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## Annual Report on the 2008 Country Performance Assessment Exercise

Attached for information is a paper on the above subject.

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ADB

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May 2009

# Annual Report on the 2008 Country Performance Assessment Exercise

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CCPR	–	composite country performance rating
COSO	–	Central Operations Services Office
CPA	–	country performance assessment
DMC	–	developing member country
ERD	–	Economics and Research Department
IDA	–	International Development Association
MDB	–	multilateral development bank
OREI	–	Office of Regional Economic Integration
PBA	–	performance-based allocation
RSDD	–	Regional and Sustainable Development Department
SPD	–	Strategy and Policy Department

## NOTE

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. Under the performance-based allocation (PBA) policy for Asian Development Fund (ADF) countries,<sup>1</sup> the Asian Development Bank (ADB) links the allocation of ADF resources to country performance. The system is based on the principle that aid is most effective in accelerating poverty reduction in countries where policy and institutional performance is strong. Under the PBA system, ADB gauges the relative performance of all eligible borrowers with access to ADF by conducting annual country performance assessments (CPAs). This annual report provides information on the conduct and results of the 2008 assessments. It also summarizes progress in harmonizing ADB's allocation system with similar approaches to PBA of concessional resources at other multilateral development banks (MDBs).

## II. THE PERFORMANCE-BASED ALLOCATION SYSTEM

### A. Country Performance Assessments

2. ADB conducts CPAs for all developing member countries (DMCs) eligible for the ADF.<sup>2</sup> The CPA exercise 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) quality of its macroeconomic management, (ii) coherence of its structural policies, (iii) degree to which its policies and institutions promote equity and inclusion, (iv) quality of its governance and public sector management, and (v) performance of the ADF project portfolio in the country. As required by the PBA policy, ADB uses the International Development Association (IDA) country policy and institutional assessment questionnaire and guidelines. The method of calculating the composite country performance rating is in Appendix 1.

### B. Resource Allocation

3. The allocation formula is used to derive indicative ADF allocations for both loans and grants. In addition to the CPA, the formula takes into account country needs by including population and per capita gross national income. Other things equal, allocation shares increase with population and decrease with per capita income. The allocation formula is described in Appendix 2.

### C. Changes in the PBA Policy

4. The 2008 revisions to the PBA policy<sup>3</sup> made the changes in the PBA formula-based allocations in accordance with agreements made in the course of the ADF X negotiations.

- (i) For large blend borrowers with PBA allocation shares exceeding 14%, the policy was modified to allow them to retain only half of the share above the 14%

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<sup>1</sup> The system was adopted in 2001. The PBA policy was revised in 2004, 2007, and most recently in 2008. ADB. 2004. *Review of the Asian Development Bank's Policy on the Performance-Based Allocation of Asian Development Fund Resources*. Manila; ADB. 2007. *Revising the Framework for Asian Development Fund Grants*. Manila; and ADB. 2008. *Refining the Performance-Based Allocation of Asian Development Fund Resources*. Manila.

<sup>2</sup> ADB. 2008. *The Review of the 1998 Graduation Policy of the Asian Development Bank*. Manila. Effective 1 January 2009, 28 DMCs will have access to the ADF. This reflects the graduation of the Cook Islands and Indonesia from ADF assistance, and donors' agreement to grant Nauru and Palau access beginning from ADF X, as well as the decision of Azerbaijan to opt out of ADF assistance voluntarily.

<sup>3</sup> ADB. 2008. *Refining the Performance-Based Allocation of Asian Development Fund Resources*. Manila.

threshold. This will help ensure there is a broad distribution of ADF resources across large and small ADF-eligible countries and enhance ADF allocations to the poorest countries.

- (ii) A new conversion scale was adopted to reduce the volatility of portfolio performance ratings. In addition, the definition of projects at risk is defined to be only those projects actually experiencing problems in order to reduce any subjective judgment in the assessment of portfolio performance used in PBA calculations. Appendix 3 explains the new conversion scale.
- (iii) The 4.5% earmark of ADF funds to the Pacific pool is retained. The distribution of these set-aside resources continues to be based on the PBA system.

5. The revisions adjusted policy with respect to ADF allocations to post-conflict countries. The phase-out period was extended to 6 years. The phase-out period of Afghanistan and Timor-Leste from post-conflict status was initiated with their 2009–2010 allocations. Timor-Leste will be provided with a declining share of ADF grants on an exceptional basis, starting with a 100% share for the 2009–2010 biennial allocation, regardless of its debt distress status. Timor-Leste's amount of assistance will be determined through the regular PBA formula among the Pacific countries. For Afghanistan, resource commitments were scaled up in proportion to the increase in total level of ADF operations across ADF IX and ADF X. Following the IDA post-conflict framework, Afghanistan will receive the amount indicated by the PBA formula-based allocation plus a declining portion of the post-conflict premium equal to \$670 million less the country's PBA allocation over the next two biennial allocations. The premium for the third biennium will depend on the outcome of the ADF XI replenishment discussions and may differ from the \$670 million used during ADF IX.

6. With respect to subregional pool allocations, as agreed by the ADF X donors, the share of ADF replenishment resources to support financing of subregional cooperation projects was increased to 10%. Project eligibility criteria were revised to ensure strong country ownership of subregional cooperation projects and to harmonize with IDA and the African Development Fund. For eligible projects, the portion of ADF financing is two-thirds from the subregional pool and one-third from country PBA. That is, for every \$2 allocated from the subregional pool, the country will match this with \$1 from its country PBA. Exemptions from the one-third contribution will be allowed once a country has provided 20% of its PBA allocation to subregional projects. An additional prioritization criterion has been added in the evaluation of proposals for funds from the subregional cooperation pool; beginning with the first biennial allocation under ADF X, the selection of subregional cooperation projects will consider the geographical distribution of the projects proposed.

#### **D. Implementation Arrangements**

7. The focal point for implementing the PBA policy is outside the regional departments in the Strategy and Policy Department (SPD). The revised PBA policy instituted this arrangement to separate ADF resource allocation from ADF resource use. However, representatives of the regional departments are included in the CPA working group, along with experts from the Regional and Sustainable Development Department (RSDD), Economics and Research Department (ERD), Office of Regional Economic Integration (OREI), and Central Operations Services Office (COSO). A technical subgroup consisting of experts from COSO, ERD, OREI, and RSDD reviews the preliminary CPAs prepared by the country teams and recommends revisions to ensure quality and cross-country consistency. The CPA working group then reviews the revised assessments and recommends the country ratings to a CPA review panel. The CPA review panel—chaired by the director general of SPD and comprising the heads of the regional

departments, COSO, ERD, OREI, and RSDD—finalizes the ratings for ADB Management endorsement.

#### **E. Alignment and Harmonization of Performance-Based Allocation for the Asian Development Fund with Other Multilateral Development Banks**

8. ADB continues to work closely with other MDBs—the World Bank’s IDA and the African Development Bank in particular—to harmonize its ADF allocation and grant policies with theirs. In addition to adopting the IDA’s country policy and institutional assessment and post-conflict performance indicators questionnaires, ADB representatives have attended the IDA15 and African Development Fund 11 replenishment meetings as observers, and participated in the annual MDB technical meeting on PBA systems (3–4 April 2008 in Rome and 16-17 April 2009 in Barbados), and conducted joint training on the PBA system for officials from non-Pacific ADF-eligible DMCs with staff from IDA (17–18 November 2008 in Bangkok). A workshop for officials from Pacific ADF-eligible DMCs was held on 26-27 March 2009 in Sydney. ADB staff have also participated in the MDB meeting on debt issues, and discussed matters relevant to ADB participation in debt relief for heavily indebted poor countries and implementation of the revised ADF grant policy (which is also closely aligned with the IDA framework).

### **III. 2008 COUNTRY PERFORMANCE ASSESSMENT EXERCISE**

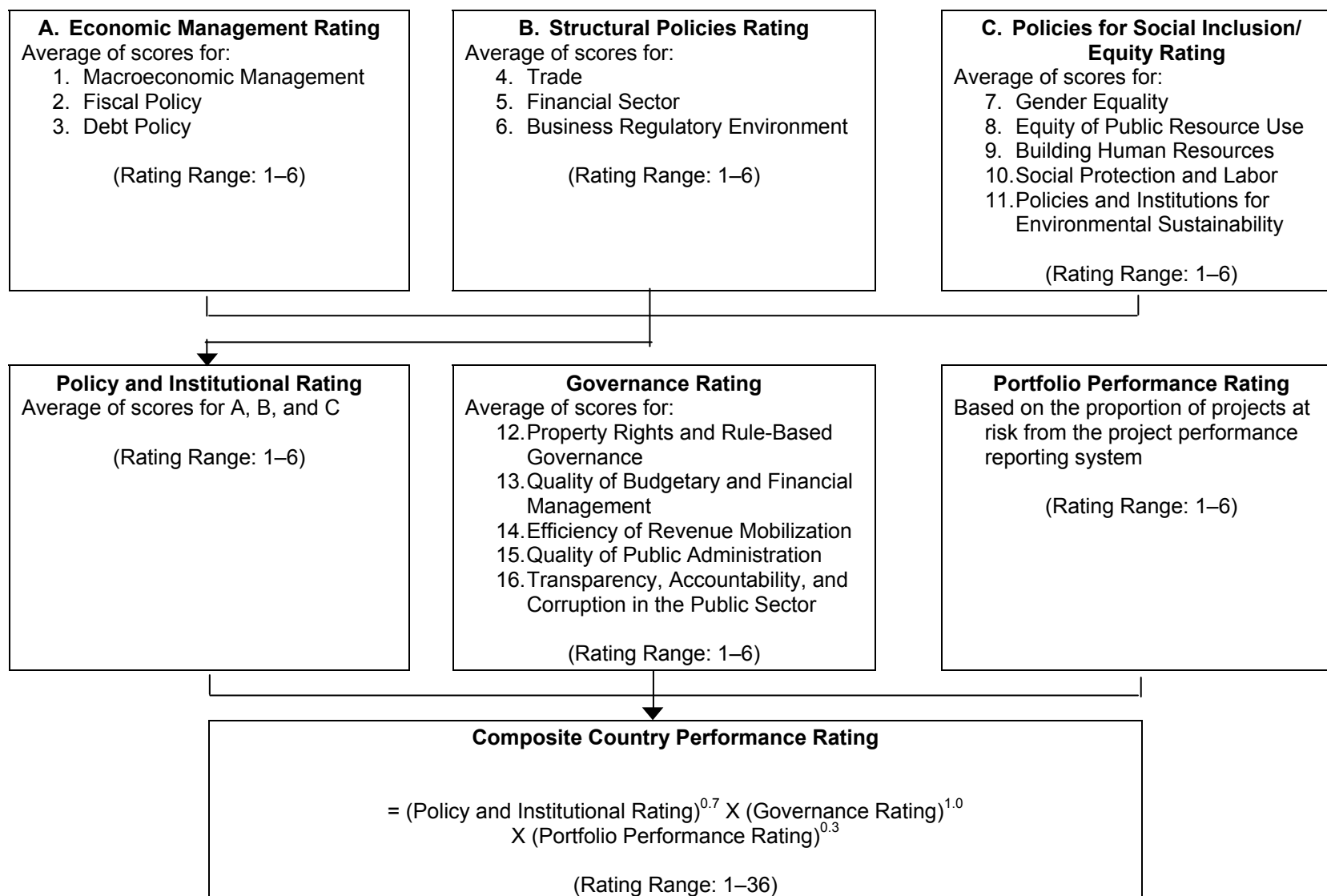
9. The 2008 CPA exercise followed the same rigorous and transparent process adopted in 2007 and earlier CPA exercises. These processes are reviewed in detail in the 2005 and 2006 editions of this annual report.<sup>4</sup> The 2008 CPA ratings approved by Management are in Appendixes 4 and 5. Appendix 4 shows the detailed ratings for the countries taking part in the 2008 CPA exercise. Appendix 5 shows country rankings for each performance indicator cluster and the overall ranking. In accordance with the PBA policy, this CPA annual report, including the 2008 CPA ratings, will be disclosed publicly. The ratings were used to determine ADF allocations for 2009–2010 according to the resource window agreed to under the ninth replenishment of ADF. Changes in the allocation may be made as a result of (i) exchange rate movements, (ii) the timing of ADF contributions from donors, (iii) changes in ADB membership and ADF eligibility, and (iv) significant changes in country circumstances or performance. A separate post-conflict performance assessment system that follows the IDA framework is used for Afghanistan, and results are reported in Appendix 6.<sup>5</sup>

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

<sup>4</sup> ADB. 2007. *Annual Report on the 2006 Country Performance Assessment Exercise*. Manila; and ADB. 2006. *Annual Report on the 2005 Country Performance Assessment Exercise*. Manila.

<sup>5</sup> The questionnaire that was used in the 2008 CPA is available at <http://siteresources.worldbank.org/IDA/Resources/CPIA2007Questionnaire.pdf>. The postconflict framework, as updated under IDA14, is available at <http://siteresources.worldbank.org/IDA/Resources/AidDeliveryConflictAffectedIDACountries.pdf>.

## CALCULATION OF THE COMPOSITE COUNTRY PERFORMANCE RATING



Source: ADB. 2008. Refining the Performance-Based Allocation of Asian Development Fund Resources. Manila.

## ALLOCATION FORMULA FOR ASIAN DEVELOPMENT FUND RESOURCES

1. The allocation formula is a weighted geometric function of the composite country performance rating, per capita income, and population. The allocation shares are scaled so that they sum to one, i.e., the formula is calibrated to ensure that total allocations will equal total available resources. Let  $CCPR$  denote the composite country performance rating,  $PCI$  denote per capita income (or gross national product where national income estimates are not available), and  $POP$  denote population. For each country,  $i$ , the share of ADF allocated resources,  $S_i$ , is determined by the following formula:

$$S_i = CCPR_i^{2.00} \times PCI_i^{-0.25} \times POP_i^{0.60} \times C$$

2. The scaling factor,  $C$ , is a constant term where:

$$C = 1 \div \sum_i (CCPR_i^{2.00} \times PCI_i^{-0.25} \times POP_i^{0.60})$$

3. The effect of the squaring of the consolidated country performance rating on its component parts is as follows:

$$CCPR_i^{2.00} = (\text{policy and institutional rating})_i^{1.40} \times (\text{governance rating})_i^{2.00} \\ \times (\text{portfolio performance rating})_i^{0.60}$$

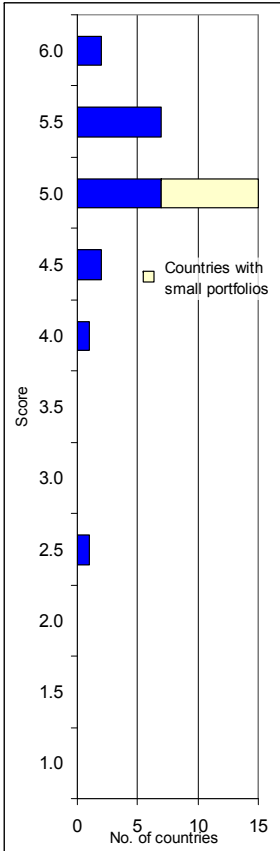
which highlights the importance of the governance rating in the overall country allocation.

4. Each country's indicative assistance level is derived by applying its country allocation share to the ADF commitment authority.

# EXPLANATION OF THE CHANGE IN THE CONVERSATION SCALE OF PORTFOLIO PERFORMANCE RATINGS

## 2008 Project Portfolio Performance Rating

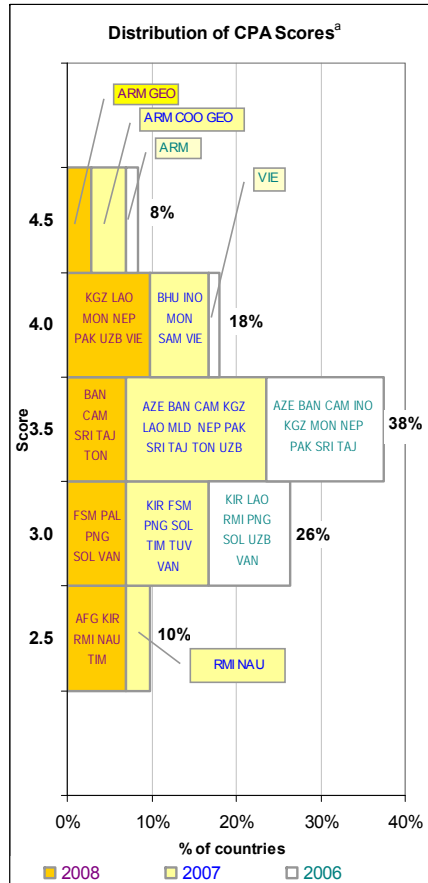
2008 Scores based on ADF IX Scale



2008 Projects at Risk (Actual)	
# DMCs	%
1. MLD	34.4
2. UZB	18.9
3. ARM	17.2
4. SAM	13.0
5. BHU	12.3
6. TIM	11.1
7. PAK	10.9
8. SRI	10.7
9. NEP	9.4
10. PNG	8.7
11. VIE	7.7
12. CAM	7.4
13. AFG	6.2
14. LAO	5.8
15. MON	4.8
16. BAN	3.8
17. TAJ	3.6
18. SOL	3.4
19. KGZ	1.1
20. FSM	0.0
21. GEO	0.0
22. KIR	0.0
23. RMI	0.0
24. NAU	0.0
25. PAL	0.0
26. TON	0.0
27. TUV	0.0
28. VAN	0.0

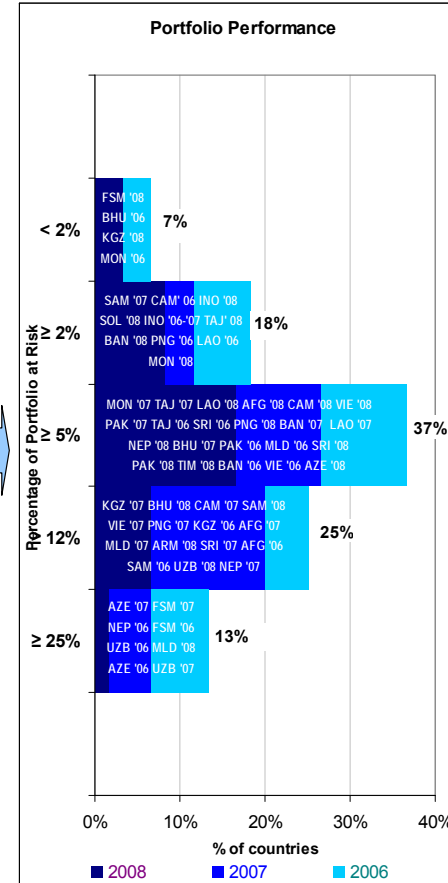
## Recalibration of share of projects at-risk

Step 1. Determine the distribution from "CPA" ratings from 2006 to 2008.



<sup>a</sup> The CPA score is the unweighted average of the ratings from the assessment of country policy and institutional performance from the 2006, 2007, and 2008 CPA exercises. This is comprised of the country's scores on the following four assessment clusters: (i) economic management, (ii) structured policies, (iii) policies for inclusion and social equity, and (iv) governance is used. The average is rounded to nearest 0.5.

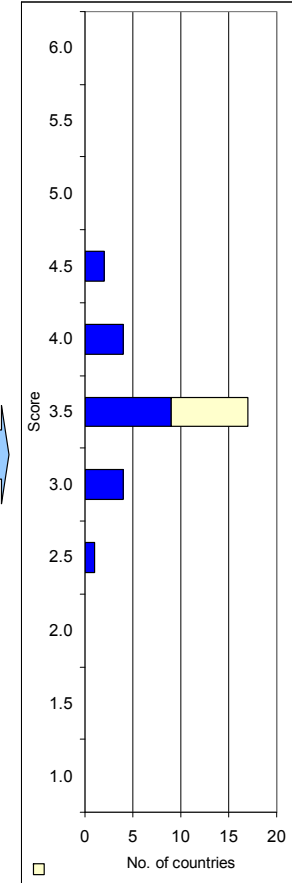
Step 2. Rank and distribute countries according to the percent of projects at risk over the period 2006 to 2008 to duplicate the distribution of CPA scores.



The actual shares of project at risk in the above country portfolios are as follows: FSM08-0.0 BHU06-0.5 KGZ08-1.1 MON06-1.6 SAM07-2.3 CAM06-2.4 INO08-3.3 SOL08-3.4 INO06-3.4 INO07-3.5 TAJ08-3.6 BAN08-3.8 PNG06-4.2 LAO06-4.7 MON08-4.8 MON07-5.7 TAJ07-5.7 LAO08-5.8 AFG08-6.2 CAM08-7.4 VIE08-7.7 PAK07-7.8 TAJ06-8.1 SRI06-8.3 PNG08-8.7 BAN07-8.7 LAO07-8.7 NEP08-9.4 BHU07-9.7 PAK06-9.7 MLD06-10.6 SRI08-10.7 PAK08-10.9 TIM08-11.1 BAN06-11.4 VIE06-11.7 AZE08-11.9 KGZ07-12.0 BHU08-12.3 CAM07-12.4 SAM08-13.0 VIE07-13.0 PNG07-14.3 KGZ06-14.3 AFG07-14.5 MLD07-17.0 ARM08-17.2 SRI07-17.2 AFG06-17.3 SAM06-18.5 UZB08-18.9 NEP07-20.7 AZE07-25.8 FSM07-27.1 NEP06-29.7 FSM06-32.0 UZB06-34.1 MLD08-34.4 AZE06-50.2 UZB07-56.6

Step 3. Assign scores based on the previously defined ranges of projects at risk.

2008 Scores with ADF X Scale



Under ADF IX, the scale for converting countries' shares of project at-risk to country performance assessment (CPA) scores defined 4 percentage point ranges for each half point starting at 2% (approximating a scale where score = 6 - 10 p where p is the proportion of projects at risk). Assigning scores to the share of projects at-risk in 2007 yields the following distribution.

AFG=Afghanistan, ARM= Armenia, BAN=Bangladesh, BHU=Bhutan, CAM=Cambodia, GEO=Georgia, KIR=Kiribati, KGZ=Kyrgyz Republic, LAO=Lao People's Democratic Republic, MLD=Maldives, RMI=Marshall Islands, FSM=Federated States of Micronesia, MON=Mongolia; NAU=Nauru, NEP=Nepal, PAK=Pakistan, PAL=Palau, PNG=Papua New Guinea, SAM=Samoa; SOL=Solomon Islands, SRI=Sri Lanka, TAJ=Tajikistan, TIM=Timor-Leste, TON=Tonga, TUV=Tuvalu, UZB=Uzbekistan, VAN=Vanuatu, VIE= Viet Nam

# COUNTRY PERFORMANCE ASSESSMENT RATINGS, 2008

## Table 1. Country Performance Assessment Ratings, 2008

DMCs	A. Economic Management				B. Structural Policies				C. Policies for Social Inclusion/Equity						D. Public Sector Management and Institutions						Composite Country Performance Rating		
	1	2	3	Average	4	5	6	Average	7	8	9	10	11	Average	12	13	14	15	16	Average		17	Portfolio
	Macroeconomic Management	Fiscal Policy	Debt Policy		Trade	Financial Sector	Regulatory Environment		Business	Gender Equality	Equity of Public Resource Use	Building Human Resources	Social Protection and Labor		Policies and Institutions for Environmental	Property Rights and Rule-based Government	Budgetary and Financial	Mobilization	Efficiency of Revenue			Quality of Public Administration	
<b>PACIFIC</b>																							
MICRONESIA, FED. STATES OF <sup>a</sup>	2.5	2.0	2.5	2.3	4.0	3.5	2.5	3.3	2.5	2.5	2.5	2.5	3.0	2.6	3.5	2.5	3.0	2.0	3.0	2.8	3.5	8.29	
KIRIBATI <sup>b</sup>	2.0	2.0	3.5	2.5	2.0	3.0	2.5	2.5	3.0	2.5	3.0	2.5	3.0	2.8	3.0	2.5	3.0	3.0	3.0	2.9	3.5	8.24	
MARSHALL ISLANDS	2.5	2.0	2.0	2.2	3.0	3.0	2.5	2.8	3.0	2.0	3.0	2.5	3.0	2.7	3.5	2.5	3.0	2.0	2.5	2.7	3.5	7.61	
NAURU <sup>b</sup>	3.0	2.5	1.5	2.3	4.0	1.0	2.0	2.3	3.0	3.0	2.5	3.5	2.0	2.8	2.5	4.0	3.0	3.0	3.0	3.1	3.5	8.55	
PALAU <sup>c</sup>	3.0	2.0	3.5	2.8	4.0	3.0	2.5	3.2	3.5	3.5	4.0	3.5	3.0	3.5	3.5	4.0	2.5	3.0	3.0	3.2	3.5	10.44	
PAPUA NEW GUINEA	4.0	3.5	4.0	3.8	3.5	3.0	2.5	3.0	2.5	3.0	2.5	2.5	1.5	2.4	3.0	3.5	4.0	2.5	3.0	3.2	3.5	10.24	
SAMOA <sup>a,b</sup>	4.5	4.0	4.0	4.2	4.5	4.5	3.5	4.2	4.5	4.0	4.5	3.5	3.5	4.0	4.5	4.0	4.5	4.5	4.5	4.4	3.0	16.46	
SOLOMON ISLANDS <sup>b</sup>	3.5	3.5	3.0	3.3	4.0	3.5	2.5	3.3	2.5	3.0	2.5	2.5	2.5	2.6	3.0	3.5	3.0	2.5	3.0	3.0	3.5	9.62	
TIMOR-LESTE <sup>b,d</sup>	3.5	3.0	4.0	3.5	3.5	2.0	1.5	2.3	2.5	3.5	2.5	3.0	2.0	2.7	1.5	3.0	3.0	2.5	2.0	2.4	3.5	7.26	
TONGA <sup>a,b</sup>	3.0	3.5	3.0	3.2	3.0	4.0	3.0	3.3	3.0	3.0	4.0	2.5	3.0	3.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5	11.51	
TUVALU <sup>a,b</sup>	3.5	3.5	3.0	3.3	2.5	2.5	2.5	2.5	3.5	3.5	4.0	3.0	3.0	3.4	4.0	3.0	2.5	3.0	3.0	3.1	3.5	9.92	
VANUATU <sup>b</sup>	4.0	3.5	4.0	3.8	2.5	3.5	3.0	3.0	3.0	3.0	2.5	2.5	3.0	2.8	3.0	3.5	3.0	3.5	3.0	3.2	3.5	10.54	
<b>AVERAGE PACIFIC</b>	<b>3.3</b>	<b>2.9</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>3.0</b>	<b>2.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>	<b>2.8</b>	<b>2.7</b>	<b>3.0</b>	<b>3.2</b>	<b>3.3</b>	<b>3.2</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>3.5</b>	<b>9.9</b>	
<b>NON-PACIFIC ADF-Only</b>																							
AFGHANISTAN <sup>c,d</sup>	3.5	3.5	3.5	3.5	2.5	2.0	2.5	2.3	2.0	2.5	2.5	2.5	1.5	2.2	1.5	3.5	2.5	2.0	2.0	2.3	3.5	6.67	
BHUTAN <sup>a</sup>	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	4.0	4.0	4.0	4.0	4.0	4.0	3.0	14.42	
CAMBODIA	4.0	4.0	4.0	4.0	4.0	3.5	3.0	3.5	4.0	3.5	4.0	3.5	3.0	3.6	2.5	4.0	4.0	3.0	3.0	3.3	3.5	12.01	
KYRGYZ REPUBLIC	4.5	4.0	4.5	4.3	5.0	3.5	3.5	4.0	4.5	3.5	4.0	4.0	3.5	3.9	2.5	3.5	3.5	3.0	3.0	3.1	4.5	13.02	
LAO, PDR	4.5	4.0	4.0	4.2	3.5	3.0	3.5	3.3	4.0	4.5	4.0	4.0	3.5	4.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	13.06	
MALDIVES <sup>a</sup>	3.5	2.5	3.5	3.2	3.5	3.0	4.0	3.5	4.0	4.0	4.0	3.5	4.0	3.9	4.0	3.5	4.0	4.0	2.5	3.6	2.5	11.44	
MONGOLIA	4.5	4.0	4.0	4.2	4.5	3.5	4.0	4.0	3.5	4.5	4.0	4.0	3.0	3.8	3.5	4.0	4.5	3.5	3.5	3.8	4.0	15.17	
NEPAL	4.0	4.0	3.5	3.8	4.5	3.5	3.5	3.8	4.0	4.0	3.5	3.0	4.0	3.7	3.5	4.0	4.0	3.5	3.5	3.7	3.5	13.69	
TAJKISTAN	4.0	4.0	3.5	3.8	4.0	3.5	3.0	3.5	3.5	3.5	3.5	3.5	3.0	3.4	3.0	4.0	3.0	3.0	2.5	3.1	4.0	11.47	
<b>AVERAGE NON-PACIFIC ADF-Only</b>	<b>4.1</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.8</b>	<b>3.8</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>3.6</b>	<b>3.1</b>	<b>3.8</b>	<b>3.7</b>	<b>3.3</b>	<b>3.1</b>	<b>3.4</b>	<b>3.6</b>	<b>12.3</b>	
<b>NON-PACIFIC Blend</b>																							
ARMENIA	5.0	5.0	5.5	5.2	4.5	3.5	4.0	4.0	4.5	4.5	4.0	4.5	4.0	4.3	4.0	4.5	3.5	4.0	3.5	3.9	3.0	15.51	
BANGLADESH	4.0	3.5	4.5	4.0	3.0	3.5	3.5	3.3	4.0	4.0	4.0	4.0	3.5	3.9	3.5	4.0	3.5	3.0	3.0	3.4	4.0	12.99	
GEORGIA	4.5	4.5	5.0	4.7	5.5	3.5	5.0	4.7	4.5	5.5	4.5	4.0	3.5	4.4	3.5	4.0	4.5	4.0	4.0	4.0	3.5	16.89	
PAKISTAN	4.5	3.5	4.5	4.2	4.0	4.5	4.0	4.2	3.0	3.5	3.0	3.0	4.0	3.3	3.0	4.0	3.5	3.5	3.0	3.4	3.5	12.79	
SRI LANKA	3.5	2.5	3.0	3.0	3.5	4.0	3.5	3.7	4.0	4.0	4.0	3.5	3.5	3.8	3.0	4.0	3.5	3.0	3.0	3.3	3.5	11.52	
UZBEKISTAN	4.5	4.5	4.5	4.5	3.5	3.0	3.5	3.3	4.0	4.0	4.0	4.0	4.5	4.1	3.5	4.0	4.0	2.5	2.5	3.3	3.0	12.06	
VIET NAM	4.5	4.5	4.5	4.5	3.5	4.0	4.0	3.8	4.5	5.0	4.0	4.0	4.0	4.3	4.0	4.0	4.0	4.0	4.0	4.0	3.5	15.94	
<b>AVERAGE NON-PACIFIC Blend</b>	<b>4.4</b>	<b>4.0</b>	<b>4.5</b>	<b>4.3</b>	<b>3.9</b>	<b>3.7</b>	<b>3.9</b>	<b>3.9</b>	<b>4.1</b>	<b>4.4</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	<b>3.5</b>	<b>4.1</b>	<b>3.8</b>	<b>3.4</b>	<b>3.3</b>	<b>3.6</b>	<b>3.4</b>	<b>13.96</b>	
<b>AVERAGE (NON-PACIFIC)</b>	<b>4.2</b>	<b>3.8</b>	<b>4.1</b>	<b>4.1</b>	<b>3.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>	<b>3.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.8</b>	<b>3.3</b>	<b>3.9</b>	<b>3.7</b>	<b>3.3</b>	<b>3.2</b>	<b>3.5</b>	<b>3.5</b>	<b>13.04</b>	
<b>AVERAGE (ALL)</b>	<b>3.8</b>	<b>3.4</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>	<b>3.3</b>	<b>3.6</b>	<b>3.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>	<b>11.69</b>	

ADF = Asian Development Fund, CPA = Country Performance Assessment, OCR = Ordinary Capital Resources

<sup>a</sup> Bhutan, Maldives, Micronesia, Samoa, Tonga, and Tuvalu are not required to participate in the 2008 CPA exercise, but Micronesia and Tonga opted to participate in this year's exercise. Bhutan, Maldives, Samoa, and Tuvalu figures assessment except for the portfolio performance rating which is updated. Cook Islands and Indonesia graduated from ADF assistance, and Azerbaijan has opted out of ADF access beginning in ADF X.

<sup>b</sup> Pacific island countries that are ADF-only (other Pacific island countries are ADF and OCR blend countries).

<sup>c</sup> Afghanistan and Palau are being assessed for the first time in 2008.

<sup>d</sup> Afghanistan and Timor-Leste are being phased out from postconflict status. For 2008, CPA will be conducted only for Timor-Leste while Afghanistan will be assessed under the postconflict performance assessment.

Source: Asian Development Bank.

**POST-CONFLICT COUNTRY PERFORMANCE ASSESSMENT RATINGS 2008**

<b>Post-conflict Performance Indicators<sup>a</sup></b>	<b>Afghanistan</b>
<b>Progress in Post-Conflict Recovery</b> (average of A, B, C, and D)	<b>3.8</b>
<b>A. Security and Reconciliation</b>	<b>2.7</b>
1. Public Security	2.0
2. Reconciliation	3.0
3. Disarmament, Demobilization, and Reintegration	3.0
<b>B. Economic Recovery</b>	<b>4.7</b>
4. Management of Inflation, External Debt, and Adequacy of the Budget	5.0
5. Trade Policy, Foreign Exchange, and Price Regimes	4.0
6. Management and Sustainability of Post-Conflict Reconstruction Program	5.0
<b>C. Social Exclusion and Social Development</b>	<b>4.3</b>
7. Reintegration of Displaced Populations	4.5
8. Building Human Resources	4.0
9. Social Cohesion, Nondiscrimination, and Human Rights	4.5
<b>D. Public Sector Management and Institutions</b>	<b>3.5</b>
10. Budgetary and Financial Management, and Efficiency of Revenue Mobilization	4.0
11. Reestablishing Public Administration and Rule-Based Governance	3.5
12. Transparency, Accountability, and Corruption in the Public Sector	3.0
<b>Quality of Portfolio Performance</b>	<b>3.5</b>

<sup>a</sup> These post-conflict performance indicators follow the International Development Association revised indicators for 2006.

Source: Asian Development Bank.

## COUNTRY RATINGS BY PERFORMANCE INDICATOR CLUSTERS AND OVERALL RANKING, 2008

Economic Management		Structural Policies		Policies for Social Inclusion/Equity		Public Sector Management and Institutions		Portfolio Performance		Country Composite Performance Rating	
Armenia	5.2	Georgia	4.7	Georgia	4.4	Samoa	4.4	Kyrgyz Republic	4.5	Georgia	16.89
Georgia	4.7	Pakistan	4.2	Armenia	4.3	Bhutan	4.0	Bangladesh	4.0	Samoa	16.46
Uzbekistan	4.5	Samoa	4.2	Viet Nam	4.3	Georgia	4.0	Mongolia	4.0	Viet Nam	15.94
Viet Nam	4.5	Armenia	4.0	Bhutan	4.2	Viet Nam	4.0	Tajikistan	4.0	Armenia	15.51
Kyrgyz Republic	4.3	Kyrgyz Republic	4.0	Uzbekistan	4.1	Armenia	3.9	Afghanistan	3.5	Mongolia	15.17
Lao PDR	4.2	Mongolia	4.0	Lao PDR	4.0	Mongolia	3.8	Cambodia	3.5	Bhutan	14.42
Mongolia	4.2	Nepal	3.8	Samoa	4.0	Nepal	3.7	F.S. of Micronesia	3.5	Nepal	13.69
Pakistan	4.2	Viet Nam	3.8	Bangladesh	3.9	Maldives	3.6	Georgia	3.5	Lao PDR	13.06
Samoa	4.2	Sri Lanka	3.7	Kyrgyz Republic	3.9	Lao PDR	3.5	Kiribati	3.5	Kyrgyz Republic	13.02
Bangladesh	4.0	Bhutan	3.5	Maldives	3.9	Tonga	3.5	Lao PDR	3.5	Bangladesh	12.99
Bhutan	4.0	Cambodia	3.5	Mongolia	3.8	Bangladesh	3.4	Marshall Islands	3.5	Pakistan	12.79
Cambodia	4.0	Maldives	3.5	Sri Lanka	3.8	Pakistan	3.4	Nauru	3.5	Uzbekistan	12.06
Nepal	3.8	Tajikistan	3.5	Nepal	3.7	Cambodia	3.3	Nepal	3.5	Cambodia	12.01
Papua New Guinea	3.8	Bangladesh	3.3	Cambodia	3.6	Sri Lanka	3.3	Pakistan	3.5	Sri Lanka	11.52
Tajikistan	3.8	F.S. of Micronesia	3.3	Palau	3.5	Uzbekistan	3.3	Palau	3.5	Tonga	11.51
Vanuatu	3.8	Lao PDR	3.3	Tajikistan	3.4	Palau	3.2	Papua New Guinea	3.5	Tajikistan	11.47
Afghanistan	3.5	Solomon Islands	3.3	Tuvalu	3.4	Papua New Guinea	3.2	Solomon Islands	3.5	Maldives	11.44
Timor-Leste	3.5	Tonga	3.3	Pakistan	3.3	Vanuatu	3.2	Sri Lanka	3.5	Vanuatu	10.54
Solomon Islands	3.3	Uzbekistan	3.3	Tonga	3.1	Kyrgyz Republic	3.1	Timor-Leste	3.5	Palau	10.44
Tuvalu	3.3	Palau	3.2	Kiribati	2.8	Nauru	3.1	Tonga	3.5	Papua New Guinea	10.24
Maldives	3.2	Papua New Guinea	3.0	Nauru	2.8	Tajikistan	3.1	Tuvalu	3.5	Tuvalu	9.92
Tonga	3.2	Vanuatu	3.0	Vanuatu	2.8	Tuvalu	3.1	Vanuatu	3.5	Solomon Islands	9.62
Sri Lanka	3.0	Marshall Islands	2.8	Marshall Islands	2.7	Solomon Islands	3.0	Viet Nam	3.5	Nauru	8.55
Palau	2.8	Kiribati	2.5	Timor-Leste	2.7	Kiribati	2.9	Armenia	3.0	F.S. of Micronesia	8.29
Kiribati	2.5	Tuvalu	2.5	F.S. of Micronesia	2.6	F.S. of Micronesia	2.8	Bhutan	3.0	Kiribati	8.24
F.S. of Micronesia	2.3	Afghanistan	2.3	Solomon Islands	2.6	Marshall Islands	2.7	Samoa	3.0	Marshall Islands	7.61
Nauru	2.3	Nauru	2.3	Papua New Guinea	2.4	Timor-Leste	2.4	Uzbekistan	3.0	Timor-Leste	7.26
Marshall Islands	2.2	Timor-Leste	2.3	Afghanistan	2.2	Afghanistan	2.3	Maldives	2.5	Afghanistan	6.67

ADF = Asian Development Fund, FS of Micronesia = Federated States of Micronesia, Lao PDR = Lao People's Democratic Republic.

Note: Countries are ranked in descending order by cluster score. Where scores are equal, countries are listed alphabetically.

Source: Asian Development Bank.