grants Framework). To reduce administrative overhead, ease bunching, and provide greater operational flexibility, the PBA policy review introduced a biennial allocation cycle, starting 2005–2006. Allocations are aligned with commitments in each biennial period. However, the biennial allocations may be revised each year, based on significant changes in annual performance assessments, except for small countries where assessments are biennial. The IDA13 framework guides assessments and allocations for postconflict DMCs. Given the need to monitor closely the circumstances in postconflict DMCs, their assessments and allocations are determined annually under the policy.

7. The policy recognizes that special country circumstances and absorptive capacity considerations might require modifications to allocations based on performance and needs. Special circumstances include postconflict circumstances, disasters, emergencies, and weakly performing countries. Allocations also are capped for countries on the watch list for graduation

⁶ Excluding postconflict countries (Afghanistan and Timor Leste) and countries on graduation watchlist (Indonesia). These countries are provided set-aside allocation.

from ADF eligibility. Separate eligibility and allocation criteria guide the allocation of ADF resources to support subregional projects.⁷

3. Implementation Arrangement

8. The PBA policy review also has specified an institutional arrangement to ensure that the policy is implemented rigorously, transparently, and with due diligence. The focal point for implementing the policy has been located in Strategy and Policy Department (SPD), outside the regional departments. This arrangement is to ensure a clear separation between the ADF resource allocation function and the operations for which the allocations are used. An SPD advisor, in the PBA focal point, chairs the Working Group, which recommends CPA ratings. The SPD director general chairs the interdepartmental review panel, which finalizes the ratings for management endorsement.

C. Alignment and Harmonization Activities

9. In line with the revised PBA policy, several steps have been taken to harmonize ADB's PBA process with that of the World Bank's International Development Association (IDA). The most important was ADB's adoption of the World Bank's Country Policy and Institutional Assessment (CPIA) questionnaire for use in ADB's CPA exercise. As noted in paragraph 6, ADB also has adopted the World Bank's framework for preparing postconflict assistance criteria. Additional steps to harmonize ADB's PBA system with that of IDA and other multilateral development banks (MDBs) include: (i) first MDB technical meeting on PBA,⁸ (ii) regional technical PBA workshops conducted jointly with World Bank, (iii) training workshop on debt sustainability framework hosted by World Bank, and (iv) participation in the World Bank's CPIA benchmarking exercise in November 2005 (Appendix 4). In March 2006, ADB staff will participate in the second MDB technical meeting on PBA, hosted by the African Development Bank. Proposals also are being prepared to fully harmonize the ADF IX Grants Framework with that of IDA14, which will be submitted for consideration at the ADF IX Midterm Review.

III. 2005 COUNTRY PERFORMANCE ASSESSMENT EXERCISE

A. 2005 CPA Exercise Process

1. Institutional Arrangements

10. As required by the PBA policy review, a PBA focal point was established in SPD and made fully operational in 2005. At the end of May 2005, SPD set up the CPA Working Group, including representatives of all the regional departments: Regional and Sustainable Development Department (RSDD), Economics and Research Department (ERD), Office of Regional Economic Integration (OREI),⁹ and Central Operations Services Office (COSO). SPD also issued detailed guidelines on the conduct of the 2005 CPA exercise, specifying who is responsible for what. In July 2005, SPD established a CPA Technical Group, a subgroup of the

⁷ The ADF IX Board of Governor's Resolution provides for credits to support subregional projects. These are capped at 5% of total ADF IX credits. Allocations for subregional projects are guided by the specific eligibility criteria for subregional projects in the PBA policy.

⁸ ADB. 2005. *Multilateral Development Bank Technical Meeting on Performance-Based Allocation Methods*. Manila (IN.45-05, 28 February).

⁹ OREI, which had not been established at the time, is not mentioned in the review of the PBA policy as a member of the Working Group. It was included to strengthen the quality of macroeconomic assessments.

CPA Working Group. Consisting only of technical experts from RSDD, ERD, OREI, COSO, and SPD, the Technical Group reviews the preliminary CPAs prepared by regional departments, ensures their quality and consistency across DMCs, and increases the transparency of the CPA process. Appendix 5 shows the implementation schedule of the 2005 CPA exercise.

2. CPA Missions and Consultations with Government Authorities

11. Starting with the 2005 CPA exercise, a special effort was made to strengthen the consultations with government authorities on draft CPAs. From June to August 2005, CPA missions fielded by regional departments prepared preliminary CPAs, and informed and consulted DMC governments about the preliminary CPA ratings. Country authorities were encouraged to provide feedback on the draft ratings, which was recorded in aide-memoires. Although country teams were required to share their preliminary assessments with country authorities, country teams were advised that consultations should not be misconstrued as “negotiations” on the ratings. For the first time, postconflict performance assessments and ratings also were prepared for Afghanistan and Timor-Leste. Preliminary CPA assessments and ratings then were submitted to the SPD PBA focal point at the end of August 2005.

3. Review Process

12. Following submission of the preliminary CPAs by country teams from the regional departments, SPD and the CPA Technical Group reviewed these submissions to assess the validity and cross-country consistency. SPD conducted workshops on 13, 14, 20, and 21 September 2005 to discuss the preliminary assessments with the country teams, and to suggest revisions where required. During these workshops, each country team held detailed discussions with thematic specialists from ERD, OREI, RSDD, and COSO on the economic, social, governance, and portfolio performance aspects of their CPAs. Country teams then revised and submitted their final CPAs.

13. These final CPAs were again reviewed by the CPA Technical Group, which submitted its comments to the CPA Working Group along with the final CPAs. The CPA Working Group met on 21 October 2005 to discuss the CPAs and decide on recommendations to the CPA review panel, chaired by the Director General, SPD, and consisting of heads of regional departments, ERD, OREI, RSDD, and COSO. Subsequently, the CPA review panel finalized the country ratings, and, as required by PBA Policy, these were approved by the vice presidents, Operations 1 and Operations 2; and the vice president, Knowledge Management and Sustainable Development. Subsequently, in December 2005–January 2006, the finalized CPA ratings were communicated to the respective DMCs.

B. Results of 2005 CPA Exercise

14. The approved 2005 CPA ratings by major clusters are in Appendix 6. In compliance with the revised PBA policy, these numerical 2005 CPA ratings will be disclosed publicly within the framework of this Annual CPA Report.¹⁰ Following their public disclosure, the ratings—and their strategic and operational implications—will be discussed and reflected in all country strategy and programs or their updates for the ADF-eligible DMCs with access to ADF.

¹⁰ As required by the review of the PBA policy, numerical ratings for the 2004 CPA exercise were disclosed on a confidential basis to the Board in a Board information paper (ADB. 2005. *Asian Development Fund 2004 Country Performance Ratings*. Manila [IN.32-05, 10 February]).

15. After the vice presidents approved the CPA ratings, SPD applied the ratings to determine ADF allocations for 2007–2008. ADB management approved these allocations in January 2006. Overall, ADF allocations for 2007–2008 are based on the resource envelope estimated at this time by ADB’s Treasury Department. These are subject to adjustment because of (i) exchange rate movements, (ii) the timing of ADF contributions from the donors, and (iii) changes in ADB membership and ADF eligibility. To take these changes into account, the proposed 2007–2008 ADF allocations will be reviewed and adjusted as necessary at the end of 2006, following the conclusion of the 2006 CPA exercise. As such, 2007–2008 allocations are treated as preliminary at this stage.

16. ADB’s experience in implementing the revised PBA policy will be reported to the ADF donors during the ADF IX Midterm Review.

COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT INDICATORS**A. Economic Management**

1. Macroeconomic Management
2. Fiscal Policy
3. Debt Policy

B. Structural Policies

4. Trade
5. Financial Sector
6. Business Regulatory Environment

C. Policies for Social Inclusion/ Equity

7. Gender Equality
8. Equity of Public Resource Use
9. Building Human Resources
10. Social Protection and Labor
11. Policies and Institutions for Environmental Sustainability

D. Public Sector Management and Institutions

12. Property Rights and Rule-based Governance
13. Quality of Budgetary and Financial Management
14. Efficiency of Revenue Mobilization
15. Quality of Public Administration
16. Transparency, Accountability, and Corruption in the Public Sector

E. Portfolio Performance

17. Portfolio Performance

ADB CPA 2005 PORTFOLIO CONVERSION TABLE

Projects-at-Risk	Rating
0–2%	6.0
3–7%	5.5
8–12%	5.0
13–17%	4.5
18–22%	4.0
23–27%	3.5
28–32%	3.0
33–37%	2.5
38–42%	2.0
43–47%	1.5
48–100%	1.0

Note: Portfolio ratings are derived pro rata from the perspective of projects-at-risk, with a floor rate of 1 for 48–100% projects at risk and a ceiling rate of 6 for 0–2% projects-at-risk. This is approximated by the linear rule $r = 6 - 10p$, where r is the portfolio performance rate, and p is the proportion of projects-at-risk. In the case of countries with small number of ongoing ADF-funded projects, where necessary, adjustments were made to ensure that the ratings more closely reflect the actual portfolio performance.

THE ADF ALLOCATION FORMULA

The policy uses the following formula to determine indicative ADF country share:

$$\text{Country Allocation Share (CAS}_i) = \frac{\text{PIR}_i^{1.4} \times \text{GR}_i^{2.0} \times \text{PR}_i^{0.6} \times \text{Pop}_i^{0.6}}{\text{PCI}_i^{0.25}} \times \text{scaling factor}$$

Where: Scaling Factor = $1 \div \sum_i (\text{PIR}_i^{1.4} \times \text{GR}_i^{2.0} \times \text{PR}_i^{0.6} \times \text{Pop}_i^{0.6} \times \text{PCI}_i^{-0.25})$

PIR – country policy and institutional performance rating

GR – country governance rating

PR – country portfolio rating

Pop – population

PCI – per capita income

i – is the index for country “i”

The exponents attached to the terms of the formula and the scaling factors are used to enhance or moderate the weight of the terms. For example, the governance term GR_i is weighted up by the exponent 2, while the weight of the population term Pop_i is reduced by the exponent 0.6.

The indicative ADF volume is computed using the following formula:

$$\text{ADF Volume}_i = \text{CAS}_i \times \text{Expected Commitment Authority}$$

HARMONIZATION ACTIVITIES WITH THE WORLD BANK

1. **Multilateral Development Banks (MDBs) Technical Meeting on Performance-Based Allocation (PBA) Policy.** Hosted by ADB in Manila on 24–25 January 2005, this was the first milestone.¹ The African Development Bank, ADB, and IDA jointly planned the meeting. Several other MDBs and bilateral organizations attended the workshop: Caribbean Development Bank, European Commission, Global Environmental Facility, Inter-American Development Bank, International Fund for Agriculture Development, Islamic Development Bank, Department for International Development (United Kingdom), Millennium Challenge Corporation, Japan Bank for International Cooperation, and Nordic Investment Bank. Three areas for collaboration were identified: (i) alignment of performance criteria, rating scales, and guidelines; (ii) possible synchronization of the assessment cycles, and possible piloting of joint assessments; and (iii) alignment on the format, content, and timing of the public disclosure of the country assessments.
2. **Adoption of the CPIA Questionnaire for ADB CPAs.** In line with the revised PBA policy, the World Bank's CPIA questionnaire has been adopted starting with 2005 CPA. The PBA focal point in the Strategy and Policy Department (SPD), its counterparts responsible for PBA in the World Bank, and the country teams of the regional departments have interacted closely to ensure that the 16 questions and their subcomponents are interpreted similarly across both institutions. Collaterally, sharing of information on PBA has increased significantly. This included statistical data, guideposts, and references required to accomplish the questionnaire, and to derive portfolio performance ratings. Management of both institutions also encouraged their country teams to share information with their counterparts in the CPA and CPIA. Feedback from the country teams indicates that sharing of information between ADB and World Bank country teams has increased considerably. In November 2005, an ADB mission took part in the benchmarking exercise for the next round of the World Bank's CPIA exercise, sharing ADB's final CPAs and ratings with the World Bank for its benchmark countries in Asia and the Pacific.
3. **Regional Technical PBA Workshops.** In April 2005, ADB organized regional technical workshops on PBA for officials of developing member countries (DMCs) and civil society organizations (CSOs). The workshops were held in Suva, Fiji Islands, on 12–14 April 2005, and in Bangkok, Thailand, on 19–21 April 2005. The primary purpose was to explain the objectives, scope, and process of implementing the revised PBA policy. The Suva workshop attracted 19 government officials representing 10 Pacific DMCs, and 14 CSO representatives from 8 Pacific DMCs. For the Bangkok workshop, which was conducted jointly with the World Bank, 26 government officials from 15 DMCs as well as 15 CSO representatives participated. Participants said that it was important for multilateral institutions to align their PBA practices and processes while conducting independent assessments. DMCs welcomed the collaboration between ADB and IDA in the workshop. Although some participants thought that disclosure of CPA ratings could be controversial, generalized opposition to disclosure was not seen. Participants noted that assessments needed to be consultative and to draw on in-country expertise.
4. **Plans for Future Collaboration on PBA.** Harmonization activities on PBA are planned with the World Bank and other MDBs, including (i) alignment of the ADF grant allocation

¹ ADB. 2005. *Multilateral Development Bank Technical Meeting on Performance-Based Allocation Methods*. Manila (IN.45-05, 28 February).

framework and debt sustainability framework with IDA, (ii) the Second MDBs' Technical Meeting on PBA in March 2006, (iii) additional joint capacity building activities on PBA, and (iv) further work on harmonization of PBA assessments of portfolio performance.

SCHEDULE OF IMPLEMENTATION OF THE PERFORMANCE-BASED ALLOCATION POLICY IN 2005

Activities	Frequency	Institutional Node	Outputs	2005					2006									
				Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun				
Country Performance Assessments and Ratings																		
Country Performance Assessments (CPAs)	Annual	Country Teams	Initial CPA Ratings															
CPA Working Group Review of Ratings	Annual	Interdepartmental, Focal Point Coordination	Revised CPA Ratings															
CPA Panel Review and Vice Presidents' Approval of Ratings	Annual	Interdepartmental, Focal Point Coordination and Support → Vice President's Approval	Final CPA Ratings															
Special Country Needs and Subregional Projects																		
Assessments for Eligible Postconflict Countries and Weakly Performing Countries	Annual	Operations Departments → PBA Focal Point	Transitional Support Strategy, Postconflict Performance Ratings															
Submissions for Funding for Subregional Projects	Biennial	Operations Departments → PBA Focal Point	Project Funding Proposals															
ADF Allocations																		
Allocations of Resources to Support Country Programs, Subregional Projects, and Special Needs	Biennial/Annual	PBA Focal Point → ADF Allocation Review Meeting	Country Allocations and Allocations for Eligible Subregional Projects															
ADF Allocation Review Meeting	Biennial/Annual	PBA Head, Operations Group Vice Presidents	ADF Allocation Review Minutes															
Final Recommended Allocations for Management Approval	Biennial/Annual	PBA Focal Point → Management	Approved Allocations															
Country Programming Activities																		
Country Programming	Annual	Operations Departments	Confirmed Pipelines and CSPUs															

2005 COUNTRY PERFORMANCE ASSESSMENT RATINGS

DMCs	A. Economic Management				B. Structural Policies				C. Social Inclusion/Equity					Policy & Institution Average (A+B+C)/3	D. Public Sector Management						17. Portfolio	Composite Country Performance Rating	
	1. Macro Mgt	2. Fiscal Policy	3. Debt Policy	Group Average	4. Trade	5. Finan'l Sector	6. Bus. Regulatory Environ.	Group Average	7. Gender Equality	8. Equity of Public Res. Use	9. Building Human Resources	10. Social Protection and Labor	11. Policies & Inst'ns for Environ. Sustain.		Group Average	12. Prop. Rights & Rule-Based Governance	13. Budgetary & Fin'l Mgt	14. Revenue Mobiliz'n	15. Public Admin.	16. Transpr'cy, Account. & Corruption			Group Average
AZE	5.0	4.5	5.0	4.8	4.5	3.0	3.0	3.5	3.5	3.5	3.0	3.5	3.0	3.3	3.9	3.0	4.0	3.5	2.5	2.5	3.1	4.5	12.6
KGZ	4.5	3.5	3.5	3.8	5.0	3.5	3.0	3.8	4.0	3.5	3.5	3.5	3.5	3.6	3.8	2.5	3.5	3.0	2.5	2.0	2.7	4.5	10.7
MON	4.5	4.5	3.5	4.2	5.0	3.5	4.0	4.2	3.5	3.5	3.5	3.5	2.5	3.3	3.9	3.5	3.5	3.5	3.5	3.0	3.4	5.0	14.2
TAJ	4.5	4.5	4.5	4.5	4.0	3.0	2.5	3.2	3.5	3.5	3.0	3.0	3.0	3.2	3.6	2.5	3.0	3.5	3.0	2.0	2.8	3.0	9.6
UZB	3.5	4.0	4.5	4.0	2.5	3.0	2.5	2.7	3.5	3.5	4.0	3.5	3.5	3.6	3.4	3.0	3.0	3.0	3.0	2.0	2.8	3.0	9.2
AVERAGE	4.4	4.2	4.2	4.3	4.2	3.2	3.0	3.5	3.6	3.5	3.4	3.4	3.1	3.4	3.7	2.9	3.4	3.3	2.9	2.3	3.0	4.0	11.3
CAM	4.5	3.5	3.5	3.8	4.0	3.0	3.0	3.3	4.0	3.0	4.0	2.5	3.0	3.3	3.5	2.5	3.0	3.5	2.5	2.5	2.8	4.5	10.5
LAO	4.5	3.5	4.0	4.0	3.5	1.5	3.0	2.7	4.0	3.5	4.0	3.5	3.0	3.6	3.4	2.5	2.5	3.0	2.5	2.0	2.5	5.0	9.6
VIE	5.0	4.0	4.5	4.5	3.5	3.5	4.0	3.7	5.0	4.5	4.0	4.0	4.0	4.3	4.2	4.0	4.5	4.0	4.0	4.0	4.1	4.5	17.4
AVERAGE	4.7	3.7	4.0	4.1	3.7	2.7	3.3	3.2	4.3	3.7	4.0	3.3	3.3	3.7	3.7	3.0	3.3	3.5	3.0	2.8	3.1	4.7	12.5
COO	5.0	5.0	4.5	4.8	4.5	4.5	4.0	4.3	4.5	4.5	5.0	4.0	3.5	4.3	4.5	4.5	4.0	5.0	4.0	4.0	4.3	4.5	19.3
KIR	3.5	3.5	4.0	3.7	3.0	3.0	3.0	3.0	3.5	3.0	2.5	3.0	3.5	3.1	3.3	3.5	3.0	3.0	3.0	3.5	3.2	4.5	11.5
RMI	3.5	3.5	3.5	3.5	4.0	3.5	2.5	3.3	3.0	2.5	3.0	3.0	3.5	3.0	3.3	3.5	3.5	3.0	2.5	3.0	3.1	5.0	11.5
FSM	3.5	3.5	4.0	3.7	5.0	4.0	3.0	4.0	3.0	3.0	2.5	2.5	3.0	2.8	3.5	4.0	3.5	3.5	3.0	3.5	3.5	3.0	11.7
PNG	4.0	4.0	4.0	4.0	3.5	3.0	2.5	3.0	2.0	3.0	2.0	3.0	2.5	2.5	3.2	2.0	2.5	3.5	2.5	3.0	2.7	4.5	9.5
SAM	4.5	4.5	4.5	4.5	4.5	4.5	3.5	4.2	4.5	4.5	5.0	4.0	4.0	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5	3.5	18.4
SOL	4.5	3.5	2.5	3.5	4.0	3.0	2.0	3.0	2.5	3.5	2.5	2.0	2.5	2.6	3.0	2.5	3.5	2.5	2.5	3.0	2.8	1.0	6.1
TON	3.0	3.0	4.0	3.3	2.0	4.5	3.0	3.2	3.5	4.0	4.5	2.5	3.5	3.6	3.4	4.0	3.0	3.0	3.5	2.0	3.1	4.5	11.4
TUV	3.5	3.0	3.5	3.3	3.0	2.5	2.5	2.7	3.5	4.0	4.0	3.5	3.0	3.6	3.2	4.5	3.0	3.0	3.0	3.5	3.4	4.0	11.6
VAN	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	2.5	3.0	2.5	2.5	3.0	2.7	3.2	3.0	3.0	3.0	3.0	2.5	2.9	4.5	10.4
AVERAGE	3.9	3.8	3.9	3.8	3.7	3.6	2.9	3.4	3.3	3.5	3.4	3.0	3.2	3.3	3.5	3.6	3.4	3.4	3.2	3.3	3.4	3.9	12.1
INO	4.0	4.5	4.0	4.2	3.5	4.0	3.0	3.5	4.0	3.5	3.5	3.5	3.0	3.5	3.7	2.5	4.0	3.0	3.0	3.0	3.1	3.0	10.8
BAN	4.0	3.5	4.5	4.0	3.0	3.0	3.5	3.2	3.5	4.0	4.0	4.0	3.0	3.7	3.6	3.5	4.0	3.0	3.0	3.0	3.3	5.0	13.2
BHU	4.5	3.5	4.0	4.0	3.5	3.5	3.5	3.5	4.5	4.5	4.0	3.5	4.5	4.2	3.9	4.0	4.0	3.5	4.0	4.0	3.9	6.0	17.3
MLD	4.5	3.5	4.5	4.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	4.0	3.9	4.0	4.0	3.5	4.0	4.0	3.0	3.7	4.5	15.4
NEP	4.0	3.5	3.5	3.7	4.0	3.0	3.5	3.5	3.0	3.5	3.0	3.0	3.0	3.1	3.4	3.0	3.5	3.5	3.0	3.0	3.2	3.0	10.5
PAK	4.5	4.0	4.0	4.2	4.0	5.0	4.0	4.3	2.5	3.5	3.5	3.0	3.5	3.2	3.9	3.0	4.0	4.0	3.0	2.5	3.3	4.5	13.4
SRI	4.0	2.5	3.5	3.3	4.0	4.0	3.5	3.8	3.5	3.5	4.0	3.5	4.0	3.7	3.6	3.5	4.0	3.0	3.0	3.5	3.4	5.5	14.0
AVERAGE	4.3	3.4	4.0	3.9	3.8	3.8	3.7	3.7	3.5	3.8	3.8	3.4	3.7	3.6	3.7	3.5	3.8	3.5	3.3	3.2	3.5	4.8	14.0
AVERAGE (All)	4.2	3.8	4.0	4.0	3.8	3.4	3.2	3.5	3.5	3.6	3.5	3.2	3.3	3.4	3.6	3.3	3.5	3.4	3.1	3.0	3.3	4.2	12.4

AZE=Azerbaijan, BAN=Bangladesh, BHU=Bhutan, CAM=Cambodia, COO=Cook Islands, FSM=Federated States of Micronesia, INO=Indonesia, KGZ=Kyrgyz Republic, KIR=Kiribati, LAO=Lao People's Democratic Republic, MLD=Maldives, MON=Mongolia, NEP=Nepal, PAK=Pakistan, PNG=Papua New Guinea, RMI=Republic of Marshall Islands, SAM=Samoa, SOL=Solomon Islands, SRI=Sri Lanka, TAJ=Tajikistan, TON=Tonga, TUV=Tuvatu, UZB=Uzbekistan, VAN=Vanuatu, VIE=Viet Nam

Notes:

1. 'Policy and Institution average' is computed by taking the average of Economic Management cluster average score, Structural Policies cluster average score and Social Inclusion/Equity average score.

2. Composite Country Performance Rating (CCPR), which is used for ADF allocation purposes, is computed using the following formula: CCPR = Policy and Institutional rating^{0.7} x Governance Rating^{1.0} x Portfolio rating^{0.3} based on Appendix 2 Figure A2.1 of the 2004 PBA Policy Paper, *Review of the ADB's Policy on Performance-Based Allocation of ADF Resources*. The scale of the CCPR is from 1 to 36.

CONSOLIDATED POSTCONFLICT CPA RATINGS 2005

PCPI Criteria	AFG	TIM
Progress in Postconflict Recovery	4.0	4.7
A. Security and Reconciliation	3.7	5.0
1. Public Security	3.0	5.0
2. Reconciliation	4.0	5.0
3. Disarmament, Demobilization and Reintegration	4.0	5.0
B. Economic Recovery	4.7	5.0
4. Management of Inflation, External Debt and Adequacy of the Budget	5.0	5.5
5. Trade Policy, Foreign Exchange and Price Regimes	4.5	4.5
6. Management and Sustainability of Post-Conflict Reconstruction Program	4.5	5.0
C. Social Exclusion and Social Development	4.3	5.0
7. Reintegration of Displaced Populations	4.5	5.5
8. Education	4.0	4.5
9. Health	4.5	5.0
D. Public Sector Management and Institutions	3.3	3.8
10. Budgetary and Financial Management, and Efficiency of Revenue Mobilization	4.0	4.5
11. Reestablishing Public Administration and Rule-Based Governance	3.0	4.0
12. Transparency, Accountability and Corruption in the Public Sector	3.0	3.0
E. Quality of Portfolio Performance	4.0	4.5
Progress in Post-conflict Recovery	4.0	4.7
Portfolio	4.0	4.5
Overall Score	4.0	4.7

AFG = Afghanistan, TIM = Timor-Leste

Note: Progress in Post-conflict Recovery is computed by taking the average of clusters A to D: Security and Reconciliation, Economic Recovery, Social Exclusion and Social Development, and Public Sector Management and Institutions. Overall score is computed in accordance with IDA's post-conflict framework by giving 20% weight to portfolio.

COUNTRY RATINGS IN FIVE CRITERIA CLUSTERS ARRANGED IN DESCENDING ORDER

Economic Management		Structural Policies		Social Inclusion/Equity		Public Sector Management		Portfolio	
Azerbaijan	4.8	Cook Islands	4.3	Samoa	4.4	Samoa	4.5	Bhutan	6.0
Cook Islands	4.8	Pakistan	4.3	Cook Islands	4.3	Cook Islands	4.3	Sri Lanka	5.5
Samoa	4.5	Mongolia	4.2	Viet Nam	4.3	Viet Nam	4.1	Bangladesh	5.0
Tajikistan	4.5	Samoa	4.2	Bhutan	4.2	Bhutan	3.9	Lao PDR	5.0
Viet Nam	4.5	Federated States of Micronesia	4.0	Maldives	3.9	Maldives	3.7	Marshall Islands	5.0
Indonesia	4.2	Maldives	4.0	Bangladesh	3.7	Federated States of Micronesia	3.5	Mongolia	5.0
Maldives	4.2	Kyrgyz Republic	3.8	Sri Lanka	3.7	Mongolia	3.4	Azerbaijan	4.5
Mongolia	4.2	Sri Lanka	3.8	Kyrgyz Republic	3.6	Sri Lanka	3.4	Cambodia	4.5
Pakistan	4.2	Viet Nam	3.7	Lao PDR	3.6	Tuvalu	3.4	Cook Islands	4.5
Bangladesh	4.0	Azerbaijan	3.5	Tonga	3.6	Bangladesh	3.3	Kiribati	4.5
Bhutan	4.0	Bhutan	3.5	Tuvalu	3.6	Pakistan	3.3	Kyrgyz Republic	4.5
Lao PDR	4.0	Indonesia	3.5	Uzbekistan	3.6	Kiribati	3.2	Maldives	4.5
Papua New Guinea	4.0	Nepal	3.5	Indonesia	3.5	Nepal	3.2	Pakistan	4.5
Uzbekistan	4.0	Cambodia	3.3	Azerbaijan	3.3	Azerbaijan	3.1	Papua New Guinea	4.5
Vanuatu	4.0	Marshall Islands	3.3	Cambodia	3.3	Indonesia	3.1	Tonga	4.5
Cambodia	3.8	Bangladesh	3.2	Mongolia	3.3	Marshall Islands	3.1	Vanuatu	4.5
Kyrgyz Republic	3.8	Tajikistan	3.2	Pakistan	3.2	Tonga	3.1	Viet Nam	4.5
Federated States of Micronesia	3.7	Tonga	3.2	Tajikistan	3.2	Vanuatu	2.9	Tuvalu	4.0
Kiribati	3.7	Kiribati	3.0	Kiribati	3.1	Cambodia	2.8	Samoa	3.5
Nepal	3.7	Papua New Guinea	3.0	Nepal	3.1	Solomon Islands	2.8	Federated States of Micronesia	3.0
Marshall Islands	3.5	Solomon Islands	3.0	Marshall Islands	3.0	Tajikistan	2.8	Indonesia	3.0
Solomon Islands	3.5	Vanuatu	3.0	Federated States of Micronesia	2.8	Uzbekistan	2.8	Nepal	3.0
Sri Lanka	3.3	Lao PDR	2.7	Vanuatu	2.7	Kyrgyz Republic	2.7	Tajikistan	3.0
Tonga	3.3	Tuvalu	2.7	Solomon Islands	2.6	Papua New Guinea	2.7	Uzbekistan	3.0
Tuvalu	3.3	Uzbekistan	2.7	Papua New Guinea	2.5	Lao PDR	2.5	Solomon Islands	1.0

Lao PDR = Lao People's Democratic Republic

Note: Where scores are the same, countries are arranged alphabetically.

Source: 2005 CPA Ratings