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PBAS formula enhancements Addendum

Working Group on the Performance-Based Allocation System — Seventh Meeting

Rome, 11 July 2017

For: Review

PBAS formula enhancements

Addendum

The attention of the Working Group on the Performance-Based Allocation System is drawn to the following addenda to the document PBAS 2017/7/W.P.2/Rev.1.

This content will be incorporated in document PBAS 2017/7/W.P.2/Rev.1 as Appendix I on page 32 after the 11 July 2017 meeting of the Working Group on the Performance-based Allocation System.

Appendix 1: The enhanced Rural Sector Performance assessment

Rationale and process for the review of the Rural Sector Performance Assessment

IFAD's Rural Sector Performance assessment (RSPA) measures the quality of policies and institutions in the rural sector for achieving rural development and rural transformation benefitting the poor. The Corporate Level Evaluation (CLE) of IFAD's Performance-based Allocation System¹ recommended that IFAD refine the RSPA by revisiting the indicators and questions in order to "reflect emerging priorities, opportunities and challenges in the rural sector", as well as strengthen and make more uniform the process through which RSPA scores are determined.²

In line with this recommendation, Management has revised the RSPA through an inter-divisional consultative process involving technical specialists in the Policy and Technical Advisory division (PTA), country programme managers, lead regional economists (LREs), lead portfolio advisors and other resource persons to understand content and procedural related challenges when undertaking a RSPA. Additionally, extensive discussions were held with the Executive Board Working Group on PBAS. The revised RSPA is hereby presented to the Executive Board for approval. The revised RSPA as portrayed in this Appendix will be tested in 2017. The testing will regard the questionnaire and related scoring, and the peer review mechanism. Improvements will be identified during the testing in order to make changes as and when necessary before RSPA scores are produced in 2018 to feed into the production of IFAD11 PBAS allocations.

Review and Changes to the RSPA

In line with the CLE recommendation, Management has revised the RSPA in order to capture robust information about the policy framework of a country, both on paper and in practice, and to focus on areas specific to the rural sector (e.g. the quality and quantity of attention placed on rural development by the government). It also focuses on areas which impact on a country's rural sector (e.g. the macroeconomic setting, including the exchange rate, debt and trade rate regimes). Moreover, the questions included in the RSPA have been updated in order to be consistent with IFAD Strategic Framework 2016-2025, including prioritized cross-cutting issues such as nutrition and climate change.

The revised RSPA has been streamlined into 6 (rather than 12) categories, with a more limited set of sub-questions in order to limit unnecessary repetition and strong correlation between questions / indicators. The new questionnaire (see below) utilizes a similar methodology to that used by the World Bank's Country Policy and Institutional Assessment (CPIA), and the previous version of IFAD's RSPA. It identifies data sources

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¹ EB 2016/117/R.5.

² EB 2016/117/R.5., page ix.

for various topics, in order to guide country teams making the assessment. Countries will continue to be scored on a 6-point scale, where scores can be given as whole numbers (1, 2, 3, etc.) or in intervals of half points (1.5, 2.5, 3.5, etc.). In an attempt to minimize the possible subjectivity when assessing the country scores, IFAD staff will be required to provide a short justification and supporting data.

The revised RSPA shares many similarities with the previous RSPA: no topic has been eliminated, even if the indicators have been aggregated in many cases. Additionally, preliminary analysis³ shows that there is a relatively uniform impact of the changed questionnaire, and the change to scores has no statistically significant impact on allocations as a whole. However, inter-indicator correlation has been significantly reduced.5

The country scoring process

The new RSPA will be firstly scored in 2017, to create a baseline. In following years, country teams should utilize the attached questionnaire and data guide to gather and structure data in support of their answers. Supporting explanations should be kept relatively short (e.g. two short paragraphs) and should cite specific data. CS are reviewed once every three years in advance of the first year of each PBAS cycle. However, the assessment may be used to support country policy engagement/dialogue during other periods, notably during the design and revision of results-based country strategic opportunities programme and Country Strategy Notes.

Once completed, country teams and LREs can benchmark outcomes against IFAD's previous RSPA and other well-known metrics, such as the World Governance Indicators, elements of the Doing Business Index, the Business of Agriculture Index and other specific indexes available per topic. Guidance is provided for each specific question as to appropriate benchmarks.

Benchmarked indicators and accompanying assessments should be shared among a peer review group, which operates in two phases. First, LREs conduct a review exercise to ensure that there is a consistent application of the criteria across all countries within their region. Second, selected countries (approximately 25% of total countries) are then benchmarked through a peer review system across regions, staffed by PTA, the Operational Programming and Effectiveness Unit (OPE) within the Programme Management Department, and LREs.

Incentive for improved performance over time

In line with the requests from IFAD's Executive Board, the RSPA team is considering incorporating an incentive for countries whose performance improves significantly over time. This incentive will not be introduced into the scoring system until IFAD12, as the scores for IFAD11 will be used to create a baseline for assessing how performance evolves.

The incentive mechanism will utilize the first question of the new RSPA, which asks the scoring team to comment on the commitment of the government to rural development and rural transformation. This question is, by design, highly correlated

³ The preliminary analysis was done by producing new RSP ratings using current RSP data. In practice, the 2015 RSP data was used to answer the new questionnaire. ⁴ The correlation between the new and old indexes using a "mapping" mechanism whereby old scores and the CPIA scores

were transferred into new questions, and data was sought to compliment on questions which previously did not exist, is 0.95.

The exception is the first question, on the priority the government places on rural development more broadly. This question is highly correlated to an array of the following indicators, and therefore serves as a check to the index as a whole. In fact, the correlation coefficient between the mock new RSP and the 2015 RSP is 0.88 in both cases.

to other indicators in the index, and should be utilized as a check for the overall scoring of the mechanism. As such, the performance incentive will be triggered when there is a 1 point improvement in Question 1 between two RSPA cycles. Such an increase will trigger an increase to the overall RSP average score. FAD management will consider the implications of:

- 1) A 2.5% increase to the average score when there is a 1 point improvement in Question 1:
- 2) A 5% increase to the average score when there is a 1 point improvement in Question 1:
- 3) A 10% increase to the average score when there is a 1 point improvement in Question 1.

Management notes that, as this indicator reflects the outcome of all questions in the RSP, it lends itself to easier peer review than other individual questions, which may require more detailed and sector specific knowledge on the part of the peer review team.

RSPA criteria

The RSPA is grouped into six clusters and includes a total of 19 questions (see box below). Scores are provided on a scale of 1 (low) to 6 (high). They are defined at each level for each question. Country scores should reflect a variety of indicators and observations based on country knowledge generated by IFAD, available indicators, specific analytical work, policy discussions, or work done by other agencies, development partners or researchers. Specific sources of data and benchmarks are provided for each question.

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⁶ Though the maximum score for any country will remain 6.

Box 1: RSPA clusters and questions

Cluster 1: Policies and legal framework for ROs and rural people

- Policies and framework for rural development and rural poverty alleviation
- Legal frameworks for and autonomy of rural people's organizations
- Representation and influence of ROs and rural people

Cluster 2: Rural governance, transparency and public administration

- Quality and transparency of public resources for rural development
- Accountability, transparency and corruption

Cluster 3: Environmental policies and practice

- Environmental assessment policies and grievances
- National climate change adaptation policies and cross-governmental coordination
- Access to land
- Access to water

Cluster 4: Financial policy, access to services & markets

- Access to rural financial services
- Investment climate for rural business
- Access to agricultural input and produce markets
- Access to extension services

Cluster 5: Nutrition and gender equality

- Application of nutrition policy
- Application of gender equality

Cluster 6: Macroeconomic management, policies and conditions for rural development

- Monetary and exchange rate policies
- Fiscal and tax policy
- Debt policy
- Trade policy

Rural Sector Performance Assessment Questionnaire

<u>Cluster 1: Policies and Legal Frameworks for rural women and men and their organizations</u>

Question 1.1 Policies and framework for rural development and rural poverty alleviation^{7,8}

To what extent does the government prioritize strategies for and investment in the rural poor, including smallholder farmers, landless peoples and other rural poor? Core indicators are 1) the focus of national development strategies and rural development strategies, and their application in practice; 2) the presence and application of specific strategies for rural transformation and the development of the rural non-farm economy (RNFE).

Key Sources:

- National development strategies and more specific policies / strategies related to rural development;
- IFAD documents (project documents, COSOPs) providing trends on rural poverty and qualitative assessment of development priorities;
- Analysis of budgetary allocations for rural development;
- National statistics on rural poverty, including 5-10 year trends in rural poverty⁹;
- Write ups by various agencies, think tanks, academics.

Ratings

- 1. The prioritization of the rural poor and of rural development more broadly is highly unsatisfactory.
- 2. The prioritization of the rural poor and rural development in the policy framework is unsatisfactory.
- 3. The prioritization of the rural poor and rural development in the policy framework is moderately unsatisfactory.
- 4. The prioritization of the rural poor and rural development in the policy framework is moderately satisfactory.
- 5. The prioritization of the rural poor and rural development in the policy framework is satisfactory.
- 6. The prioritization of the rural poor and rural development in the policy framework is highly satisfactory.

Score

⁷ This question should be highly correlated to the countries overall scoring. As such, it can serve as a check on the overall scoring for a country and given both this correlation and the forthcoming use of the question for the performance incentive, should be thoroughly investigated by the peer review team.

should be thoroughly investigated by the peer review team.

8 See for reference IFAD's Previous RSP questions A(i)a & E(ii)a; and World Bank CPIA questions 8a and 8b.

⁹ Justification should look at 5-10 year trends in rural poverty and deprivation and cite them in addition to a qualitative judgement about policies.

Question 1.2 Legal frameworks for and autonomy of rural people's organizations¹⁰

Please determine to what extent rural people can organize into autonomous groups. Core indicators are: 1) facilitation of formation and registration of formalized groups; and 2) autonomy from interference in their ownership, management and financing.

Key Sources:

- National legislation;
- IFAD documentation (project / COSOP documentation, previous RSPA);
- Research assessments by international organizations or academic partners.
- * Justification should provide qualitative evidence about registration and autonomy, complemented with data (e.g. days to register) where available.*

Ratings

- 1. Policy and legal frameworks prevent the formation and registration of grass roots organizations.
- 2. Policy and legal frameworks allow for the formation and registration of grass roots organizations with significant difficulty and delays; such organizations have heavily restricted autonomy and independence in their ownership, management and financing.
- 3. Policy and legal frameworks allow for the formation and registration of grass roots organizations with moderate delays and difficulties; such organizations have restricted autonomy and independence in their ownership, management and financing.
- 4. Policy and legal frameworks allow for the formation and registration of grass roots organizations with minor delays and difficulties, generating incentives to formalization. Such organizations have moderate autonomy and independence in their ownership, management and financing.
- 5. Policy and legal frameworks allow for the formation and registration of grass roots organizations and set incentives for doing so. Such organizations usually have autonomy and independence in their ownership, management and financing.
- 6. Policy and legal frameworks allow for the efficient formation and registration of grass roots organizations and set incentives for doing so. Such organizations have full autonomy and independence in their ownership, management and financing.

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¹⁰ See for reference IFAD's Previous RSP questions A(i) b & A(i)c.

Question 1.3 Representation and influence of ROs and rural people¹¹

Please determine to how well poor rural women and men are represented and have power in local and national policy making processes. Core indicators include: 1) the extent to which poor rural women and men are represented in rural organizations; 2) the existence of effective mechanisms for ROs to have a voice in policy making and implementation; 3) the influence of rural organizations on governmental decision-making processes.

Key Sources:

- National legislation;
- IFAD documentation (project / COSOP documentation, previous RSPA);
- Research assessments by international organizations or academic partners.
- * Justification should provide qualitative evidence about representation and influence, complemented with data where available.*

Ratings

- 1. Poor rural women and men are not represented in rural organizations or few ROs exist. ROs have no influence on governmental decision making.
- 2. Poor rural women and men are unrepresented in rural organizations. ROs have almost no influence on governmental decision making. There are no effective channels of communication between ROs and government decision making.
- 3. Poor rural women and men are seldom represented in rural organizations and rarely have influence on decision making. Even if channels of communication exist, ROs have little influence on governmental decision making.
- 4. Poor rural women and men are represented to some extent in rural organizations and have some influence on decision making. ROs have some influence on governmental decision making.
- 5. Poor rural women and men are well represented in rural organizations and have influence on decision making. ROs have influence on governmental decision making.
- 6. Poor rural women and men are equitably represented in rural organizations and have the same influence on decision making. ROs have substantial influence on governmental decision making.

Score	

7

¹¹ See for reference IFAD's previous RSP questions A(i)d and A(ii)a, b, c, d.

Cluster 2: Rural governance, transparency and public administration

Question 2.1 Quality and transparency of allocation of resources for rural development¹²

Please determine the both the adequacy and quality of public resources available for rural development, and the transparency of their allocation. Core indicators are: 1) whether allocated resources for rural areas (agricultural and non-agricultural) are pro-poor; 2) whether resources are allocated transparently / in a participatory fashion; 3) whether budgeted resources are spent as expected.

Key Data Sources

- National laws on budgetary process, including level of decentralization;
- Analysis of national budgetary data allocations vs. spend via available public expenditure reviews / surveys or other sources;
- PRSP / National development strategy;
- Data from FAO on the share of public expenditure being allocated to R&D;
- IMF Article IV consultation reports, where applicable;
- Data from the World Bank (e.g. agricultural value added, or work force in agriculture) vs. budgetary allocations or other comparisons (e.g. percentage of national budget allocated to agriculture and rural development);
- Teams may seek external papers and analysis on public spending in the rural and agricultural sector done by academics, IMF, World Bank, regional MDBs, other institutions.

Justification paragraph should include quantitative data table with 5-10 year trend on budgetary allocations and spending and qualitative assessment with citations.

Ratings

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- 1. The quality and transparency of public spending on the rural sector is highly unsatisfactory in prioritizing the rural poor. Budget allocations are arbitrary and disregard local policy priorities. There are major deviations and reallocation of budget decisions with very unclear rules.
- 2. The quality and transparency of public spending on the rural sector is unsatisfactory in prioritizing the rural poor. Local priorities are not well reflected in budgetary allocations. There are important deviations and reallocation of budget with unclear rules.
- 3. The quality of public spending on the rural sector is moderately unsatisfactory in prioritizing the rural poor. Local priorities are weakly reflected in budgetary allocations. There are some deviations from allocations.

¹² See for reference IFAD's Previous RSP questions E(i)d & b; E(ii)b.

- 4. The quality of public spending on the rural sector is moderately satisfactory in prioritizing the rural poor. Local priorities are partially reflected in budgetary allocations. There are few deviations to allocations.
- 5. The quality of public spending on the rural sector is satisfactory in prioritizing the rural poor. Local priorities are reflected in budgetary allocations, and these allocations are transparent. Allocations are largely respected, with deviations undertaken in a transparent manner.
- 6. The quality of public spending on the rural sector is highly satisfactory in prioritizing the rural poor. Local priorities are strongly and consistently reflected in budgetary allocations. There is full transparency about any minor deviations to cover emergency type funding as needed.

Score	

Question 2.2 Accountability, transparency and corruption¹³

Please determine the extent to which government is accountable, and transparent by assessing the quality of democracy and other well-known indicators of corruption. Core indicators include: 1) the extent to which there are effective checks and balances on power, and 2) the extent to which there is corruption and sanctions for that corruption. Where it is possible to distinguish between the quality of democracy, accountability and corruption at the rural level (rather than at the national level more broadly) and provide justification, this should be done.

Key Sources

- National policies on rural development and agriculture and other national specific information about consultation processes and responsiveness to rural smallholder interests:
- Metrics of democracy, checks and balances and government stability, notably:
 Freedom House Political Rights index, Polity IV index on democracy and rights,
 World Bank Database of Political Institutions for variables in the category
 "Stability and Checks & Balances", especially for legal checks and balances and
 comparative scores, Transparency International reports;
- Measures of transparency and corruption, notably Transparency International's (TI) Corruption Perception Index;
- Specific policy and research papers on issues related to democracy, governance, accountability and corruption at the local level produced by international organizations or research bodies.

Justification paragraph should include quantitative data on governance, democracy, checks and balances and corruption, plus qualitative assessment with citations that may provide more specificities about rural conditions or IFAD specific conditions (e.g. procurement, access to information) on these topics. TI should be used as the key source for corruption.

Ratings

Rating

- 1. There are no checks and balances on executive power and rural poor women and men have no influence on executive's power and decisions there is neither responsiveness nor accountability. There is no transparency mechanism in place. Corruption of public resources and bribery is common there are no sanctions.
- 2. There are ineffective checks and balances on executive power and the government is almost never responsive or accountable to rural poor women and men. There is no transparency and information that reaches local levels is minimal. Corruption of public resources and bribery is widespread, not recognized as a problem and sanctions are almost inexistent.
- 3. There are somewhat effective checks and balances on executive power but the public sector is rarely responsive and accountable to rural poor women and men. There is limited transparency and the information that reaches local levels is of poor

¹³ See for reference IFAD's Previous RSP questions E(ii)d and World Bank CPIA question 16.

quality. Corruption of public resources and bribery often occurs and sanctions are weakly implemented.

- 4. There are largely effective checks and balances on executive power and the government is sometimes responsive and accountable to rural poor women and men. There is partial transparency and information that reaches local levels is mostly satisfactory. Corruption of public resources and bribery sometimes occurs and sanctions are implemented in most cases.
- 5. There is an effective system of checks and balances on executive power and the government is mostly responsive and accountable to rural poor women and men. There is transparency and information that reaches local levels is satisfactory. Corruption of public resources and bribery seldom occurs and sanctions are implemented.
- 6. There is an effective system of checks and balances on executive power and the government is fully responsive and accountably to rural poor women and men. There is a high degree of transparency and information of high quality researches local levels. Corruption of public resources and bribery is absent and sanctions are systematically applied when occurring.

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			Score

Cluster 3: Natural Resources and Environmental Policies and Practices

Question 3.1 Environmental assessment policies and grievance mechanisms¹⁴

Please determine the extent to which environmental assessment legislation and policies exist and are applied¹⁵, as well as the extent to which there are ways to bring grievances about environmental policies. Core Indicators include: 1) the extent of environmental assessment legislation; 2) grievance mechanisms for such legislation.

Key Sources

- National policies and regulations;
- Assessment of Borrowers environmental and social frameworks (MDBs);
- Research assessments on environmental policies from international institutions or research community.

Ratings

- 1. Environmental Assessment (EA) policies and legislation are lacking. There is no grievance and/or judicial system to handle environment concerns.
- 2. EA policies and legislation exist, but are not applied. There is no grievance and/or judicial system and capacity to handle environment concerns.
- 3. EA policies and legislation exist, but are often not applied. A grievance and/or judicial system exists, but suffers significant gaps in reach and effectiveness.
- 4. EA policies and legislation are applied regularly in selected areas, but gaps exist. A grievance and/or judicial system exists, but suffers some gaps in reach and effectiveness.
- 5. EA policies and legislation are comprehensive and applied consistently, but many findings are not acted upon. There is a grievance and/or judicial system to handle environment concerns, with some gaps in reach and effectiveness.
- 6. EA policies and legislation are comprehensive, effectively implemented and findings are acted upon. The grievance and/or judicial system effectively resolve complaints in a fair and timely manner.



¹⁴ See for reference World Bank CPIA question 11.

¹⁵ This includes both Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA).

Question 3.2 National climate change policies¹⁶

Please determine the extent to which the government has a strategy for dealing with climate change, and whether this strategy has been integrated into sectoral planning processes within public planning. Core indicators include 1) the existence and detail of a national strategy that takes into account the social, economic and environmental risks that might arise from CC; 2) the existence of sectoral plans; 3) evidence of implementation of actions flowing from the plans, such as budgetary allocations, applications to sources of international financial aid (e.g. The GEF, the Adaptation Fund, Green Climate Fund or bilateral assistance programs [add and LULUCF source]); and 4) whether the needs of the rural poor have been considered and prioritised in the strategy and implementation

Key sources:

- National legislation and strategies on climate change;
- Reporting to international bodies, such as the UNFCCC, on national progress under the conventions and other treaty like obligations. This includes National Communications and Nationally Determined Contributions (NDCs) to the UNFCCC, as well as National Adaptation Plans (NAPs, NAPAs);
- Interactions with International Funding Institutions (including the Green Climate Fund, the GEF, the Adaptation Fund, and the MDBs) over support for climate change actions;
- Research assessments on environmental and climate change policies from international institutions or research community.

Ratings

1. There is no consideration of climate related impacts on development plans and investments. Consideration and incorporation of environmental, social and economic risks that might arise from climate change by the national government and sectoral ministries is highly unsatisfactory.

- 2. A national climate change strategy or policy has been prepared and cost-effective measures to address climate-related risks are being explored. Consideration and incorporation of the measures by individual sector ministries is limited.
- 3. Building on national climate change plans, vulnerable sectors are starting to consider climate –related risks in plans and projects. The country is taking action to improve the capacity of leaders in government, private sector and communities, including the rural poor, to consider climate change within their responsibilities.
- 4. Building on national climate change plans, vulnerable sectors are incorporating climate risks in plans and projects and adjusting budgets to support climate-related activities. The national government is actively engaged in seeking international support for their climate related activities, and especially those affecting the rural poor.
- 5. Building on national climate change plans, vulnerable sectors are incorporating climate risks in plans and projects and assigning corresponding budgets to support

 $^{\rm 16}$ See for reference German Watch Climate Change Performance Index – Climate Policy rating.

- climate-related activities. A nationally appropriate inter-ministerial coordination process is in place.
- 6. Building on national climate change plans, vulnerable sectors consistently incorporate climate risks in plans and projects, and cost-effective mitigation measures are being implemented. Inter-ministerial coordination is effective and is being extended to other levels of government and coordinates with communities and civil society organisations (CSOs).

Score

Question 3.3 Access to land¹⁷

Please determine the access afforded to rural people via the policy framework to land, which is key to their capacity to undergo rural transformation. To determine the score consider factors affecting the quality of policies affecting the governance of land and the effectiveness of their implementation, including (i) the effectiveness of the land tenure system, (ii) market effectiveness, (iii) the equitable management of communal lands, and (iv) the existence of gender-based impediments to access.

Key sources

- National, policies legislation and statistics;
- National development plans / PRSP;
- Gender and land rights database http://www.fao.org/gender-landrights-database/en/;
- World Bank indicators on land tenure and water / irrigation;
- Land Governance Assessment Framework (LGAF) at country level;
- USAID Land Links Country Profiles;
- Research prepared by international and/or academic organizations on land tenure / land use.
- 1. The policy framework for land tenure provides highly unequal access to land and no security (especially for women, youth, minorities and indigenous people). Land administration is highly inefficient and non-transparent, does not consider customary access systems when relevant, and land markets are exclusively informal. There is no regulation regarding the management and use of common property resources.
- 2. The policy framework for land tenure provides unequal access to land and very limited security (especially for women, youth, minorities and indigenous people). Land administration is inefficient with little transparency and weak capacity to address conflicts, does not consider customary systems when relevant, and land markets are mostly informal. There is unclear regulation regarding the management and use of common property resources.
- 3. The policy framework for land tenure infrequently provides equal access to land and is seldom secure (especially for women, youth, minorities and indigenous people). Land administration shows major weaknesses and informal land markets are very important. There is unclear regulation and poor enforcement of regulation regarding the management and use of common property resources.
- 4. The policy framework for land tenure sometimes provides equal access to land and is sometimes secure (especially for women, youth minorities and indigenous people). Land administration shows minor weaknesses, recognizing to some extent customary systems when relevant, and formal land markets exist. There is regulation and enforcement regarding the management and use of common property resources using to some extent customary rules when relevant, but these regulations and enforcement mechanisms are open to interpretation and not always consistent.

¹⁷ See for reference IFAD's previous RSPA questions B(i) a, b, c & d; and World Bank Enabling Business of Agriculture Index (Indicator: Land assessment).

- 5. The policy framework for land tenure largely provides equal access to land and is mostly secure (especially for women, youth, minorities and indigenous people). Land administration is generally efficient and transparent, recognises customary systems when relevant and land markets provide good access for rural poor. There is clear and routinely enforced regulation regarding the management and use of common property resources using customary systems when relevant.
- 6. The policy framework for land tenure provides equal access to land and is secure (especially for women, youth, minorities and indigenous people). Land administration is efficient and transparent, recognises customary systems when relevant, and rural poor have full access to land markets. There is fully transparent and systematically enforced regulation regarding the management and use of common property resources using customary systems when relevant.

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Question 3.4 Access to water¹⁸

Please determine the access afforded to rural people via the policy framework to both surface and ground water. Core indicators are: 1) whether the policy framework takes a comprehensive view of water access / use for rural livelihoods (such as Integrated Water Resources Management, IWRM); 2) whether water resources are managed through representative mechanisms.

Key Sources

- National statistics, policies and legislation;
- National development plans / PRSP;
- UN Water indicators;
- Research prepared by international or academic organizations on water access and use.
- 1. No specific mention of water access and use in the development or rural policy framework. No policy or legal framework to govern water allocation and its uses nor the conservation of water resources exist.
- 2. Development or rural policy framework makes passing mention of water access and use. Policy and legal framework to govern water allocation and its uses or the conservation of water resources in a representative manner are inadequate ¹⁹.
- 3. Development or rural policy framework covers water access and use but is inconsistent or incomplete. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative manner²⁰ are incomplete.
- 4. Development or rural policy framework partially covers water access and use. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative manner exist but have weaknesses.
- 5. Development or rural policy framework covers water access and use adequately and relevantly. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative fashion are adequate.
- 6. Development or rural policy framework covers water access comprehensively and effectively. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative fashion exist and their use is strongly encouraged by the government.



¹⁸ See for reference IFAD previous RSPA questions RSP B(ii) a & c; and World Bank EBAI (Indicator: water resource management).

¹⁹ This may include rigid legal allocation rules (such as 'prior appropriation'), arbitrary or non-transparent short term allocation rules, lack of a legal and managed water trading system, and the limitation of access to water based on gender, ethnicity etc. ²⁰ This can include local, community or catchment associations for water management.

Cluster 4: Financial policy, access to services & markets

Question 4.1 Access to and use of rural financial services²¹

Please assess the extent to which the policy and legal framework creates an enabling environment for the provision of inclusive rural financial services. Core indicators include: 1) the extent and quality of the policy framework for rural micro-finance; 2) rural financial inclusion (access and use); 3) the quality of regulation.

Key sources

- National policies, regulations and legislation;
- IFAD project and supervision reports when related to rural finance;
- Metrics and data on access and usage of financial services (Data sources: WB Global Findex; IMF Financial Access Surveys; WB Payment Systems Survey);
- Metrics on number and scale of financial service providers (Data sources: WB Global Findex, CGAP, IMF Financial Access Surveys; WB Global Payment System Survey);
- Data on access to informal financial services outreach of rural women and men (Data sources: Microfinance Associations; MIX market; Savix; Finlab; FinScope);
- Metrics on financial capacity of enterprises and households (Data sources: WB Enterprise Surveys; WB Financial Capability Surveys and OECD National Financial Literacy and inclusion Surveys; OECD SME scoreboard);
- Signatory and implementation status of the Maya Declaration (Data source: Alliance for Financial Inclusion);
- Other sources: MIX Market, FinScope (14 countries in SSA plus Pakistan and India)
- Research reports from international institutions, private sector providers and academic institutions.

Justification paragraph should include quantitative data table with 5-10 year trend if available and qualitative assessment with citations.

Ranking

- 1. No specific policy or legal framework in place and/or financial inclusion and rural financial services is highly unsatisfactory, i.e. not recognized as a development priority. Framework to promote and regulate rural finance non-existent.
- 2. Policy and legal framework for rural finance is unsatisfactory and does not encourage the development of sustainable rural financial services (access and usage is very low). Framework to promote and regulate rural finance weak in design and enforcement.
- 3. Policy and legal framework for financial inclusion and rural finance is moderately unsatisfactory and access and usage is low. Framework to promote and regulate rural finance shows significant weaknesses in design and / or enforcement.

²¹ See for reference IFAD's previous RSPA questions C(i) a, b, c; WB EBAI index (Indicator: Finance, part C)

- 4. Policy and legal framework for rural finance is moderately satisfactory and rural financial sector is expanding in terms of access and usage as well as household and business financial capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance has some weaknesses in design, implementation or enforcement.
- 5. Policy and legal framework for financial inclusion and rural finance is satisfactory and rural financial sector is well developed in terms of access and usage, as well as capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance is appropriate and enforced.
- 6. Policy and legal framework for financial inclusion and rural finance is highly satisfactory and rural financial sector is strong in terms of access and usage as well capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance is appropriate, enforced and stable (i.e. in place for more than 5 years).

Score	
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Question 4.2 Investment Climate for Rural Business²²

Please measure the extent to which the government is actively promoting the development of a robust private sector in rural areas through the provision of an appropriate policy and legal framework, and the subsequent extent to which SMEs or rural businesses are able to register, establish and grow their business.

Key sources

- Specific national policies, laws and regulations related to establishing/registering a (rural) business or SME;
- IFAD documentation: project reports, COSOPs, supervision reports, etc.;
- Enabling business of agriculture index (EBAI), World Bank;
- Doing Business Reports, World Bank;
- UNCTAD data on FDI in agribusiness.

Justification paragraph should include quantitative data table with information from EBAI and other sources (e.g. DBI) if available and qualitative assessment with citations.

Rating

- 1. Existing policy and legal framework prohibits or severely hampers the establishment and registration of rural businesses or SMEs (through excessive bureaucracy, red tape, bribery, extortion, and other measures that make it extremely difficult to open and establish a private sector business in rural areas).
- 2. Existing policy and legal framework strongly limits the establishment and registration of rural businesses or SMEs (through heavy bureaucratic constraints and red tape).
- 3. Existing policy and legal framework partially limits the establishment and registration of rural businesses or SMEs (bureaucracy and red tape are normal impediments but can be overcome).
- 4. Existing policy and legal framework moderately encourages the establishment/registration of rural businesses or SMEs but some moderate bureaucratic inefficiencies still exist and could be improved.
- 5. Existing policy and legal framework encourages the establishment/registration of rural businesses or SMEs, has minimal bureaucratic inefficiencies, and may provide incentives to establish a business (e.g. one stop shops to establish a business, tax incentives, subsidized business development services and/or financial incentives to establish a business).
- 6. Existing policy and legal framework strongly encourages the establishment/registration of rural businesses or SMEs, has no bureaucratic inefficiencies, and provides both financial or non-financial incentives (one-stop shops, tax incentives, subsidized business development services, subsidized finance, etc.).

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²² See for reference IFAD's previous RSPA questions C(ii) a & c; World Bank EBAI (Overall).

Question 4.3 Access to agricultural input and produce markets²³

Please measure the extent to which existing agricultural input markets and produce markets are reliably providing value for money to smallholders for inputs and the highest proportion of the retail price for produce. Core Indicators include: 1) the number of relevant actors in the market; 2) the extent to which the regulatory environment is enabling; 3) the level of competition for optimizing prices for poor producers.

Key Sources:

- IFAD documentation, i.e. supervision reports, COSOPs, project documentation;
- Sector policy documents;
- Enabling Business in Agriculture Index (EBAI), World Bank;
- Research papers written by other external actors.

Justification paragraphs should provide quantitative information about market conditions, citing sources, and add a qualitative assessment about the extent to which the policy framework is enabling.

Ratings

1. Inputs are difficult to find in rural areas. Quality is not assured. Timing of input supply is at times out of sync with production seasons. Prices for inputs are fixed. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.

- 2. Agricultural input markets are dominated by a single or very few suppliers. Availability, quality, quantity and timing of inputs are unpredictable. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.
- 3. Agricultural input markets are somewhat competitive and availability, quality, quantity and timing of inputs are reasonable, if producers can afford the inputs. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.
- 4. Agricultural input markets are somewhat competitive and availability, quality, quantity and timing of inputs are reasonable, if producers can afford the inputs. Produce markets for key commodities are also somewhat competitive and are characterized by formal and informal traders regularly seeking producers' produce at rural level.
- 5. Agricultural input markets are competitive and availability, quality, quantity and timing of inputs are reasonable. Produce markets for key commodities are also competitive and are characterized by formal traders regularly seeking producers' produce at rural level.

 $^{\rm 23}$ See for reference IFAD's previous RSPA questions C(iii) a; World Bank EBAI (Overall).

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6.	Input and produce markets are extremely competitive and reliable. A wide rar	nge of
	seeds, pesticides and fertilizers are reliably available. Certification of new produ	ucts is
	fast and regulation of markets is largely apolitical.	
	Score	

Question 4.4 Access to extension services²⁴

Please determine to what extent the policy framework adequately provides opportunities for smallholder farmers to access public or private extension services. Core indicators include: 1) The framework for extension service provision; 2) the reach of the extension system; 3) the inclusiveness and quality of the extension system and its messages.

Key Sources

- National policies;
- IFAD documentation (projects, COSOPS, previous RSP).

Ratings

- 1. The policy framework is highly unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system is non-existent.
- 2. The policy framework is unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system almost never researches poor farmers.
- 3. The policy framework is moderately unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system seldom reaches poor farmers.
- 4. The policy framework is moderately satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system sometimes reaches poor, rural women and men; efforts are being made to improve access and the quality of messages.
- 5. The policy framework is satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system generally reaches poor farmers with mostly appropriate messages.
- 6. The policy framework is highly satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system efficiently reaches poor farmers and provides appropriate messages.

Score	

24

²⁴ See for reference IFAD's previous RSPA questions B(iii) a and c.

Cluster 5: Nutrition and gender equality

Question 5.1 Nutrition policy framework and outcomes²⁵

Please measure the extent to which nutrition (rather than, or in addition to, food security) is mainstreamed in government policies and institutions. Core Indicators include: 1) the attention placed on nutrition in national development strategies; 2) the extent to which there is cross-ministerial collaboration in multi-sector teams, policies and working groups, and 3) the existence and implementation status of national nutrition strategies.

Key sources

- SUN Country Reports;
- Global Nutrition Reports;
- National development strategies / PRSP / Multi-sectoral strategies;
- Other national policies, regulations and strategies;
- Research reports by international organizations and academics on nutrition policy.
- * While justification paragraphs may seek to reference data collected from international sources on micro-nutrient intake adequacy, stunting, wasting, underweight, obesity and dietary diversity, these metrics are captured in the needs aspect of the formula and should only support the qualitative assessments about the specific policy setting as given in the core indicators above.*

Ratings

1. Nutrition is not mentioned in key national development strategy documents and there is no cross-governmental work. There is no national nutrition strategy or it is achieving highly unsatisfactory outcomes.

- 2. Nutrition is given minimal attention in key national development strategy documents and mechanisms for cross-governmental work are very limited and highly ineffective. There is a poorly defined national nutrition strategy which is achieving unsatisfactory outcomes.
- 3. Nutrition is given minimal attention in key national development strategy documents and mechanisms for cross-governmental work are limited and often ineffective. There is a poorly defined national nutrition strategy which suffers implementation challenges.
- 4. Nutrition is given moderate attention in key national development strategy documents and mechanisms for cross-governmental work are moderate and partially effective. There is a national nutrition strategy which is achieving moderately satisfactory outcomes.
- 5. Nutrition is prioritized in key national development strategy documents and mechanisms for cross-governmental work are present and usually effective. There is a national nutrition strategy which is achieving satisfactory outcomes.

²⁵ See for reference SUN data on nutrition policy (Indicator: Budgetary allocations for nutrition).

6. Nutrition is a core priority in key national development strategy documents and mechanisms for cross-governmental work are robust and highly effective. There is a national nutrition strategy which is achieving highly satisfactory outcomes.

Score

Question 5.2 Policy framework for gender equality²⁶

Please assess the extent to which the policy framework and customary traditions encourage economic empowerment for women and men, equal voice and decision making for women and men and equitable work-loads. Core indicators include: 1) the extent to which rural women and men have the same opportunities and benefits of accessing and controlling productive resources (land, inputs, credit); 2) the extent to which rural women and men can participate in decision making processes (at local and national level); 3) the sharing of economic and social benefits.

Key sources

- National policies, laws and regulations;
- Gender Development Index (UNDP);
- Gender Inequality Index (UNDP);
- Social Institutions and Gender Index (OECD) and the sources cited;
- Women's empowerment in agriculture index (IFPRI, where available)²⁷;
- Human Development Report;
- Statistics on gender based violence;
- Research reports by international organizations and academic sources on gender equality in specific countries.
- * Justification paragraphs should cite the SIGI, GDI, GII indexes and other indexes as available, including trends if possible, to support qualitative assessments*.

Ratings

- 1. The policy, legal and customary framework for rural development effectively blocks women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are usually absent from decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are heavily unequal. GDI/GII ranks generally in group 5. 28
- 2. The policy, legal and customary framework for rural development provides significant barriers to women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). There is strong discrimination against women's participation and voice in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are unequal. GDI/GII ranks generally in group 4.

Oountries are divided into five groups by absolute deviation from gender parity in HDI values.

²⁶ See for reference IFAD's previous RSPA questions D(ii) b and d; World Bank CPIA question 7B.

²⁷ When not available, assessors are encouraged to look at the methodology for scoring: "It reflects the percentage of women who are empowered and, among those who are not, the percentage of domains in which women enjoy adequate achievements. These domains are (1) decisions about agricultural production, (2) access to and decision making power about productive resources, (3) control of use of income, (4) leadership in the community, and (5) time allocation."

- 3. The policy, legal and customary for rural development provides some barriers to women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are largely under-represented and unheard in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads tend to be biased towards women. GDI/GII ranks generally in group 3.
- 4. The policy, legal and customary framework for rural development moderately encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are slightly under-represented and their voices are discounted in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are mostly balanced. GDI/GII ranks generally in group 2.
- 5. The policy, legal and customary framework for rural development encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women's representation in decision and policy making bodies is strong and their voice is heard in formal organizations, cooperatives, local councils and parliament. Workloads are balanced in most cases. GDI/GII ranks generally in group 2/1.
- 6. The policy, legal and customary framework for rural development strongly encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women have equal representation and voice in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are equal. GDI/GII ranks generally in group 2/1.

Score	
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<u>Cluster 6. Macroeconomic policies and conditions for rural development</u>

Question 6.1. Monetary and exchange rate policies²⁹

Please determine the coherence and quality of monetary and exchange rate policies and whether this set of policies creates positive conditions for the growth and stability of the rural sector. Core indicators include: 1) the level of internal and external balances and price stability; 2) the response to and capacity to absorb internally and externally determined shocks, including the consistency of policy responses.^{30,31}

Key data sources:

- IMF Time Series Data (external balance; inflation as measured by CPI, other; exchange rate);
- IMF Article IV consultation reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis by academics, IMF, World Bank, regional MDBs, other institutions on monetary and exchange rate authorities response to internal and external shocks, particularly food crises.

Ratings

1. The monetary and exchange rate policy regime has consistently generated conditions in which there were significant external imbalances, balance of payment crises, price instability and limited buffers to internal and external shocks. Policies are inconsistent (i.e. internally incoherent or subject to large and sudden changes).

- 2. The monetary and exchange rate policy regime has occasionally generated conditions in which there were significant external imbalances, balance of payment crises, price instability and limited buffers to internal and external shocks. There is significant policy inconsistency.
- 3. The monetary and exchange rate regime has been occasionally (though inconsistently) been used to maintain short and medium term balance of payments, mitigate price instability and buffer the economy against internal and external shocks. There is some policy inconsistency.
- 4. The monetary and exchange rate regime pursues and is often (though not always) capable of achieving the maintenance of external balance, price stability and can often mitigate against internal and external shocks. There is only occasional policy inconsistency.
- 5. The monetary and exchange rate regime prioritizes and is capable of achieving external balance, price stability and can respond rapidly and flexibility to internal and external shocks. There is significant policy consistency.

²⁹ See for reference World Bank CPIA question 1; Economist Intelligence Unit (EIU) indicator "currency risk"

^{*}Justification paragraph should include quantitative data table with 5-10 year trend and qualitative assessment with citations*.

The stability and longevity of fixed or pegged exchange rate regimes are particularly sensitive to the consistency and flexibility of the policy framework, and should be scored according to their heightened sensitivity to shocks and imbalances.

³¹ Monetary policy and exchange rate policies may be set by one or more actors in the economy, in a coordinated or uncoordinated manner.

6.	The mor	netary a	and exc	hange	rate	regime	has	consistently	maintair	ned ext	ernal
	balance,	price s	stability	and has	s ade	equate	inbuilt	safeguards	against	internal	and
	external shocks. Policies are consistent.										

Score

Question 6.2. Fiscal Policy and Taxation³²

Please determine the coherence, quality and sustainability of fiscal policy to achieve levels of economic growth that are inclusive and conducive to the country's rural transformation. Core indicators include the extent to which policy: 1) encourages stability; 2) allocates resources effectively and efficiently; 3) generates sufficient internal resources through taxation.

Key data sources

- World Bank Database:
- World Economic Outlook Database;
- National legislation related to management of public budget, e.g. fiscal rules;
- Tax collection figures, e.g. tax burden, ratio of indirect/direct taxation, etc.;
- Public expenditure figures reported in domestic and/or international reports;
- IMF Article IV Consultations;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis on fiscal policies by academics, IMF, World Bank, regional MDBs, other institutions.

Ratings

1. The fiscal policy regime over the past 5+ years has contributed to macroeconomic imbalances (e.g. high inflation, unsustainable current account deficits, crowding out of private investment, etc.) and shows limited capacity to mitigate shocks. There is no institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to publics pending, or such laws are not applied. Tax collection as a percent of GDP is very low compared to regional standards, and taxation policies are of poor quality and regressive.

- 2. The fiscal policy regime has led to or is leading to macroeconomic balances and has been insufficient in mitigating shocks. There is limited institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, or such laws and regulations are not applied. Tax collection is low compared to regional standards and taxation policies are of poor quality and poor redistributive consequences.
- 3. The fiscal policy regime has sporadically and / or incompletely supported macroeconomic stability and policy response to shocks is often delayed and / or partial. There is some institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, and/or such laws and regulations are applied unevenly. Tax collection is modest by regional standards, and taxation policies are poor in quality and insufficient redistributive consequences.
- 4. The fiscal policy regime is consistent with macroeconomic stability and policy response to shocks is somewhat effective. There is an institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and

³² See for reference World Bank CPIA question 2; Economist Intelligence Unit (EIU) indicator "economic structure risk".

^{*}Justification paragraph should include quantitative data table with 5-10 year trend + qualitative assessment with citations*.

predictability to public spending, and such laws are usually applied. Tax collection is still modest but showing signs of improvement over time. Tax policies are improving government's capacity to increase quality and redistributive capacity of public spending.

- 5. The fiscal policy regime is consistent with macroeconomic stability and policy response to shocks is rapid and effective. There is an institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, and such laws are always applied. Tax collection is adequate by regional standards and tax policies are of modest quality and redistributive capacity.
- 6. The fiscal policy regime has been consistent and supporting macroeconomic stability for an extended (e.g. 3 years plus) period of time and policy has adjusted to shocks. Tax collection is strong and spending is of good quality and with positive redistributive consequences.

Question 6.3. Debt Policy³³

Please determine the coherence and quality of debt policy. Core indicators include the extent to which: 1) debt is contracted in a sustainable fashion at both the <u>national and sub-national level</u> (including, where applicable, <u>domestic as well as international debt</u>); 2) is being effectively serviced at both the national and sub-national level; 3) policies regarding debt limits at the national and sub-national level.

Key sources

- World Bank / IMF for 10 year time series on external debt / GDP, debt / Exports, short term debt as percentage of all debt, foreign denominated debt as percentage of all debt, reserve ratio;
- Data on the issuance and sustainability of domestic debt, where applicable (e.g. Middle Income Countries with more developed debt markets, or in low income countries where sovereign borrowing may crowd out appetite for corporate borrowing);
- IMF Agreement IV reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis on debt policies by academics, IMF,
 World Bank, regional MDBs, other institutions.
- *Justification paragraph should include quantitative data table with 5-10 year trend and qualitative assessment with citations*.
- 1. Government is in debt distress³⁴ and debt-service ratios are in significant and / or sustained breach of DSF debt thresholds. There is no legal framework for borrowing and data on borrowing is inaccurate or missing. Debt and other macroeconomic policies are not aligned.
- 2. Government faces high risk of debt distress, and debt service ratios could breach DSF debt thresholds. The legal borrowing framework is partially defined and information about debt levels is sporadic. Debt and other macroeconomic policies are minimally aligned.
- 3. Government faces a moderately high risk of debt distress, and debt service rations may breach DSF debt thresholds in some scenarios. The legal framework for borrowing is defined and public debt data exists but could be improved. Debt and fiscal policies are sometimes though not always aligned.
- 4. Government faces moderate risk of debt distress, the legal framework is clearly defined and debt data and analysis exist and are adequate. There is good coordination between debt and other macroeconomic policies.
- 5. Government faces a moderately low risk of debt distress, the legal framework for borrowing is clearly defined, there is a strategy for debt management and there is coordination within government on debt policy in addition to accurate and timely data

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³³ See for reference World Bank CPIA question 3A; Economist Intelligence Unit (EIU) indicator "sovereign risk"

³⁴ Defined as likelihood of upcoming default, restructuring, arrears, etc.

and analysis. There is strong coordination between debt and other macroeconomic policies.

6. Government faces a low risk of debt distress, the legal framework for borrowing is clearly defined and stipulates borrowing objectives and debt management is coordinated by the government in addition to timely, comprehensive data and analysis. There is very strong coordination between debt and other macroeconomic policies.

Score	
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Question 6.4 Trade Policy³⁵

Please determine the extent to which trade policy in the country is distortionary with regards to the rural poor. Core indicators include: 1) the extent to which trade policy is distortionary for the rural poor; 2) the discretion and variability of trade policy.

Key data sources

- WTO Trade Policy Review;
- World Bank World Trade Indicators on tariff and non-tariff barriers;
- IMF consultations and reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis by academics, IMF, World Bank, WTO, regional MDBs, other institutions on trade policies, tariffs and non-tariff barriers.

Ratings

- 1. Trade policies are very distortionary for the rural poor, and there is very high levels of discretion and variability of trade policy.
- 2. Trade policies are distortionary for the rural poor, and there is high levels of discretion and variability of trade policy.
- 3. Trade policies are moderately distortionary for the rural poor, and there is moderately high levels of discretion and variability of trade policy.
- 4. Trade policies are moderately favourable for the rural poor, and there is moderately low level of discretion and variability of trade policy.
- 5. Trade policies are favourable for the rural poor, and there is low level of discretion and variability of trade policy.
- 6. Trade policies are very favourable for the rural poor, and there is very low level of discretion and variability of trade policy.

Score	
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32

^{*}Justification paragraph should include quantitative data table with 5-10 year trend + qualitative assessment of coherence, distortions, politically motivated policy changes, etc. with citations*.

³⁵ See for reference World Bank CPIA question 4A; World Bank EBAI (indicator: domestic trade and exports).