

August 11, 2015

Mr. Sohail Muzaffar
Chairman
Transparency International Pakistan
Karachi

Dear Mr. Muzaffar:

Re: World Bank Country Policy and Institutional Assessment

Thank you for your letters of June 8 and August 1 to President Kim who has asked me to respond on his behalf. I would also like to express my sincere appreciation for the work of Transparency International in Pakistan.

As you know, the Bank's Country Policy and Institutional Assessments (CPIAs) provide an evaluation of the conduciveness of a country's policy and institutional framework for fostering sustainable growth and poverty reduction. These assessments are conducted annually against sixteen main criteria or questions organized under four clusters: a) Economic Management; b) Structural Policies; c) Policies for Social Inclusion and Equity; and d) Public Sector Management and Institutions. Each of the sixteen criteria is given a score of 1-6. The overall CPIA score is obtained by calculating the average score for each of the four clusters, and then by taking the simple average of these four clusters scores. Written criteria are provided for all scoring levels against which the assessments are to be conducted. These criteria are consistently applied across all countries where CPIAs are conducted. For more details, please visit: <http://www.worldbank.org/ida/how-ida-resources-allocated.html>

Each year we conduct an in-depth review in Pakistan of each and every criteria and sub-criteria, taking into account changes in policies, and discuss these with the Government. CPIA scores are not expected to change frequently. The CPIA evaluates policies and institutions, changes to which are typically slow. It is therefore not unusual for overall scores to remain the same from year to year. It is also important to note that in any given year, performance is assessed against the criteria and in relation to other countries rather than the degree of improvement since the previous year. In addition, several of the CPIA questions have to be assessed along two or more sub-criteria to determine the score at the main question level. In these cases, changes often occur at the sub-criteria level but these might not be sufficient to effect a change at the main question level. More specifically, since there are ranges for each CPIA indicator, a country can change position within that range, but as long as the next threshold is not crossed, the rating remains unchanged.

Looking forward, please rest assured that the World Bank is aware and supportive of the reform program of the Government and sustained progress will be taken into account. Our

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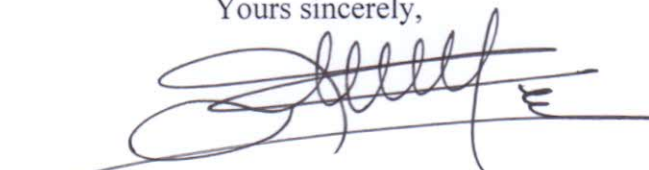
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Lead Country Economist, Enrique Blanco Armas, is available to discuss any more specific questions you may have on any of the criteria. Please feel free to contact him at eblancoarmas@worldbank.org.

With regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rachid Benmessaoud', written over a horizontal line.

Rachid Benmessaoud
Country Director, Pakistan