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JUNE 2024

STRUCTURAL REFORMS FOR A VIBRANT PRIVATE SECTOR

OFFICE OF THE CHIEF ECONOMIST FOR THE AFRICA REGION

WORLD BANK GROUP

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Executive Summary

INTRODUCTION

The past few years have highlighted the public sector's response to macroeconomic shocks following commodity price movements, the global COVID-19 pandemic, and global energy and food price spikes following the Russian Federation's invasion of Ukraine. In 2023, emergency measures to support economic activity started to wind down, and, facing higher global interest rates on elevated debt levels, governments in Sub-Saharan Africa made significant efforts to reduce fiscal deficits and reinforce institutional credibility. In this context, the prospects for continued growth fueled by public sector investments are much narrower. Mobilizing private resources and investment from the private sector is a timely and practical response to the current economic landscape. A successful private sector is central to creating employment opportunities and improving the well-being of individuals across the region.

Consequently, this year's CPIA Africa report focuses on reforms across policy areas covered by the Country Policy and Institutional Assessment (CPIA) that support private sector growth and identifies policy trends in Sub-Saharan Africa that made a difference in supporting private sector development in 2023. The report highlights key trends and best practices to guide policy makers and international investors on the policy developments in the region, following the World Bank's annual CPIA of countries eligible for International Development Association (IDA) assistance. This assessment is based on the combined knowledge and monitoring of experts across the World Bank, as local teams in each country submit score recommendations in line with their ongoing engagement with governments in the region and monitoring of the development progress in each country, while global teams and management provide multiple stages of review.

POLICY CONTEXT

The needed economic growth takeoff in Sub-Saharan Africa remains elusive. The region's rate of growth of per capita gross domestic product (GDP) slowed to 0.1 percent in 2023, down from 1.1 percent in 2022. With population growth of 1.5 percent, this implies that real GDP grew at 2.6 percent in 2023, down from 3.6 percent in 2022, while more than half of the countries in the region experienced a decline in their GDP growth rate in 2023.

The deceleration of growth was partly due to subdued private sector activity. Indeed, private consumption grew at 0.8 percent in 2023, down from 1.8 percent in the previous year, while overall investment declined slightly to 1.1 percent, compared to 1.3 percent in 2022. At a time when government consumption growth is constrained by fiscal contractions in the public sector, the private sector will need to accelerate to compensate for the reduction in public sector activity. However, the high interest rate environment constraining public finances also has a substantial impact on private sector activity. Moreover, net exports contributed to growth in 2023, expanding by 0.4 percent, showing that the decline in domestic private sector demand outweighed the growth in international demand for African products.

Constrained finances are problematic given the region's growing reliance on public investment, as tight credit markets are compounded by longer-term reductions in private investment in the region. While net foreign direct investment (FDI) inflows have been mostly negative across the region over the past decade, a larger portion of fixed capital formation has accumulated through the public sector. Indeed, average public sector investment picked up from 3.3 percent of GDP in 2000 to 7.6 percent in 2022, while private sector fixed capital formation remained roughly unchanged, declining from 16.9 to 16.8 percent of GDP.

The private sector landscape in Sub-Saharan Africa is dominated by poor job quality, with casual, piecemeal, and unstable working arrangements being the norm. Only one-sixth of working age individuals across low-income and lower-middle-income countries have a wage job, compared to half in high-income countries. This may be partly because 95 percent of the firms in the region are own-account workers concentrated in low-value activities, while less than 1 percent of firms have five or more employees. Organizing labor into firms, partnerships, and cooperatives allows for opportunities to specialize, invest, and access larger markets. The lack of medium-size firms can be indicative of entry barriers and firm distortions that lead to misallocation of labor to less productive firms, ineffective competition policy, and captured markets.

Nevertheless, two major trends offer hope for private sector growth, if managed effectively: digitization and increased intraregional trade. On the digital side, expansion of information technology has the potential to be transformational in the region, potentially allowing for significant structural changes across economic activities. Access to high-speed internet in Africa increases the probability of employment by between 6.9 and 13.2 percent, as well as increasing the growth of output per worker and reducing poverty. Similarly, the African Continental Free Trade Area (AfCFTA) poses significant opportunities for increased competition, FDI inflows, economies of scale, transfer of knowledge and technology, productivity, and economic diversification.

CPIA SCORES

In 2023, the average CPIA score for IDA-eligible countries in Sub-Saharan Africa remained broadly similar to its 2022 level, at 3.1. However, more countries saw improvements in their overall scores compared to those that received downgrades, and fewer countries' scores declined compared to the previous year's CPIA assessment. Yet, the narrowing gap between Sub-Saharan Africa and the rest of the IDA countries has been undermined by the region's much slower improvement in the governance cluster (cluster D, public sector management and institutions). The scores for the individual criteria show that the largest differences between Sub-Saharan Africa and the overall IDA averages fall into two general categories: institutional strength and the rule of law (property rights and rule-based governance and transparency, accountability, and corruption in the public sector) and financial oversight (financial sector, quality of budgetary and financial management, and debt policy and management).

ANALYSIS OF THE CPIA COMPONENTS

Following years of global economic volatility, macroeconomic policy in the region has benefitted from reforms aimed at increasing resilience to international shocks. The region is a relatively strong performer across measures of central bank independence. Yet, a large share of the countries have managed exchange rate systems, which do not benefit from the institutional commitment required to make currency unions work or the automatic market mechanisms and freedom from foreign exchange reserves from flexible rates. In this respect, more countries are easing exchange controls and simplifying international financial transfers. This has the potential to allow for much easier transactions with overseas investors and clients, facilitating private sector expansion through trade.

Debt has replaced international shocks as the key threat to economic stability in the region, with a potential divergence between experiences based on market confidence. Fiscal consolidation across the region is a growing necessity, with revenue mobilization through digitization of procedures, increasingly progressive taxation, and improvements in property taxation arising as best practices. Moreover, following bouts of inflation driven by rising import prices for fuel and food, countries have made progress in winding down costly price controls and subsidies. However, the buildup of deficits in recent years has led to debt concerns, with some countries resorting to increased arrears and monetary financing of the deficit in extreme cases. While these policies can severely erode borrower confidence, efforts at establishing credibility have also become more predominant in the region, including regularly published medium-term strategies and annual borrowing plans.

For structural policies, regional trends around digitization and integration provide a reason for optimism. It was expected that the AfCFTA would start to see some demonstrable results in 2023, with the possibility to create fundamental change in the composition of economic activity. Moreover, trade integration through one-stop border crossings has grown considerably in recent years, often taking advantage of digital technologies for rapid processing and coordination of trade administration. Digital transformation also has the potential to unlock access to capital for the private sector through digital financial services, and electronic platforms for business registration and tax payment facilitate formal sector growth while improving corruption prevention.

However, some deep structural issues need to be addressed to realize these opportunities. The success of the AfCFTA will rest on political support in implementation, as trade facilitation and elimination of non-tariff barriers remain restrictive in the region. Similarly, monopolies and captured markets undermine the potential for new entrants and lead to resources being misallocated to less productive uses, while access to land and finance remains restrictive, often due to political capture and reliance on informal networks.

Fundamentally, private sector growth will require an inclusive marketplace with a strong social foundation, supported by strong policies for social inclusion and equity. In this regard, improvements in social inclusion have been encouragingly market oriented. Sub-Saharan Africa has shown strong momentum in enacting formal laws to promote gender equality, and recent reforms have been extensive, with a particularly high number of reforms related to parenthood. Similarly, notable progress in recent years on statistical performance is promising, as building experience in the design, execution, and analysis of household surveys is a cumulative process that requires consistency and continuity. This progress can lead to better targeted social assistance and understanding of the economic conditions facing the most constrained members of society. Moreover, climate change has mobilized governments to develop national adaptation plans and create policies aimed at attracting investment in green growth.

However, challenges persist, including the high levels of learning poverty in the region, as the percentage of children who cannot read by age 10 is estimated to have risen by 23 percentage points between 2019 and 2022. Similarly, limited progress in achieving gender equality in the workplace and the need for better availability of poverty measurement data undermine the prospects for improving market access for vulnerable communities, representing both humanitarian and economic losses.

Moreover, fiscal constraint and the need for increased financing continue to be significant concerns for government programs promoting social inclusion and equity. Social protection programs were expanded in response to the COVID-19 pandemic, along with extra costs. However, the urgent need to expedite progress toward universal health coverage is undermined by tight budgets, leaving primary health care underfunded.

Finally, the institutional structure behind public sector performance remained relatively stable across Africa in 2023. A notable departure was the fracturing of the social contract across countries and the support for non-democratically elected regimes. In Burkina Faso, Guinea, Mali, and Niger, military rulers replaced democratically elected governments. Moreover, in some cases, military regimes suspended parliamentary functions, and the emergence of rule by decree is becoming commonplace in these countries. In Ethiopia and Sudan, intra-elite fissures have dominated the political landscape, further undermining the already weak institutional quality in both countries. Yet, during 2023, institutional strength was demonstrated through the independence of the judiciary in many countries.

Overall, three trends are clear. First, there is a commitment across the continent to reform the quality and character of public administration, even if the results remain mixed. Second, de jure public sector reforms are significantly compromised by obstacles undermining implementation. Third, the emergence of technology critically enables improvements in public administration in many countries. Across the region, these reforms are anchored in efforts to improve property and contract rights, strengthen public sector performance, and increase executive accountability, including through strong civil society engagement.

Introduction

The past few years have highlighted the public sector's response to macroeconomic shocks following commodity price movements, the global COVID-19 pandemic, and global energy and food price spikes following the Russian Federation's invasion of Ukraine. In 2023, emergency measures to support economic activity started to wind down, and, facing higher global interest rates on elevated debt levels, governments in Sub-Saharan Africa made significant efforts to reduce fiscal deficits and reinforce institutional credibility. In this context, the prospects for continued growth fueled by public sector investments are much narrower. Mobilizing private resources and investment from the private sector is a timely and practical response to the current economic landscape. A successful private sector is central to creating employment opportunities and improving the well-being of individuals across the region.

This report identifies key policy trends in Sub-Saharan Africa that made a difference in supporting private sector development in 2023. Following the World Bank's annual Country Policy and Institutional Assessment of countries eligible for International Development Association assistance, the report highlights key trends and best practices to guide policy makers and international investors on the policy developments in the region. This assessment includes the combined knowledge and monitoring of experts across the World Bank, as local teams in each country submit score recommendations based on their ongoing engagement with governments in the region and monitoring of the development progress in each country, while global teams and management provide multiple stages of review.

A fair and stable entrepreneurial environment, underpinned by good public sector management, is the cornerstone of any private sector ecosystem. This includes an impartial and transparent justice system that supports property rights and rule-based governance, high-quality public administration, a political system that champions transparency and accountability while actively combating corruption, and efficient management of public resources. Despite the challenges of ongoing conflicts and political coups, the region is home to a variety of experiences. Some countries are leading the way with public administrations characterized by best practices, transparency, and well-motivated reforms.

Macroeconomic stability is crucial for attracting strong private sector activity and establishing comparative advantage in export industries. Sound economic management is required to ensure that tight fiscal conditions do not lead to crises. A handful of countries in the region are experiencing severe currency depreciation, double-digit inflation, and liquidity constraints. Nevertheless, in recent years, Sub-Saharan Africa has been a global leader in improving central bank independence, with best practices in place in some central banks.

Human capital is foundational for private sector development. Investments in health and education ensure a capable workforce in good physical condition. Similarly, providing assistance to those in need and ensuring access to public support can reduce inefficiencies arising from suboptimal coping mechanisms for dealing with shocks associated with poverty. The environment and climate change are also ever-increasing concerns for the region, where a majority of workers rely on the land for their income.

Policies that impact market structure directly are central to private sector development. Tight credit markets will require policies to focus more on facilitation of trade and competition. While the African Continental Free Trade Area presents significant opportunities for the continent, both tariff and non-tariff trade barriers remain substantial. Reducing these barriers will be the key to successful implementation of the agreement, and financial integration will be a crucial first step. However, in many areas, financial markets are still underdeveloped, and access to credit remains a problem. This may be partly due to an uncompetitive banking sector, as explicit efforts to regulate competition in private markets are nonexistent in many countries.

HOW THE CPIA CONTRIBUTES TO WORLD BANK ENGAGEMENTS

The annual Country Policy and Institutional Assessment (CPIA) exercise captures the quality of a country's policies and institutional arrangements. It focuses on elements within the country's control, rather than those influenced by outside elements. The scores assess whether sustainable growth and poverty reduction can be supported and sustained through existing policy and institutional arrangements. The CPIA exercise yields scores for 16 criteria, arranged around four "clusters." The average scores for each of these clusters are combined for an overall CPIA score. As the scores represent the capacity for effective use of development assistance, they are one of the main factors determining a country's allocation of development financing from the International Development Association.

The scores represent the combined knowledge and monitoring of several experts. Each year, country teams, comprised of country experts for each criterion, prepare score proposals following engagement with government counterparts to ensure full inclusion of the reforms for the year. Although several published indicators could help guide the ratings, the World Bank staff's professional judgment of country performance against well-specified CPIA criteria plays a crucial role in the final assessments. The CPIA ratings are the product of staff judgment and do not necessarily reflect the views of the World Bank's Board of Executive Directors or the governments it represents.

The CPIA is a unique opportunity to review country policies and institutions comprehensively. The regional Chief Economist offices review the proposals submitted by country teams within each of the World Bank's operational regions. The proposals are then submitted to a wide review across the World Bank by the Global Practices and central departments for several rounds until final decisions are reached. In addition, the World Bank's Operations Vice Presidency oversees a centralized process for designing the criteria for assessment and harmonizing the scores. As the assessments behind the scores are not disclosed, the process allows for candid discussion between units at the World Bank.

The frequency, comprehensiveness, and rigor of this assessment can help to drive country engagements and operational priorities. Government counterparts are consulted as the first and last steps in the assessment process, to ensure that all relevant reforms have been considered in the assessment and to provide an opportunity for discussion on future reform priorities. In this respect, the benchmarks provided by the CPIA can be useful for establishing case studies and examples of best practice in specific policy areas. While the review itself is entirely internal, the criteria for assessment are published, and this report provides a summary of major policy trends in the Sub-Saharan Africa region. Both documents can be the basis for a discussion with government counterparts on the suitability of the assessment criteria.

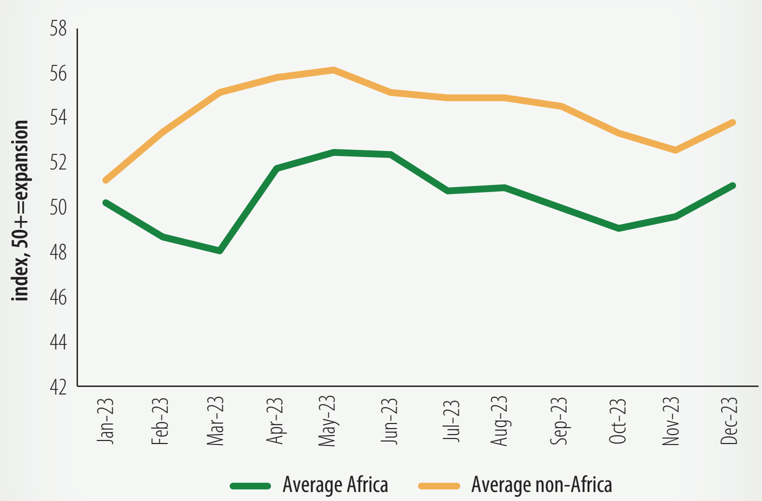
Section 1: Policy Context

In light of tight fiscal constraints in 2023, private sector development is more important than ever. Following years of international shocks, limited government capacity exists for further stimulating the economy through continued deficits. Moreover, high global interest rates make these deficits particularly expensive to fund on international markets. This comes in the context of rising social pressures from a rapidly growing population, stagnation of poverty reduction, and extreme weather events from a changing global climate. These pressures have contributed to political strain in the region, where there have been coups in eight countries since 2020.

The needed economic growth takeoff in Sub-Saharan Africa remains elusive. Growth of per capita gross domestic product (GDP) in the region slowed to 0.1 percent in 2023, down from 1.1 percent in 2022, as the regional rebound following the COVID-19 crisis lost momentum following inflationary pressures from high global energy and food prices. With a population growth rate of 2.5 percent, this implies that real GDP grew at 2.6 percent in 2023, down from 3.6 percent in 2022, while more than half of the countries in the region experienced a decline in their GDP growth rate in 2023.

The deceleration of growth in 2023 was partly due to subdued private sector activity as reflected by a reduced appetite within private companies for new purchases (figure 1.1). Indeed, private consumption grew at 0.8 percent in 2023, down from 1.8 percent in the previous year, while overall investment declined slightly to 1.1 percent, compared to 1.3 percent in 2022. Moreover, net exports' contribution to growth in 2023 expanded by only 0.4 percent, suggesting that the growth in international demand for African products was almost entirely offset by Africans buying foreign products at a time when domestic consumption was hardly growing.

FIGURE 1.1: African Purchasing Managers' Indices Have Constantly Fallen Below Other Regions



Source: Haver Analytics.
Note: PMI = Purchasing Managers' Index.

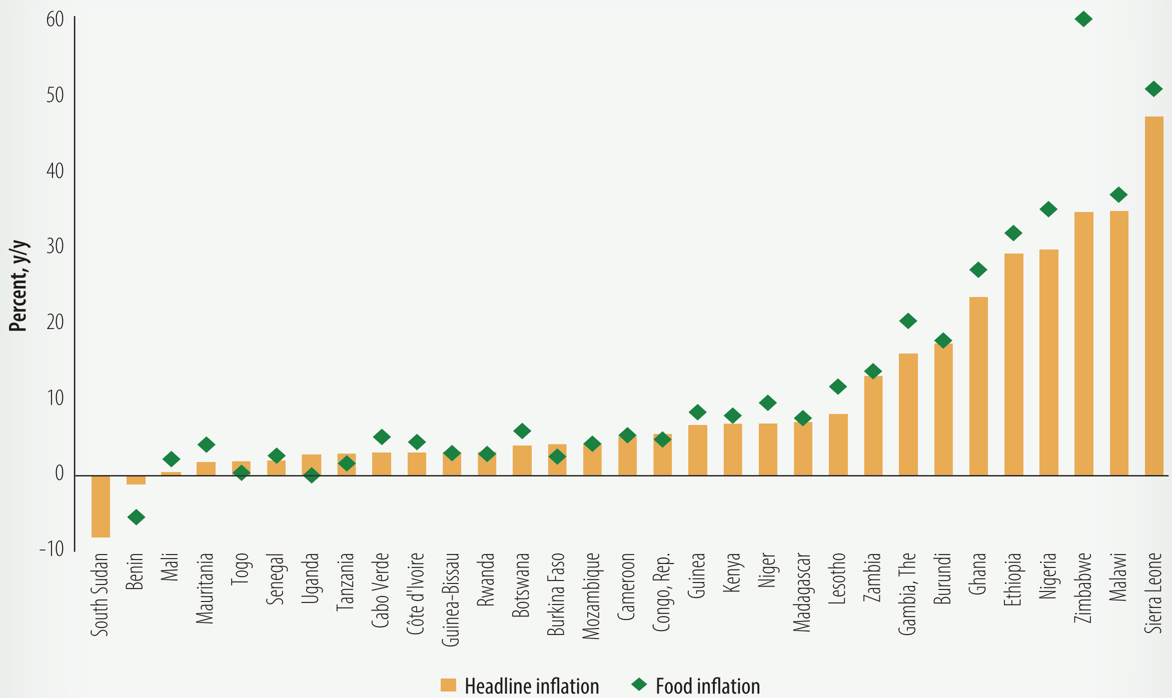
Recent bouts of inflation highlight the lack of resilience to international supply shocks. In 2023, there was varied ability within the region to recover from such shocks, following an uptick of median inflation by 4.8 percent in 2022 compared to the previous year. For the most part, these price shocks were driven by high global food and energy costs, but some countries experienced compounded effects from resulting currency depreciations and de-anchoring of inflationary expectations. In 2023, 23 of 47 countries in the region experienced a deceleration of inflation toward rates below 5 percent, while 14 countries continued to combat inflation levels higher than 10 percent. This contrasts with the widespread inflationary experience in 2022, when over 80 percent of the countries in the region experienced an acceleration of their rate of inflation.

Domestic production, including more efficient agricultural production, is key to limiting the scale and duration of global shocks. Depreciating currencies and imported food contribute to food inflation remaining a concern, despite a decline in international food prices from their peak in March 2022. The Food and Agriculture Organization's global Food Price Index dropped by about 10 percent year-over-year to January 2024, and domestic food inflation has also been on the retreat across countries, although at a slower pace than international food prices. While global food prices may be declining, countries with depreciating exchange rates may still end up paying more for imported food. Food inflation and the weakening of domestic currencies are still the largest contributors to inflation across countries in the region. Most currencies in Sub-Saharan Africa were weakened in 2023 as a result of tighter (global and domestic) financial conditions and a strong dollar. Nearly one-third of Sub-Saharan African countries with monthly available food price information had double-digit year-over-year rates of food inflation in 2023 (figure 1.2).

This elevated inflation has led to difficult decisions for central banks in the region. To combat inflation, a restrictive monetary stance has been necessary in most places. African central banks increased rates at a fast and aggressive pace as inflation surged rapidly. While essential, these high rates can further constrain a struggling domestic economy already dealing with high prices of imported goods. The credit necessary to expand domestic supply to offset negative global supply shocks is made more expensive by these policies, while the domestic capacity for reducing demand through higher interest rates is limited by the scope of the financial system. In such circumstances, the effectiveness of monetary policy often is more related to the ability of monetary authorities to project credibility and reinforce stable price expectations. Hence, an already robust private sector is fundamental for price stability, while strong institutions are fundamental for promoting stability. As some countries recover faster, the monetary policy stance will differ across countries in the region depending on the trajectory of their inflationary rates, with the most vulnerable states potentially having ongoing difficulties.

As a result, the scope for continued public sector–led growth is limited. Despite the calming inflationary pressures, high interest rates limit government capacity for investment, as high debt service costs and rollover rates for existing debt make further deficits especially difficult to finance. Following a steady increase in Sub-Saharan Africa's debt service levels from 2012 to 2019, the Debt Service Suspension Initiative allowed a temporary reprieve in 2021 with lingering benefits in 2022 (figure 1.3). Increased debt service costs adversely affect fiscal space, leaving less room for primary deficits and requiring cost cutting or revenue measures to compensate. Moreover, elevated debt service costs also increase vulnerability to shocks and place extra pressure on liquidity considerations, especially for countries that have gained access to the international bond market and other non-concessional financing sources. Of course, private sector activity is especially constrained in countries experiencing active debt distress, which is often accompanied by severe financial sector and exchange rate volatility.

FIGURE 1.2: Inflation Experiences Are Varied across the Region: Headline and Food Inflation across Countries in Sub-Saharan Africa, January 2024 (%, y/y)

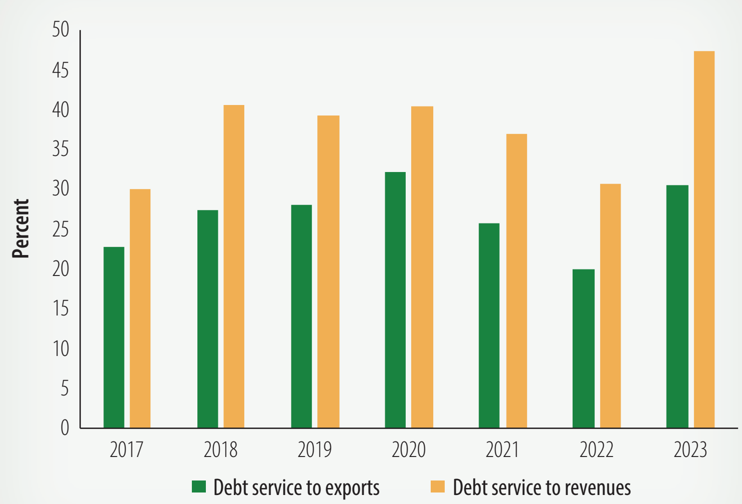


Sources: Haver Analytics; Bloomberg.

Note: This figure depicts the year-over-year (y/y) headline inflation (bars) and food inflation (dots) in January 2024.

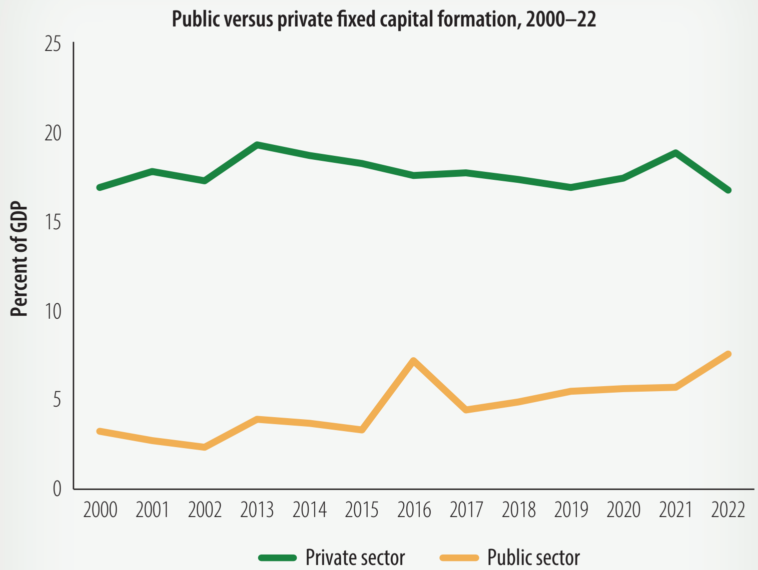
Longer-term reductions in private investment in the region reduce the capacity for the private sector to compensate for declining public sector investment. While net foreign direct investment (FDI) inflows have been mostly negative across the region over the past decade, a larger portion of fixed capital formation is accumulating through the public sector (figures 1.4 and 1.5). Indeed, average public sector investment picked up from 3.3 percent of GDP in 2000 to 7.6 percent in 2022, while private sector fixed capital formation remained roughly unchanged, declining from 16.9 to 16.8 percent of GDP. Although public infrastructure investment is welcome in the region, one would hope that such investment would be accompanied by a "crowding in" of private investment and capital development, with equal or larger levels of private investment accompanying increases in public investment.

FIGURE 1.3: Debt Service Obligations Spiked in 2023



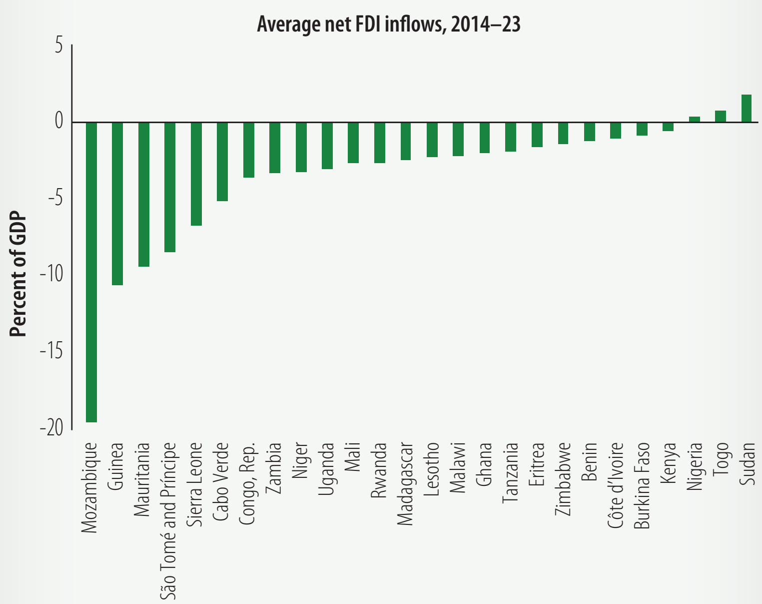
Source: World Economic Outlook, October 2023.

FIGURE 1.4: Public Sector Investment Cannot Continue to Drive Growth



Source: World Bank Macro Poverty Indicators, World Development Indicators.
Note: GDP = gross domestic product.

FIGURE 1.5: Negative FDI Inflows Imply a Slowdown in Overseas Investment



Source: World Bank Macro Poverty Indicators, World Development Indicators.
Note: FDI = foreign direct investment; GDP = gross domestic product.

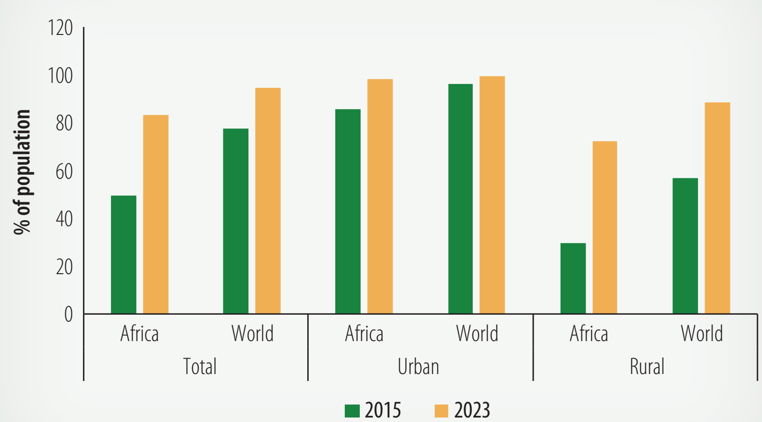
This slowdown in net FDI inflows is occurring at a time when demographic changes require a significant uptick in economic activity. Between 2030 and 2050, Sub-Saharan Africa is expected to account for 90 percent of global population growth, with a projected working age population larger than those in both India and China by 2050. Sub-Saharan Africa's fast growth of the working age population, averaging 3.0 percent since the late 2000s, outpaces the growth of employment, averaging 2.6 percent per year.

The private sector landscape in Sub-Saharan Africa is dominated by poor job quality, with casual, piecemeal, and unstable working arrangements being the norm. Only one-sixth of working age individuals across low-income and lower-middle-income countries have a wage job, compared to half in high-income countries. This may be partly attributed to firm growth, as 95 percent of firms in the region are own-account workers concentrated in low-value activities, while less than 1 percent of firms have five or more employees. Firms and other methods of organizing labor allow for opportunities around the division of labor, in addition to capital augmentation and the ability to access larger markets. The lack of medium-size firms can be indicative of entry barriers and firm distortions that lead to misallocation of labor to less productive firms, ineffective competition policy, and captured markets.

Nevertheless, two major trends offer hope for private sector growth, if managed effectively: digitization and increased intraregional trade. On the digital side, expansion of information technology has the potential to be transformational in the region, potentially allowing for significant structural changes across economic activity. Access to high-speed internet in Africa increases the probability of employment by between 6.9 and 13.2 percent, as well as increasing the growth of output per worker and reducing poverty. Access to mobile broadband internet is also associated with an increase in labor force participation as nonfarm self-employment increases by 3-8 percentage points. Indeed, adoption of digital technology can boost job creation through a variety of channels, including matching firms to workers, productivity-enhancing activities, improved market access and sales, reduced informational frictions, and positive regional externalities. However, this is only possible if the increased access to these technologies is paired with an uptake of productive use within firms, which can often require significant changes in business practices and practical adoption considerations. In many cases, this uptake is undermined by the high cost of software and data packages, highlighting the distinction between availability and affordability.

In addition to direct impacts on private sector activity, digital infrastructure offers the opportunity to address binding policy constraints, including reducing corruption and enhancing domestic revenue. Indeed, the region is making great strides in catching up to global averages for internet access, particularly in mobile internet coverage (figure 1.6). This has large implications for government policy making to support private sector activity. Automation of revenue collection and reduction of human intervention have the combined benefit of reducing the opportunity for soliciting bribes while allowing for data collection for better analysis and detection of tax anomalies. Moreover, wide expansion of property titling enabled by digital solutions allows for a more progressive form of taxation while providing proof of ownership as an incentive for compliance.

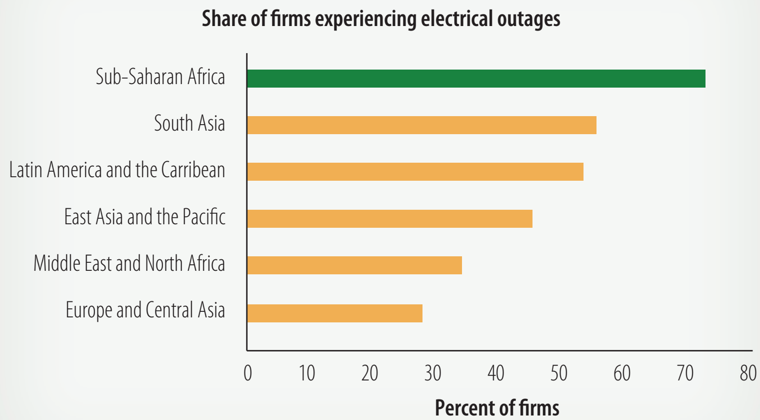
FIGURE 1.6: Population Covered by at Least a 3G Mobile Network



Source: International Telecommunication Union ICT Indicators Database, 2024.

However, successful implementation of a digital transformation will require widespread access to affordable energy. Electricity outages in the region reduce the entry of both domestic and foreign firms and have a negative impact on the productivity of existing firms. According to the World Bank's Enterprise Survey data, the percentage of firms in Sub-Saharan Africa experiencing electrical outages is the highest across all regions (figure 1.7). This energy shortage comes amid large investments in renewable energy worldwide, begging the question of how Africa can attract higher proportions of this investment.

FIGURE 1.7: Electrical Outages Remain a Disproportionate Challenge for the Region



Source: World Bank Enterprise Survey.

The regulatory compliance burden related to processes of obtaining licenses and business permits and cumbersome tax administration continue to have significant effects on the operations of firms across the region. For example, in Mozambique, the compliance costs related to construction permits are more than double those in peer countries due to a lengthy process of getting the required documents and the requirement to have a DUAT (the right to occupy and use land) for applying for a building permit.

The African Continental Free Trade Area (AfCFTA) has the potential to transform a lagging trade horizon. While overall trade (exports + imports) reached pre-pandemic levels as a percentage of GDP in 2022, 2023 saw a subsequent decrease, continuing the long-term trend of decreasing trade levels in the region. It is in this context that trading under the AfCFTA ensued in 2024, amid increasing global fragmentation and reduced prospects for interregional trade. The AfCFTA is the largest free trade area in the world in terms of membership. It covers a market of 1.3 billion people, with combined GDP valued at US$3.4 trillion. The agreement poses significant opportunities for increased competition, FDI inflows, economies of scale, transfer of knowledge and technology, productivity, and economic diversification.

Moreover, the AfCFTA could transform the trade landscape for the region toward a more diversified and higher value export composition. The share of intraregional trade in the region is significantly lower than that in other regions, accounting for only 16 percent of total trade in the region in 2013–17, compared to 56 percent in North America, 60 percent in Asia, and 68 percent in Europe. Thus, the potential for increasing intraregional trade is substantial at a time when African trade is decreasing overall (figure 1.8).

The lack of trade within the region is especially problematic given that intra-Africa trade is more diversified and has greater technological content than Africa's exports to the rest of the world. Intraregional exports include higher value-added products: on average during 2007–17, manufactured goods accounted for about 40 percent of intraregional trade, compared to 16 percent of total exports to other regions. In contrast, minerals accounted for 75 percent of exports to other regions over the same period, compared to 44 percent of exports within the region. Of course, much of the value represented through manufactured goods traded internally in the continent may have been generated in other regions, but the region's lack of concentration on material exports to other countries points to a more favorable mix of comparative advantages for intraregional trade, with the hope of stimulating local product markets as a result.

FIGURE 1.8: The AfCFTA Can Help to Reverse the Trends of Decreasing Trade

Source: World Bank Macro Poverty Indicators, 2024.
Note: AfCFTA = African Continental Free Trade Area; GDP = gross domestic product.

Similarly, potential increases in employment from successful implementation of the agreement are higher in sectors with more skilled labor, creating a significant shift in the skill bias of labor demand, and women potentially benefit disproportionally from higher wages and employment. While estimates vary in their predictions of the potential gains from the AfCFTA and the country composition of such increases in trade are likely to be highly heterogeneous, the predictions are generally in the range of an increase in intraregional trade of between 30 and 60 percent over the next decade.

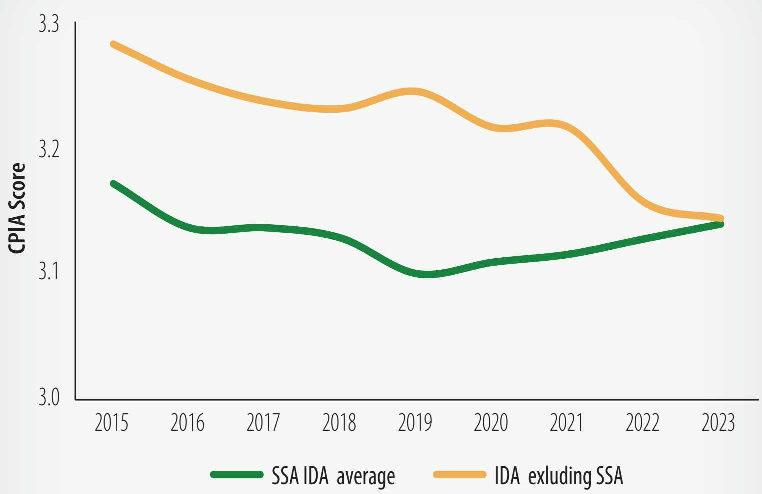
In this context, the AfCFTA and increasing access to digital services can potentially fundamentally transform the regional economy. These trends combine to address binding constraints to private sector growth, improving the potential for integrating regional markets and expanding opportunities for better economies of scale. This is most apparent in trade, where digitization enables the integration of customs procedures across multiple authorities in the region, allowing for much faster and cheaper compliance procedures across all forms of transportation. Similarly, in finance, better adoption and integration of international digital payments systems allow for easier transfer of funds across jurisdictions and better access to working capital while integrating remote communities without local banks into regional markets and reducing risk to providers. Finally, digital services can allow for the transfer of ideas across boundaries and leverage the immense scale of the region without waiting for improvements in transportation and logistics in the continent.

Section 2: CPIA Score Analysis and Trends for 2023

In 2023, the average Country Policy and Institutional Assessment (CPIA) score for International Development Association (IDA) eligible countries in Sub-Saharan Africa remained broadly similar to its 2022 level, at 3.1. However, more countries saw improvements in their overall scores compared to those that received downgrades, and fewer countries' scores declined, compared to the previous year's CPIA assessment.

Among IDA countries, the Sub-Saharan Africa region has made progress over the years as the gap between the regional and overall IDA averages is converging (figure 2.1), reflecting underlying successful reforms undertaken by the countries in the region. Sub-Saharan Africa has made progress in three of the four categories since 2015 and has even surpassed the global IDA average in clusters A (economic management) and C (policies for social inclusion and equity). In 2023, inflation declined and fiscal balances improved in several African countries that pursued prudent and coordinated macroeconomic policies. For example, the East African Community grew by 4.9 percent, while the West African Economic and Monetary Union grew by 5.1 percent. However, debt distress remained widespread, with 21 countries at high risk of external debt distress or in debt distress as of June 2023.

FIGURE 2.1: SSA Has Closed the Gap with Other Regions in Recent Years



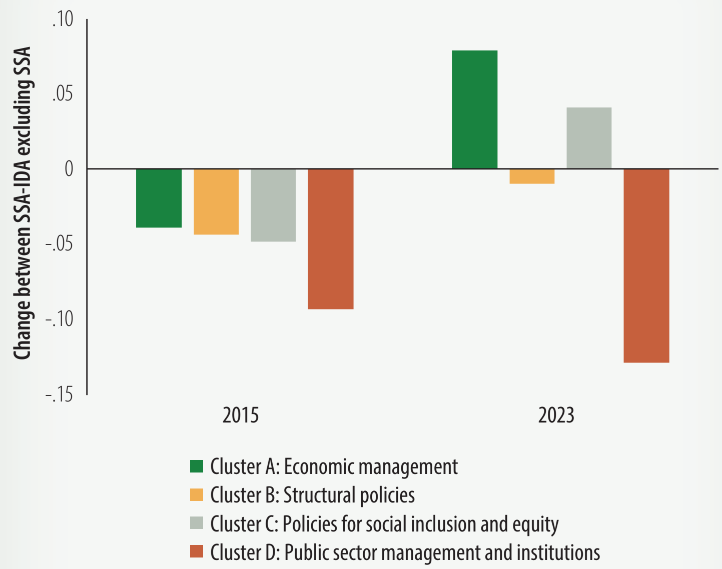
Sources: CPIA Database, World Bank Development Indicators.

Note: CPIA = Country Policy and Institutional Assessment; IDA = International Development Association; SSA = Sub-Saharan Africa.

The narrowing gap between Sub-Saharan Africa and the rest of the IDA countries is undermined by much slower improvement in the governance cluster, as the gap compared to IDA countries in other regions has widened for cluster D (public sector management and institutions) (figure 2.2). Moreover, countries in the region are more closely clustered between averages of 3 and 3.4, which is surprising for a region with such high diversity (figure 2.3). This clustering of scores implies that there are both fewer very low scores and fewer very high scores than in other regions. The lack of very low scores is encouraging, and the absence of very high scores leaves potential for further improvement. Individual criteria show that the largest differences between Sub-Saharan African and other IDA countries fall into two general categories: institutional strength and the rule of law (property rights and rule-based governance and transparency, accountability, and corruption in the public sector) and financial oversight (financial sector, quality of budgetary and financial management, and debt policy and management) (figure 2.4). These areas will be especially concerning to overseas investors and business partners, as they speak directly to the stability of a country as a business partner.

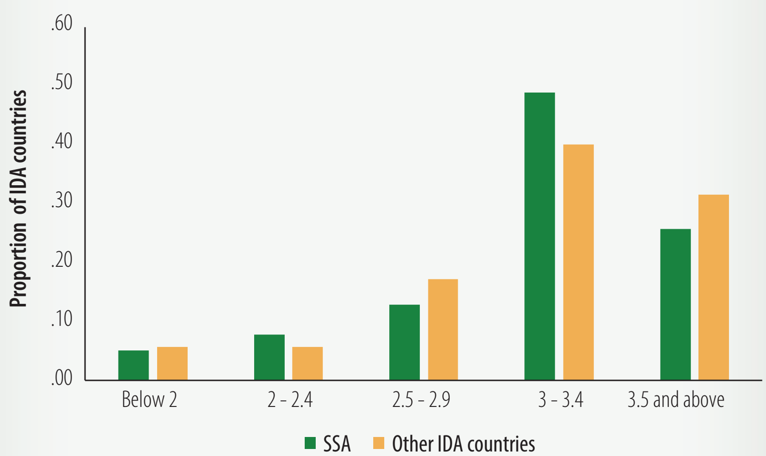
Among the four clusters, A and C seem to be rebounding from a large decrease in recent years following economic volatility from commodity prices in the mid-2010s (figure 2.2). Despite having increased since 2018, these cluster averages are not back to their 2015 levels. Compared to 2015, all three criteria in cluster A remain depressed, with the third criterion (debt policy and management) suffering the largest drop, which reflects the significant debt issue for the region. The risk of debt distress still remains high. More than half of the African governments grapple with external liquidity problems. In addition, criteria with similar drops of more than 0.1 point in other clusters are also financially related, including the financial sector component (criterion 5), budgetary and financial management (criterion 13), and efficiency of revenue mobilization (criterion 14).

FIGURE 2.2: SSA Narrowed the Gap with Other IDA Countries for All Clusters Excluding Governance between 2015 and 2023



Source: World Bank CPIA database, 2024.
Note: IDA = International Development Association; SSA = Sub-Saharan Africa.

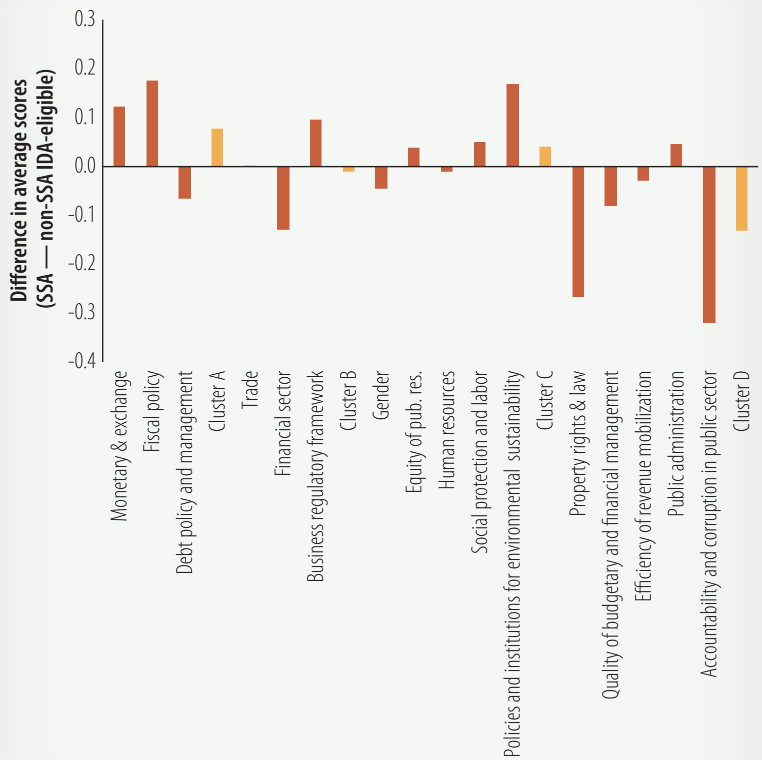
FIGURE 2.3: SSA Country Score Averages Are More Clustered between 3 and 3.4 Than Other Regions



Source: World Bank CPIA database, 2024.
Note: CPIA = Country Policy and Institutional Assessment; IDA = International Development Association; SSA = Sub-Saharan Africa.

In contrast, cluster C, policies for social inclusion and equity, has seen steady progress in recent years, while cluster D, public sector management and institutions, has experienced a protracted decline. Positive developments in social inclusion and equity policies, such as gender equality and improved social protection and safety programs, have contrasted in many cases with negative developments around political institutions and judicial oversight. Nevertheless, the decreases in cluster D are mostly due to economic considerations, as concerns over budgetary management and revenue mobilization remain the driving forces in the cluster. Most of the overall reductions were tied to decreases in the governance cluster averages as well as changes in the debt policy and management

FIGURE 2.4: Difference in Average Scores by CPIA Indicators (SSA — non-SSA IDA-eligible)



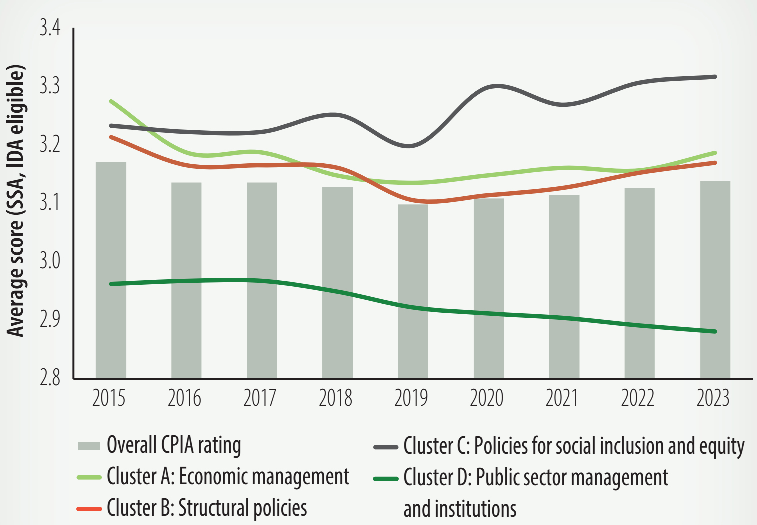
Sources: CPIA Database, World Bank Development Indicators, 2024

Note: CPIA = Country Policy and Institutional Assessment; SSA = Sub-Saharan Africa.

criterion (figures 2.5 and 2.6). For example, the downgrade in Eritrea was entirely focused on cluster D (governance cluster), with the cluster average decreasing by 0.6 and downgrades for four of the five criteria in the cluster.

The overall score increased for 11 countries in 2023, compared to 12 in 2022. For 10 countries, the overall score increased by 0.1 point: Benin (3.9), Burundi (3.1), the Comoros (2,7), Côte d'Ivoire (3.8), the Democratic Republic of Congo (3.2), Guinea-Bissau (2.6), the Republic of Congo (2.9), South Sudan (1.7), Somalia (2.2), and Togo (3.8). The score for Mauritania (3.6) increased by 0.2 point. Among countries that saw an increase, the governance score for six countries (Benin, the Democratic Republic of Congo, Côte d'Ivoire, Mauritania, the Republic of Congo, and Togo) increased as well (figure 2.7). The country with the highest overall score remains the same as the previous year (Rwanda, at 4.1).

FIGURE 2.5: Cluster D Increasingly Undermines Performance Elsewhere



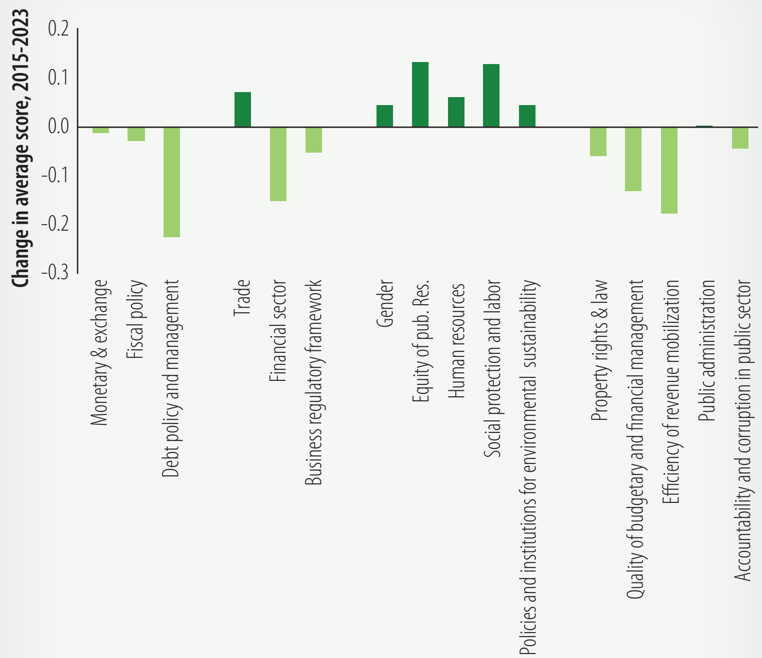
Source: World Bank CPIA database, 2024.

Note: CPIA = Country Policy and Institutional Assessment; IDA = International Development Association.

Although the regional average CPIA score has shown only marginal movement, fewer countries received downgrades than upgrades. Compared to eight countries in 2022, only five countries' scores decreased in 2023. Four countries' overall scores decreased by 0.1 point: Burkina Faso (3.4), Ethiopia

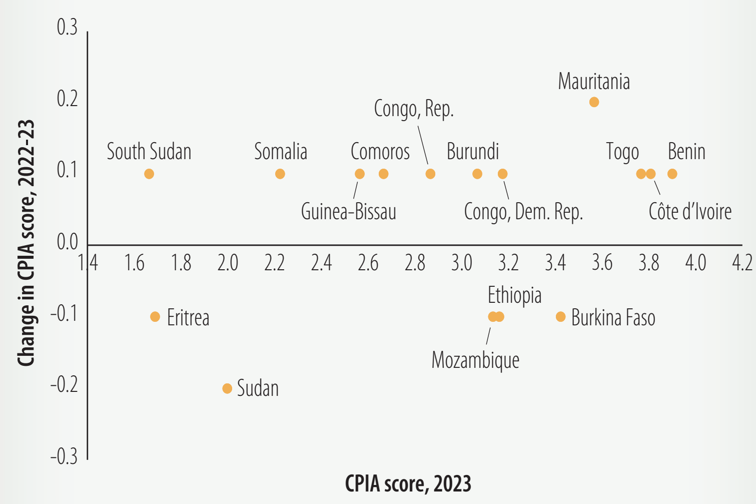
(3.2), Eritrea (1.7), and Mozambique (3.1). Sudan's overall score decreased by 0.2 point to 2.0, following decreases in many clusters, including economic management, structural policies, and policies for social inclusion and equity. Sudan's score decreased due to several indicators, including deterioration in fiscal policy, the financial sector, and the business regulatory framework. The conflict in the country has severely disrupted fiscal policy. Government spending is directed toward financing the fighting due to the ongoing war. The war in Sudan has severely impacted the country's small bank-based financial industry, leading to the looting and destruction of banks' headquarters and branches. The closure of financial institutions in conflict zones has significantly constrained access to finance. Additionally, the armed conflict has severely affected Sudan's health system, leading to the suspension of critical services and disrupting health care in conflict states.

FIGURE 2.6: Cluster C Has the Most Improvements Since 2015



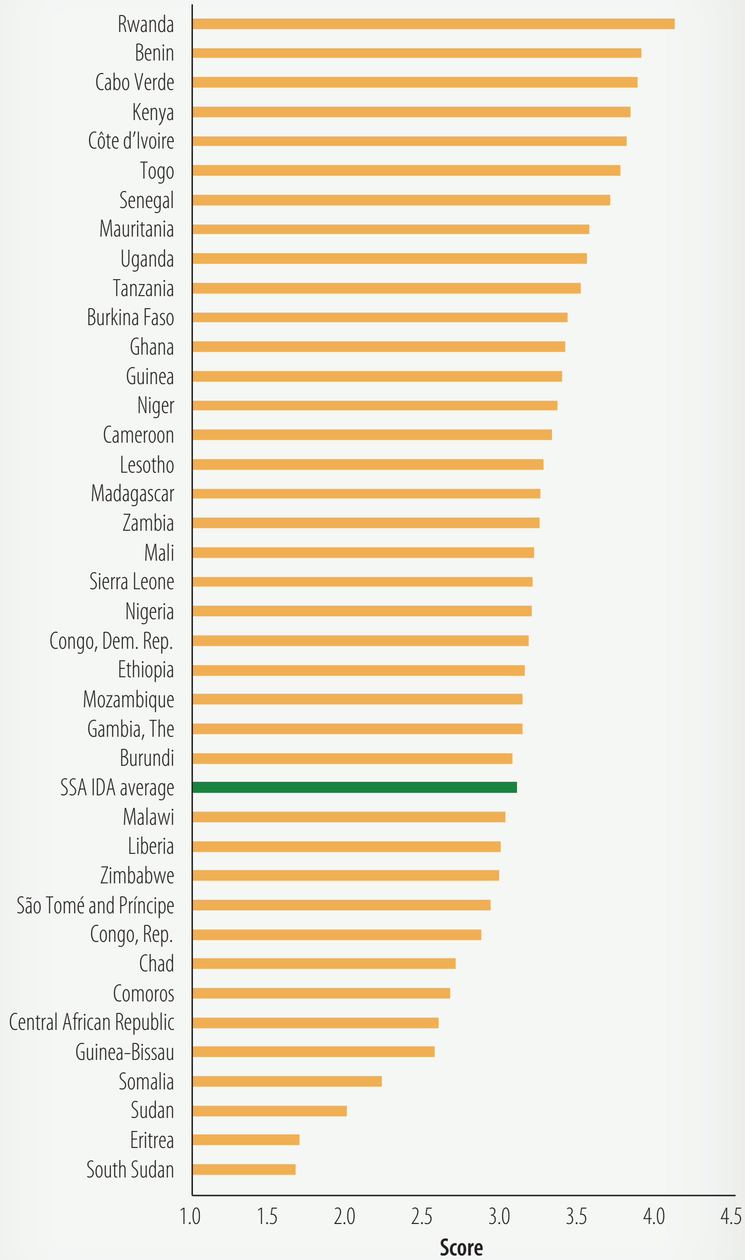
Source: World Bank CPIA database, 2024.
Note: CPIA = Country Policy and Institutional Assessment.

FIGURE 2.7: Changes in Scores Did Not Lead to Divergence or Convergence in Scores



Source: World Bank CPIA database, 2024.
Note: CPIA = Country Policy and Institutional Assessment.

FIGURE 2.8: The Majority of Countries in the Region Are above the IDA Average in 2023



Source: World Bank CPIA database, 2024.

Note: IDA = International Development Association; SSA = Sub-Saharan Africa.

While recent years have seen a divergence of scores, with higher scoring countries receiving more upgrades, the picture this year is more nuanced. Five of the 11 countries receiving upgrades are above the regional average of 3.1, and five of the 11 are below the regional average. The lowest scoring country, South Sudan (1.7), recorded an increase for the year (see figure 2.8 for a ranking of overall country scores). Similarly, two of the five countries that have seen a downgrade in their CPIA scores are above the regional average, while another two are below it. However, some countries are building on momentum, both in positive and negative directions. On the positive side, recent upward trends in Benin, Côte d'Ivoire, Mauritius, and Togo have continued with upgrades this year (table 2.1). In contrast, the downgrades for Sudan and Eritrea are concerning given similar decreases in recent years.

TABLE 2.1: CPIA 2023 Score Changes at a Glance

CLUSTER	INDICATORS	Benin	Burkina Faso	Burundi	Cabo Verde	Cameroon	Central African Republic	Chad	Comoros	Congo, Dem. Rep.	Congo, Rep.	Côte d'Ivoire	Eritrea	Ethiopia	Gambia, The	Ghana	Guinea	Guinea-Bissau	Kenya	Lesotho	Liberia	Madagascar	Malawi	Mali	Mauritania	Mozambique	Niger	Nigeria	Rwanda	São Tomé and Príncipe	Senegal	Sierra Leone	Somalia	South Sudan	Sudan	Tanzania	Togo	Uganda	Zambia	Zimbabwe
A: Economic management	Monetary & exchange rate	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0.5	0	0	0.5	0	0	0	0	0.5	0	0	0	0	0	0.5	0
	Fiscal policy	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	-0.5	0	0	0	0.5	0
	Debt policy	0	0	0	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	-0.5	0	0	0	0	0	0.5	0	-0.5	0	0	-0.5	0	0	0.5	0	0	0	0	0	0	0
B: Structural policies	Trade	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	-0.5	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0.5	0	0	0	0	0	0	0	0	0	0
	Financial sector	0.5	0	0.5	0	0	0	0	0.5	0	0	0	0	0	0.5	0	0	0	0.5	0	0	0	0	0	0	0	-0.5	0	0	0	0	0	0	0	-0.5	0	0	0	0	0
	Business environment	0	0	0	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	0
C: Policies for social inclusion and equity	Gender equality	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0
	Equity of public resource use	0.5	-0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1.0	0	0	0	0	0
	Building human resources	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0.5	0	0	0	-0.5	0	0.5	0	0	0	0	0	-0.5	0	0	0	0	0
	Social protection & labor	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0.5	0	0	0.5	-0.5	0	0
	Environment sustainability	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0.5	-0.5	0	0	0	0	0.5	0	0	0	0	0	0	0
D: Public sector management and institutions	Property rights & rule-based	0.5	0	0	0	0	0	0	0	0	0.5	0	0	-0.5	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Quality of budgetary & financial management	0	0	0	0	0	0	-0.5	0	0	0	0	-0.5	0	0	0	0	0	0.5	0	0	0	0	0	0.5	-0.5	0	-0.5	0	0	0	0	0	0	0	0.5	0.5	0	0	0
	Effic.Of revenue mobilization	0	0	0	0	0	0	0	0	0	0	0	-0.5	-0.5	0.5	0	0	0	0	-0.5	0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	0	0	0.5	0	0	0
	Quality of public admin.	0	0.5	0	0	0	0	0	0	0	0	0	-0.5	-0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Transparency, accountability, & corruption in the public sector	0	-0.5	-0.5	0	0	0	0	0	0.5	0	0.5	-1.5	0	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	0	0	0	0	0	-0.5	0	0	0	0	0	0

Source: World Bank CPIA database, 2024.

Note: Country label colors indicate change in overall CPIA score. Green for increase and orange for decrease.

Section 3: Analysis of the CPIA Components

CLUSTER A: ECONOMIC MANAGEMENT

Cluster A assesses the quality of macroeconomic management. It covers monetary and exchange rate, fiscal, and debt policies.

Following years of global economic volatility, macroeconomic policy in the region has benefitted from reforms aimed at increasing resilience to international shocks. The region is a relatively strong performer across measures of central bank independence. However, a large share of the countries in the region still have actively managed exchange rates, which do not benefit from the institutional commitment required to make currency unions work nor the automatic market mechanisms and freedom from foreign exchange reserves from flexible rates. In this respect, more countries are raising exchange controls and simplifying international financial transfers. This has the potential to allow for much easier transactions with overseas investors and clients, freeing up private sector expansion through trade.

Debt has replaced international shocks as the key threat to economic stability in the region, with a potential divergence between experiences based on market confidence. Fiscal consolidation across the region is a growing necessity, with revenue mobilization through digitization of procedures, increasingly progressive taxation, and improvements in property taxation arising as best practices. Moreover, following bouts of inflation driven by rising import prices for fuel and food, progress has been made in winding down costly price controls and subsidies. However, the accumulation of deficits in recent years has led to debt concerns, with some countries resorting to the buildup of arrears and monetary financing of the deficit in extreme cases. While these policies can severely erode borrower confidence, efforts at establishing credibility have also become more predominant in the region, including regularly published medium-term strategies and annual borrowing plans.

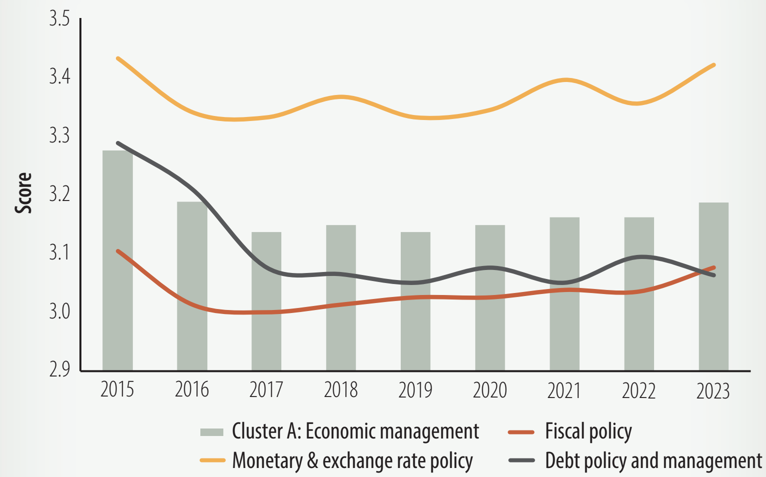
TABLE 3.1: Changes in the Economic Management Scores, 2023

CPIA criterion	Increases	Decreases
Monetary and exchange rate policies	Burundi, Ghana, Mauritania, Nigeria, Somalia, Zambia	
Fiscal policy	Côte d’Ivoire, Ghana, South Sudan, Zambia	Sudan
Debt policy and management	Mauritania, Somalia	Ethiopia, Kenya, Niger, São Tomé and Príncipe
Economic management cluster average	**Burundi, Côte d'Ivoire, Ghana, Mauritania, Nigeria, Somalia, South Sudan, Zambia**	**Ethiopia, Kenya, Niger, São Tomé and Príncipe, Sudan**

Source: CPIA database, 2024.

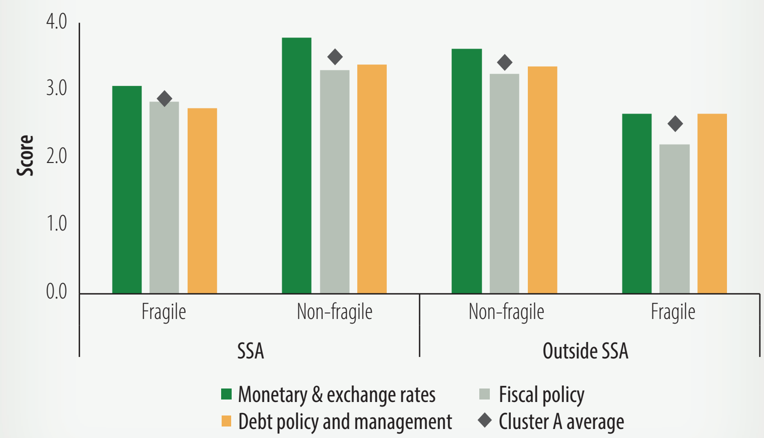
The scores for the region in this cluster reflect recent efforts to improve macroeconomic resilience and the threats from debt accumulation and persistent deficits. The first two criteria, monetary and exchange rate policies and fiscal policy, recorded a combined 10 upgrades and only one downgrade (table 3.1). There were four downgrades for debt policy and management and only two upgrades. This contrasts with 2022, when seven countries saw upgrades and only three saw downgrades in debt policy. Overall, the average score for this cluster has improved slightly, by 0.03 point, continuing the long rebound from the decreases in scores in the mid-2010s, when the average for all three criteria decreased in tandem (figure 3.1). Compared to 2015, debt policy remains the most subdued, having decreased from 3.3 to 3.1. A full rebound in this cluster will require a strong political commitment to addressing debt policy across the region, building credibility over time while updating the regional financial architecture.

FIGURE 3.1: Scores in Cluster A Are Gradually Rebounding from the Decreases in the Mid-2010s



Source: CPIA database, 2024.

FIGURE 3.2: Fragile Countries in the Region Perform Well on Monetary and Fiscal Policies in 2023



Source: CPIA database, 2024.
Note: SSA = Sub-Saharan Africa.

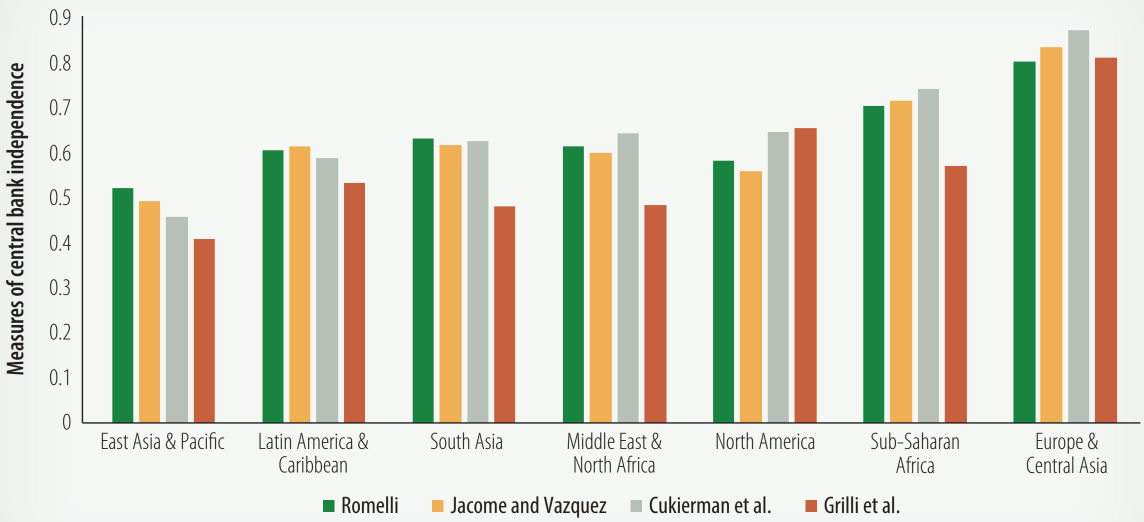
The difference between Sub-Saharan Africa and other regions is largest among fragile countries, in which monetary and fiscal policy scores are much higher for Sub-Saharan Africa (figure 3.2). To some extent, this reflects the strong institutional controls in place in some currency unions, which include many fragile countries in the region. Specifically, many of the countries in the Sahel that have experienced coups in recent years have benefitted from the economic and fiscal stability provided by the West African Economic and Monetary Union (WAEMU). Lending is done through the currency union's central bank, which also has strict requirements on fiscal controls and reporting.

MONETARY AND EXCHANGE RATE POLICY

This criterion covers the extent to which the monetary and exchange rate policy framework (i) maintains short- and medium-term internal and external balance and is consistent with price stability objectives, and (ii) offers flexibility to deal with internal and external shocks.

While global pressures on inflation, notably food and energy prices, have subsided over the past year, the speed of reversion back to targets is closely linked to the credibility of monetary authorities, in addition to continued idiosyncratic shocks and compositional effects. Some

FIGURE 3.3: Sub-Saharan Africa Does Well across Multiple Measures of Central Bank Independence (indexes)



Source: Romelli (2002). The four indicators refer to alternate measures of central bank independence commonly cited in the literature. High numbers represent more independent policies in place. See footnote for individual references.

countries have met economic headwinds with well-founded reforms. Indeed, the region leads among a range of measures of central bank independence (figure 3.3) and in the number of reforms passed in recent years.[1] Faced with food inflation of 39 percent in December 2022, Burundi's central bank switched to an inflation targeting regime and introduced the policy rate as a key policy instrument. It engaged in monetary tightening across multiple instruments, including raising the reserve requirement and the overnight interest rate. However, inflation remained elevated at the end of 2023, and the success of the new regime will depend on the central bank's ability to establish credibility over time. Ghana's authorities committed to policy reforms to strengthen the central bank's independence. This contributed to pursuing tight monetary policy, raising reserve ratios, and implementing a fiscal reform program that helped to reduce year-over-year inflation from 54 percent in December 2022 to 23 percent in December 2023. Zambia enacted a new Bank of Zambia Law to safeguard the autonomy of the central bank. Within months, the new regime responded to a food price shock leading to a broad-based increase in headline inflation, by increasing the headline rate by 200 basis points over a few months.

Similar to questions of independence, the institutional transparency of the central bank can have a significant impact on its perceived credibility. In this regard, the Central Bank of Nigeria's publication of financial statements from 2017 to 2022 contributed to an increased score for this criterion. Similarly, the Central Bank of Somalia has strengthened its institutional framework and capacity, including through regular publication of audited financial statements.

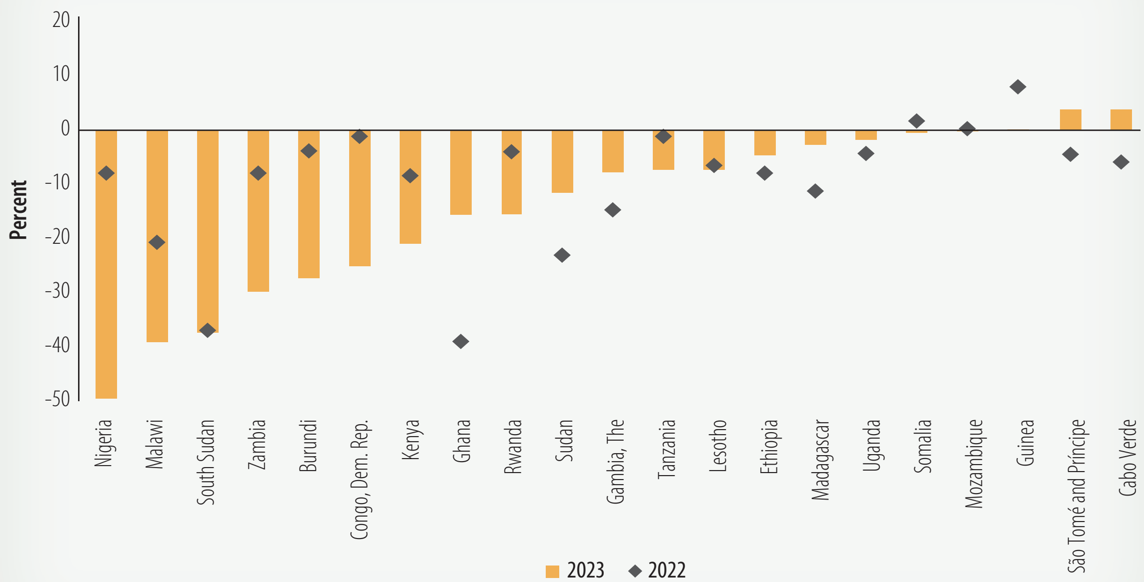
A basic institutional provision underpinning sound monetary policy is the separation of fiscal deficits from monetary activities. Although monetary financing of the deficit is often done in circumstances in which there are few other choices, the practice severely undermines currency

1 D. Romelli, 2022. "The Political Economy of Reforms in Central Bank Design: Evidence from a New Dataset," Economic Policy 37 (112, 2022): 641–88; L. Jacome and F. Vazquez, "Is There Any Link between Legal Central Bank Independence and Inflation? Evidence from Latin America and the Caribbean," European Journal of Political Economy 24 (2008): 788–801; A. Cukierman, G. P. Miller, and B. Neyapti, "Central Bank Reform, Liberalization and Inflation in Transition Economies—An International Perspective," Journal of Monetary Economics 49 (2002): 237–64; V. Grilli, D. Masciandaro, and G. Tabellini, "Political and Monetary Institutions and Public Financial Policies in the Industrial Countries," Economic Policy 6 (1991): 342–92.

value and is associated with significant deleterious effects on both inflation and the exchange rate. In this regard, Ghana's reforms around central bank independence were complemented by halting monetary financing of the deficit, which contributed to curbing inflation from over 50 percent in 2022 to 23.2 percent in December 2023. In contrast, monetary financing continued in Nigeria and South Sudan in 2023.

In some cases, elevated inflation in 2023 led to a subsequent exacerbation of exchange rate pressures, while the strong US dollar and tight global financial conditions contributed to the outflow of capital and reduced demand for regional currencies. The region's average rate of depreciation increased from 7.6 percent in 2022 to 12.4 percent in 2023. Moreover, compared to six currencies in 2022, 11 currencies depreciated by more than 10 percent in 2023, including those of some of the largest economies, like Kenya, Nigeria, and Sudan (figure 3.4).

FIGURE 3.4: A Few Countries in Sub-Saharan Africa Have Experienced Strong Exchange Rate Depreciations, 2022 and 2023 (percent)



Sources: Haver Analytics; Bloomberg.
Note: Year-to-date depreciation as of March 15, 2024.

The pressure on exchange rates has made it difficult for countries that actively manage exchange rate fluctuations, leading to shifts in exchange rate regimes over the past few years. The International Monetary Fund's (IMF's) 2023 Annual Report on Exchange Arrangements and Exchange Restrictions reclassified the exchange rate regimes of The Gambia, Kenya, Liberia, Malawi, Mozambique, South Sudan, Sudan, Zambia, and Zimbabwe (table 3.2). Although some of these changes were backdated, all the reclassified countries previously had a crawl-like arrangement or some other managed arrangement, highlighting the difficulty of maintaining such active exchange rate intervention. Similarly, except for Zambia, all the changes were an alteration to the form of active monetary management, moving between a crawl-like arrangement and other managed arrangements. Three countries (Liberia, Sudan, and Zimbabwe) reversed their effective regime change in the same reporting period.

TABLE 3.2: Crawl-Like and Managed Foreign Exchange Arrangements Are Prevalent but Difficult to Manage in Sub-Saharan Africa

Conventional peg	Crawl-like arrangement	Managed arrangement[a]	Floating[b]
Benin[c]	Burundi	Liberia	Madagascar
Burkina Faso[c]	Congo, Dem. Rep.	Malawi	Uganda
Cabo Verde	Ethiopia	Mozambique	Somalia
Cameroon[d]	The Gambia	Nigeria	Zambia
Central African Republic[d]	Ghana	Sierra Leone	
Chad[d]	Guinea	South Sudan	
Comoros	Kenya	Sudan	
Congo, Rep.[d]	Mauritania	Tanzania	
Côte d'Ivoire[c]	Rwanda	Zimbabwe	
Eritrea			
Guinea-Bissau[c]			
Lesotho			
Mali[c]			
Niger[c]			
São Tomé and Príncipe			
Senegal[c]			
Togo[c]			

Source: International Monetary Fund Annual Report on Exchange Arrangements and Exchange Restrictions database.

a. "Stabilized arrangement" and "other managed arrangement."
b. "Floating" and "free-floating."
c. Member of the West African Economic and Monetary Union.
d. Member of the Economic and Monetary Community of Central Africa.

Although active exchange rate management can be difficult to maintain, moving to a fully flexible rate often implies a relatively strong depreciation and financial destabilization, leading to further inflation for key imported staples. Notably, Zambia made reforms to allow the exchange rate to adjust more flexibly without undue recourse to defend the exchange rate level, and adjusted the monetary framework to allow for more explicit reaction to the external balance. Following depreciation of their exchange rates, Burundi and Mauritania also took key steps to make their exchange rates more flexible, including significant reductions in restrictions on capital movement and the use of foreign exchange in domestic markets in Burundi; however, the IMF still classifies their regimes as crawl-like.

Despite this pressure on exchange rates, foreign exchange reserves have held up well. Foreign exchange reserves are especially pertinent for non-floating exchange regimes as the reserves are necessary to maintain currency controls, and the government uses its own foreign exchange reserves to maintain currency price controls. Combating large currency depreciations tends to draw on such reserves as the government tries to maintain overvalued currencies relative to market rates. The average foreign exchange reserve for non-floating countries in the region decreased from 3.7 to 3.6 months of imports between 2022 and 2023, and the number of countries with fewer than two months of imports in reserve increased slightly from eight in 2022 to nine in 2023.

Foreign exchange restrictions can be difficult to maintain on a practical level and often require strict capital and import controls to limit the potential for capital flight following a depreciation. For example, Ethiopia's crawl-like exchange rate arrangement led to parallel market premiums exceeding 100 percent in 2023. This situation requires severe foreign exchange restrictions and surrender requirements, in which foreign currency deposits in banks from imports and remittances must be deposited in the central bank in return for credit in the local currency. Such difficulty has led to reforms in Nigeria, which unified all foreign exchange windows into the investors and exporters market and announced the reintroduction of a "Willing Buyer and Willing Seller" mechanism to reflect market rates through official channels. Previously, the country's Autonomous Foreign Exchange Fixing program lacked a clear and predictable price discovery mechanism, with multiple rates serving different purposes. Moreover, the exchange rate reforms were coordinated with the lifting of foreign exchange controls on 43 categories of imports, representing a significant opening of markets for the country.

Effective monetary and exchange rate policies rely on deep and stable banking sectors, and banking regulation is a foundational prerequisite for macroeconomic stability. In this respect, the Central Bank of Somalia issued guidance on financial reporting for Islamic banks, guidance for a Shariah bank governance framework, and new regulations on capital adequacy and liquidity requirements. This follows the adoption of the International Bank Account Numbers system in 2022 and an electronic national payment system in 2021, leading to growth of private credit from 3.2 percent of gross domestic product (GDP) in 2021 to 4.4 percent in 2023. The new Bank of Zambia Law created an interagency Financial Stability Committee to monitor and manage systemic risk.

The average score for monetary and exchange rate policy in the region increased to 3.4 in 2023. Progress was seen in the scores of six countries: Burundi, Ghana, Mauritania, Nigeria, Somalia, and Zambia. No reductions were recorded for the region. Moreover, this is among the highest averaging criteria for the region and is roughly on par with the overall International Development Association (IDA) average.

FISCAL POLICY

This criterion assesses the quality of fiscal policy in its stabilization and allocation functions. The stabilization function deals with achieving macroeconomic policy objectives in conjunction with coherent monetary and exchange rate policies—smoothing business cycle fluctuations and accommodating shocks. The allocation function is concerned with the appropriate provision of public goods.

With high global interest rates and tight credit markets, limited fiscal space is putting pressure on African governments to correct fiscal deficits. In many cases, this goes beyond temporary measures for revenue improvements or expenditure cuts, to addressing systemic imbalances through comprehensive reform. Fiscal governance and public financial management can reduce borrowing costs by signaling lower default risk to markets, reducing pressure for austere adjustments to primary deficits.

Fiscal balances improved slightly across the region in 2023 in the face of poor economic growth figures in the region. While the temporary fiscal surplus in 2022 in oil-rich countries reversed in 2023, both non-resource-rich countries and countries rich in metals and minerals improved their fiscal positions. Over half of the IDA-eligible countries (22 of 39 countries) introduced new taxes, raised existing tax rates, or instituted new measures to broaden the tax base. A handful of countries improved their fiscal balance in the face of strong growth, including Cabo Verde, The Gambia, Togo, and Uganda. However, the largest improvements in fiscal positions came from necessity, often during economic contractions. Moreover, in a few countries, the fiscal balance deteriorated despite relatively strong GDP growth, including the Democratic Republic of Congo, Guinea, and Zimbabwe.

In many cases, fiscal consolidations are part of larger efforts to address structural imbalances, and fiscal transparency is a key tool for addressing systemic imbalances and establishing credibility for reform programs. This includes medium-term budget management. Benin, Côte d'Ivoire, and Ghana adopted medium-term revenue mobilization strategies as the foundation for ongoing tax revenue reforms, tying current reform measures to a wider strategy. Similarly, South Sudan's upgrade was partly due to improved budget preparation, including budget execution reports and timely budget approval. Arguably, conflict is an extreme source of structural fiscal imbalance. Sudan's conflict led to a spike in expenditures, while revenues have fallen due to disrupted economic activity, leading to a sharp spike in the primary deficit.

In terms of fiscal transparency, fiscal rules strongly tie a government to budgetary projections and can be a clear signal to markets of its commitment to maintaining fiscal responsibility, although best practice requires sensitivity to unexpected severe shocks through well-defined escape clauses. Only a handful of countries have adopted such rules. For example, Ghana has recently committed to reinstating its fiscal rule in the medium term and strengthened the independence of its Fiscal Council with the aim to improve credibility of the council's macro-fiscal assumptions and compliance with the rule.

Similarly, increasing the transparency and accountability of state-owned enterprises (SOEs) limits the potential for hidden public liabilities that can be especially burdensome during a fiscal crisis. Côte d'Ivoire has recently pushed an effort for SOEs to sign and enforce performance contracts, and it has conducted regular independent audits of SOEs. Zambia recently approved a supervisory and performance monitoring framework for SOEs. The country's SOE reform led to shutting down a state-owned, loss-making oil refinery and reconfiguring a state-owned pipeline to improve efficiency while allowing for private sector marketing of the diesel supplied. Ethiopia has halted all new contracting of non-concessional loans to SOEs. Such transparency measures can lead to significant savings on interest payments.

Another approach to structural imbalances is through multi-year programs that address rigid expenditure areas, such as wage bills. Côte d'Ivoire continues to implement its wage bill strategy of hiring one new civil servant for every two retirements, except for the health and education sectors. The Comoros, Mozambique, and South Sudan have also taken measures to remove "ghost workers" from the public payroll. Mozambique's wage bill strategy has led to mixed results. The government has unified and simplified salary scales and streamlined pay supplements to gain better control of compensation in the medium term. This has led to greater transparency and better control over the wage bill going forward, although the simplification has led to a higher wage bill overall in the short term.

Following the inflationary pressures caused by global supply shocks to food and fuel prices over the past two years, countries that instituted price controls and subsidies as relief are now reversing these expensive measures. Côte d'Ivoire is phasing out fuel and food subsidies that amount to around 0.9 percent of GDP, and Nigeria has more than tripled retail gasoline prices to begin to address its long-standing subsidy, cutting its cost from 2.2 percent of GDP in 2022 to 0.9 percent in 2023.To reduce the costs of subsidies gradually, Cameroon and the Republic of Congo have started to deregulate fuel prices, allowing for more market-based adjustments. In contrast, The Gambia has allowed global price shifts to pass through directly to domestic prices, effectively capping the cost of the subsidy. Senegal is focusing on removing value-added tax (VAT) exemptions on medium and high consumption tranches of electricity.

Property taxes represent a significant opportunity for the region to improve revenue mobilization. While property taxation has been an important source of domestic revenue for governments worldwide, it has been least exploited in Sub-Saharan African countries. Revenues from property values accounted for only 0.38 percent of GDP in the 32 African countries that report property tax data, compared to 3 percent of GDP on average in industrialized countries. Estimates suggest that Sub-Saharan African countries could raise additional domestic revenue totaling US$60 billion per year if they could achieve similar levels of property tax collection.[2] Moreover, property taxes disproportionately affect wealthier residents and can offer official recognition of ownership in return for taxes paid, allowing access to finance and insurance. Notably, Togo has recently made significant efforts in this area. The country instituted a digital fiscal cadaster and reduced land registration fees from 5 to 1.5 percent of the estimated value of the property, in conjunction with a communication strategy about the benefits of paying property taxes. Côte d'Ivoire has made efforts to expand the property tax base, and The Gambia created a new property tax as part of the medium-term fiscal framework.

Tax expenditures remain a source of contention across the region, with expensive, often regressive allowances entrenched in the tax code through political preference. Although these exemptions may have been initiated with good intentions, their efficacy usually has not been properly scrutinized, and they can be difficult to reverse. Benin, Cameroon, Côte d'Ivoire, Liberia, Tanzania, and Togo are rationalizing tax expenditures; South Sudan is phasing out selected exemptions over time; and Somalia is regularly publishing a statement on tax exemptions.

Overall, the regional average score for fiscal policy increased from 3.0 in 2022 to 3.1 in 2023, following upgrades in Côte d'Ivoire, Ghana, South Sudan, and Zambia. In contrast to these four upgrades, only Sudan's score decreased. This is the first increase of the regional average since the steady decline between 2010 and 2016, reflecting strong efforts by many countries in the region to address structural deficits. Moreover, this criterion is one for which the average score outpaces the average for IDA countries in other regions.

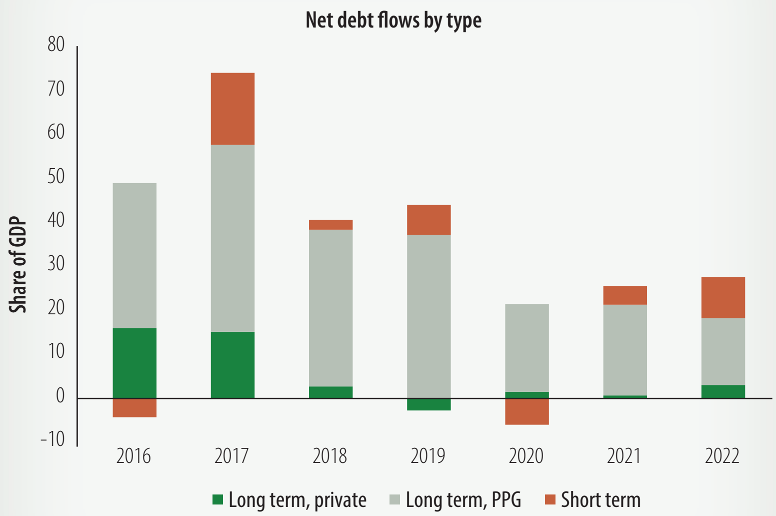
DEBT POLICY AND MANAGEMENT

This criterion assesses whether the country's debt management strategy is conducive to ensure medium-term debt sustainability and minimize budgetary risks. The criterion covers (i) the extent to which external and domestic debt is contracted with a view to achieving/maintaining debt sustainability, and (ii) the effectiveness of debt management functions.

High global interest rates have made debt sustainability more challenging. Nonetheless, debt reprofiling to longer-term securities on international markets remains attractive to countries for which this is an option. Since 2022, Mali's strategy has been to extend the average maturity for domestic issues. However, access to longer-term financing can be difficult, as long-term private

2 K. Deininger and A. Goyal, 2024. Land Policies for Resilient and Equitable Growth in Africa (Washington, DC: World Bank, 2024).

FIGURE 3.5: Access to Long-Term Public Debt Restricts Reprofiling Efforts in Sub-Saharan Africa, 2016–22



Source: World Bank International Debt Statistics, 2024.
Note: GDP = gross domestic product; PPG = public and publicly guaranteed.

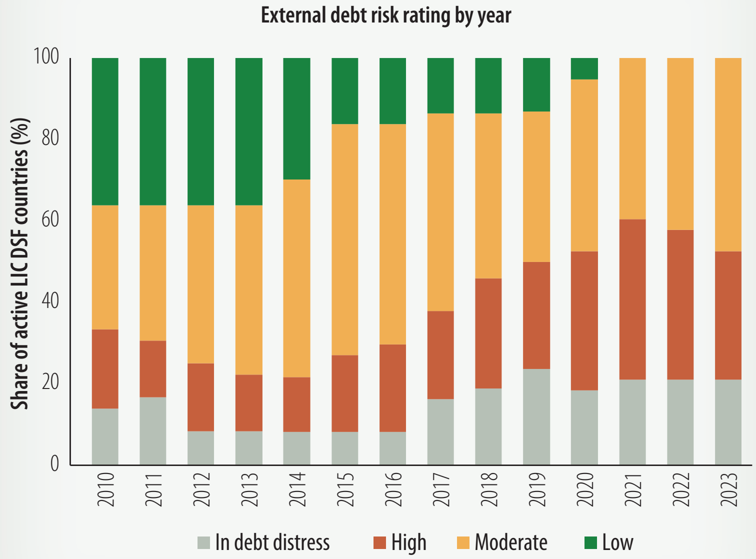
net debt inflows have declined dramatically since 2018 (figure 3.5). This reflects a higher pace of increase of principal repayments on long-term private loans than for disbursements. As a result, Benin, Côte d'Ivoire, and Kenya have returned to the international capital market to buy back and refinance their Eurobonds and commercial loans falling due.

Debt composition is also a key consideration when restructuring is required. Ethiopia, Ghana, and Zambia are currently engaging in external debt restructuring under the Common Framework. Such restructuring efforts are often much simpler in situations with fewer creditors, particularly fewer private and non–Paris Club creditors, as comparability of treatment between bondholders and other private creditors can become contentious. This poses the question of balancing a diverse creditor base against the potential difficulty of maintaining relationships with a wide array of bilateral creditors.

Institutionally, debt management capacity varies dramatically across the region. The high end of institutional quality tends to exhibit dedicated debt management units, centralization of budgeting and debt issuance, coordination of debt management and macro policies, and clear oversight of SOE debt. However, these practices are not widespread among countries that are lower in the score distribution. Similarly, timely publication of annual borrowing plans alongside budget documents and regular publication of the debt management strategy, with clear targets for domestic and external debt, are practices that distinguish good debt performance. Long-term credibility with transparent medium-term policies and legal frameworks can be critical for reducing risk premia and attracting international finance.

The World Bank's Sustainable Debt Financing Program has been aggressively pushing for institutional improvements in debt policy and management since 2020. One of the program's key initiatives requires countries to implement policy reforms before they can access annual country development assistance allocations. These policy reforms are agreed with the government at the start of the program each year and focus on three areas: debt transparency, fiscal sustainability, and improved debt management. Often such policy reforms take the form of improvements in transparency and reporting of debt practices, encouraging the adoption of sustainable borrowing and investment practices. Although it is too early to tell whether the Sustainable Debt Financing Program has had a discernable impact on debt levels or the chance of debt distress, especially in the context of a volatile international market, the program seems to have had limited results in encouraging the regular publication of debt management strategies and annual borrowing plans (table 3.3). For example, while Côte d'Ivoire, Malawi, Mali, Senegal, Sierra Leone, Tanzania, Uganda, Zambia, and Zimbabwe have all made improvements in the regular publication of these documents since 2021, Cameroon, the Democratic Republic of Congo, Guinea, and Lesotho have fallen behind.

FIGURE 3.6: The Risk of External Debt Distress Has Increased across Sub-Saharan Africa, 2010–23



Source: World Bank International Debt Statistics, 2024.
Note: LIC DSF = Low-Income Country Debt Sustainability Framework.

The risk of external debt distress in Sub-Saharan Africa has increased significantly as a result of higher borrowing on less concessional terms. The share of Low-Income Country Debt Sustainability Framework countries in the region at high risk of or already in debt distress increased from 27 percent in 2015 to 53 percent in 2023 (figure 3.6). This risk is assessed according to the joint World Bank and IMF Debt Sustainability Framework, which assesses the potential for key indicators to pass certain thresholds following simulated shocks, where the Country Policy and Institutional Assessment (CPIA) scores are one input for determining the value of appropriate debt thresholds for each country assessed. No country in Sub-Saharan Africa has been classified as low risk since 2021. Somalia's completion of the Heavily Indebted Poor Countries Initiative in December 2023 has led to an upgrade. Ghana was downgraded to "in debt distress" in the context of ongoing debt restructuring.

Overall, the regional average score for debt policy and management remained steady at 3.1 for the seventh consecutive year. However, this is the only criterion in the cluster with more downgrades than upgrades. Four countries' scores decreased—Ethiopia, Kenya, Niger, and São Tomé and Príncipe—while only two countries' scores increased—Mauritania and Somalia.

TABLE 3.3: There Has Been Mixed Progress on Regular Publication of Debt Management Documents in Sub-Saharan Africa, 2021 and 2023

	2021		2023	
	Debt Management Strategy	Annual Borrowing Plan	Debt Management Strategy	Annual Borrowing Plan
Benin	Green	Green	Green	Green
Burkina Faso	Green	Green	Green	Green
Burundi	Red	Red	Red	Red
Cabo Verde	Red	Red	Red	Red
Cameroon	Green	Green	Green	Red
Central African Republic	Red	Red	Red	Red
Chad	Red	Red	Red	Red
Comoros	Red	Red	Red	Red
Congo, Dem. Rep.	Green	Red	Red	Red
Congo, Rep.	Red	Red	Orange	Red
Côte d'Ivoire	Green	Orange	Green	Green
Eritrea	Red	Red	Red	Red
Ethiopia	Red	Red	Red	Red
Gambia, The	Green	Red	Green	Red
Ghana	Green	Red	Green	Red
Guinea	Green	Orange	Red	Red
Guinea-Bissau	Red	Red	Red	Red
Kenya	Green	Red	Green	Green
Lesotho	Green	Red	Red	Red
Liberia	Green	Red	Green	Red
Madagascar	Green	Green	Green	Green
Malawi	Green	Red	Green	Green
Mali	Green	Red	Green	Green
Mauritania	Red	Red	Red	Red
Mozambique	Red	Red	Green	Red
Niger	Green	Red	Green	Red
Nigeria	Green	Red	Green	Red
Rwanda	Green	Orange	Green	Orange
São Tomé and Príncipe	Red	Orange	Red	Red
Senegal	Green	Red	Green	Orange
Sierra Leone	Red	Red	Green	Orange
Somalia	Red	Red	Red	Gray
South Sudan	Red	Red	Red	Red
Sudan	Red	Red	Red	Red
Tanzania	Orange	Red	Orange	Green
Togo	Green	Green	Green	Green
Uganda	Green	Red	Green	Green
Zambia	Red	Red	Orange	Green
Zimbabwe	Green	Red	Green	Green

Source: World Bank Debt Transparency Report, 2024.

Note: For Debt Management Strategy (DMS), red signifies "no published DMS covering current year," orange signifies "published DMS with no targets," and green signifies "published DMS with targets for domestic and external debt." For Annual Borrowing Plan (ABP), red signifies "no published ABP or partial ABP published with delay >3 months," orange signifies "partial ABP published with delay <3 months or full ABP published with delay >3," green signifies "comprehensive ABP published before the start of the year," and gray signifies " no data available."

CLUSTER B: STRUCTURAL POLICIES

Cluster B covers policies affecting trade, the financial sector, and the business regulatory environment.

Trade, finance, and business regulations are central to fostering private sector growth. All three represent key components to a successful entrepreneurial ecosystem. Poorly managed policies in any individual area can lead to limited firm entry and ultimately captured markets. In many cases, reforms may be inexpensive but require consistency, specialty knowledge, attention to detail, and an appreciation for political incentives.

Regional trends around digitization and integration provide a reason for optimism in the region. It was expected that the African Continental Free Trade Area (AfCFTA) would start to see some demonstrable results in 2023, with the possibility to create fundamental change in the composition of economic activity in the region. Moreover, trade integration through one-stop border crossings has grown considerably in recent years, often taking advantage of digital technologies for the rapid processing and coordination of trade administration. Digital transformation also has the potential to unlock access to capital for the private sector through digital financial services, while electronic platforms for business registration and tax payment facilitate formal sector growth while improving corruption prevention.

For these opportunities to be realized, some deep structural issues need to be addressed. The success of the AfCFTA will rest on political support in implementation, as trade facilitation and elimination of non-tariff barriers remain restrictive in the region. Similarly, monopolies and captured markets undermine the potential for new entrants and lead to resources being misallocated to less productive uses, while access to land and finance remains restrictive, often due to political capture and reliance on informal networks.

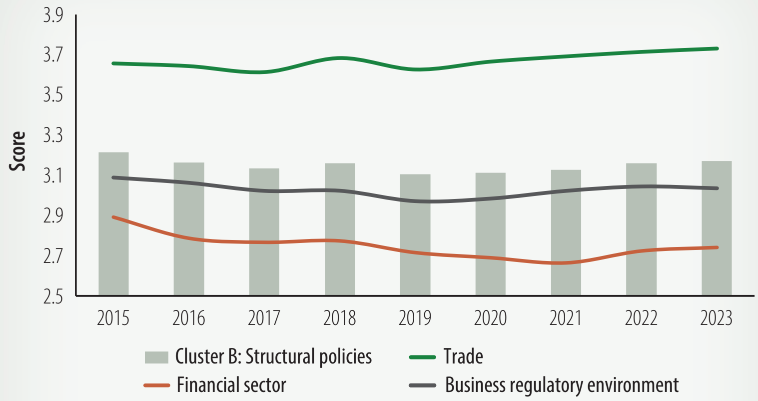
Overall, nine countries increased their average score in cluster B, while only four countries' scores decreased, with the most movement in financial sector management (table 3.4). It is reassuring to see that three countries received upgrades compared to only one downgrade in trade policy ahead of the start of trading under the AfCFTA. Nevertheless, the imbalance between upgrades and downgrades was not enough to move the needle for the regional average score for structural policies, which remained steady at 3.2 in 2023 (figure 3.7).

Table 3.4: Changes in the Structural Policy Scores, 2023

CPIA criterion	Increases	Decreases
Trade	Democratic Republic of Congo, Nigeria, São Tomé and Príncipe	Ghana
Financial sector	Benin, Burundi, Comoros, The Gambia, Kenya	Niger, Sudan
Business regulatory environment	Mauritania	Ethiopia, Sudan
Structural policies cluster average	**Benin, Burundi, Comoros, Democratic Republic of Congo, The Gambia, Kenya, Mauritania, Nigeria, São Tomé and Príncipe**	**Ethiopia, Ghana, Niger, Sudan**

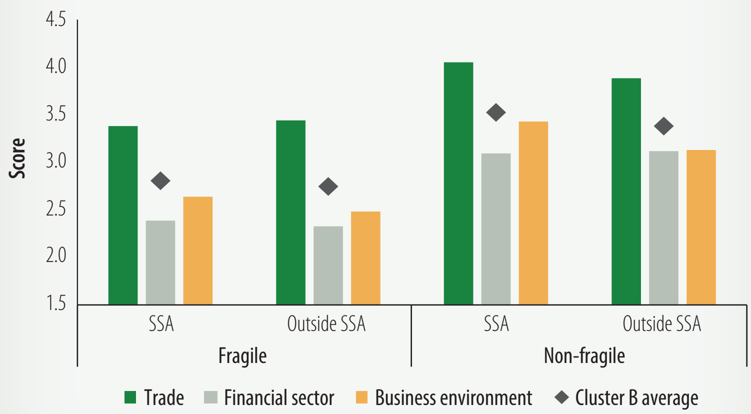
Source: CPIA database, 2024.

FIGURE 3.7: Average Scores for Cluster B Remained Steady at 3.2 in 2023



Source: CPIA database, 2024.

FIGURE 3.8: Trade and Business Environment Policies Outperform Other Regions in Non-Fragile Countries in 2023



Source: CPIA database, 2024.
Note: SSA = Sub-Saharan Africa.

As might be expected, the scores in this cluster are considerably lower for fragile countries, both within the region and elsewhere (figure 3.8). Interestingly, the average scores for fragile countries in the region are almost identical to the average for countries outside the region for each criterion. In contrast, the average scores for non-fragile countries are higher than for other regions in both trade and the business environment, suggesting that conflict in the region undermines the potential for reforms to support structural transformation even more than for other regions.

TRADE

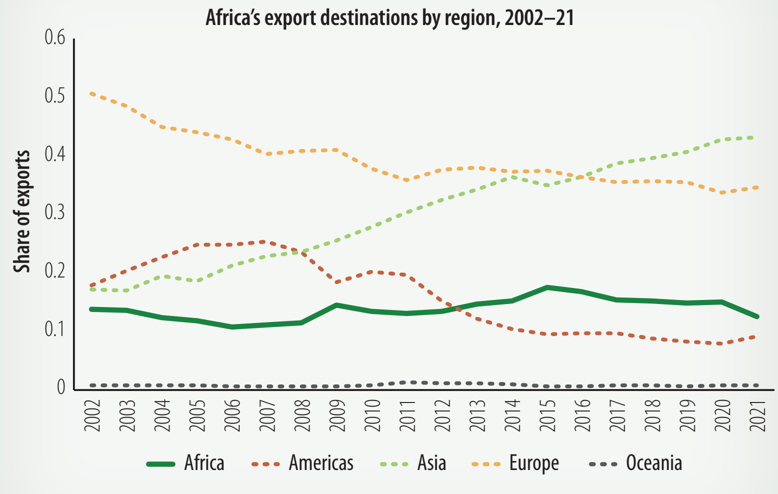
This criterion assesses how the policy framework fosters global integration of goods and services. It covers the trade regime and trade facilitation.

With many small economies, successful private sector expansion will require significant growth in trade. Africa is home to 110 interstate boundaries, more than any other continent. Compared to other regions, Sub-Saharan Africa's participation in global value chains is relatively low, limited to providing primary inputs for improvements elsewhere. This partly reflects the strong imbalances in trade patterns in the region, importing produced goods while exporting primary goods. Addressing this will require strong efforts to improve regional integration, which should lead to larger regional markets and a higher concentration of produced goods in exports. Africa's regional integration agenda is progressing, but the results have yet to materialize. Intra-African exports as a percentage of total exports remained largely unchanged from 2021 and 2022 (18.2 versus 17.9 percent, respectively), which shows that African countries continue to trade with the rest of the world more than among themselves.[3] Over the same period, Africa's

3 UNECA (United Nations Economic Commission for Africa), *Assessing Regional Integration in Africa* (Addis Ababa, Ethiopia: UNECA, forthcoming).

share of global trade remained at less than 3 percent, driven largely by merchandise trade (figure 3.9).

FIGURE 3.9: A Large Scope for Increasing Intraregional Trade Remains



Source: United Nations COMTRADE database.

The AfCFTA is an important step for further integrating African countries. As all the countries in the region, except Eritrea, have signed the accord and 87 percent of the signatories have ratified the Agreement, the scope of the AfCFTA could be transformational. Seven countries have been trading under the AfCFTA Guided Trade Initiative, a targeted initial pilot of the provisions of the treaty, with trade under the treaty expected to commence for the rest of the countries in 2024.[4]

The AfCFTA could also help to attract cross-border investments and boost services trade. Foreign direct investment (FDI) has traditionally been low in Africa, but eliminating tariff and non-tariff barriers (NTBs) and replacing the existing patchwork of bilateral and regional trade deals with a single, unified market for FDI flows could be encouraged.[5] Investors in any of the 55 member countries will have access to a continent of 1.3 billion people, with a combined GDP of US$3.4 trillion. The AfCFTA could also boost intra-African trade in services, where policies are generally relatively restrictive and subject to diverging regimes.[6] Larger economies in terms of market size tend to be more restrictive toward services trade, whereas economies with better institutions, including higher regulatory quality, tend to be more open. At the same time, relatively high levels of restrictiveness in transportation among the more industrialized economies may curtail connectivity and thus hamper African economies' international integration prospects.

Although some measures of the AfCFTA are in place, key steps for implementation remain. A secretariat for the accord has been created to oversee the implementation of facilitation tools, but much of the implementation must occur at the national level. For example, elimination of NTBs will mostly take place at the local level, although an electronic complaints mechanism has been set up by the treaty secretariat to ensure compliance. The United Nations Economic Commission for Africa has been providing technical support for developing implementation strategies, but only 30 countries were reported to have developed such strategies as of March 2023. To make the required changes at the national level, governments have been encouraged to set up national implementation committees

4 The seven countries are the Arab Republic of Egypt, Cameroon, Ghana, Kenya, Mauritius, Rwanda, and Tanzania.
5 R. Echandi, M. Maliszewska, and V. Steenbergen, "Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty," World Bank, Washington, DC (2022).
6 L. Baiker, I. Borchert, J. Magdeleine, and J. Marchetti, "Services Trade Policies across Africa: New Evidence for 54 Economies," Policy Research Working Paper 10537, World Bank, Washington, DC (2023).

(NICs). Although these committees can build on national trade facilitation committees that have been formed as part of the World Trade Organization (WTO) Trade Facilitation Agreement, the mixed experiences of such committees suggest that NICs should have certain institutional elements: strong legal foundation and support, regular financial and technical assistance, clearly defined roles with ongoing coordination and monitoring, consultations for inclusivity, and operational oversight of trade systems.

Now is the time when there should be updates to tariff schedules, licensing procedures, and trade facilitation measures as part of an integrated strategy to implement the accord. Indeed, some key measures have been implemented. Individual countries are expected to eliminate tariffs on intraregional trade for 90 percent of goods over five years, and another 7 percent of goods over 10 to 13 years. So far, 48 of the 54 signatories have schedules that have been verified by the secretariat.[7] However, evidence of a significant uptick in the proportion of intraregional trade is only expected to materialize after trade under the treaty begins in earnest this year.

In addition to reducing tariffs, realizing the full potential of the AfCFTA will require facilitation of international investment, deliberate competition oversight, trade facilitation, and reduction of NTBs. Although Article 4 of the AfCFTA Agreement states that "The State Parties shall progressively eliminate tariffs and NTBs to trade in goods," the removal of NTBs under the AfCFTA is likely to require significant effort in the implementation stages. The real income gains from tariff liberalization alone are small, at 0.22 percent by 2035. Including the gains from effective reduction of NTBs by 50 percent and improvements in trade facilitation would lead to additional increases of 2.4 and 4.6 percent of GDP, respectively. Currently, Sub-Saharan Africa has the lowest regional average score on the World Bank's Logistics Performance Index, which assesses the ease of trading across borders for individual countries, with components including the efficiency of customs and border management clearance systems, quality of trade and transport infrastructure, ease of arranging shipments, and quality of logistics services. Nigeria removed the foreign exchange restrictions on imports in 43 product categories, which had existed since 2015, and removed one significant NTB. The restriction was aimed at reducing foreign exchange demand for products that could be locally produced and would improve employment generation and conserve foreign reserves. Shifting demand from the parallel market to the official market is expected to narrow the gap between the official and parallel market rates, reduce the prices of essential imports, improve consumer welfare, lower input costs for domestic production, and improve customs revenues. Yet, the trade regime remains highly restrictive, primarily due to the ongoing enforcement of import bans, which fosters prevalent collusion practices.

Successful implementation of the AfCFTA will require political capital. Despite the Agreement Establishing the AfCFTA, progress in other areas that are crucial for its success, such as ratification of the Protocol to the Treaty Establishing the African Economic Community relating to Free Movement of Persons, Right of Residence and Right of Establishment, and fostering peace, good governance, and security, has been less encouraging. Trade facilitation, in particular, seems to be faltering. There were no notable improvements directly linked to the introduction of the trade facilitation provisions of the AfCFTA. Equally, although it has been

7 https://etariff.au-afcfta.org/.

some time since the WTO Trade Facilitation Agreement[8] went into force, the expected reforms from the implementation of the Articles have not substantively materialized in the continent. In this respect, Ethiopia has digressed by disallowing partial shipments under an approved letter of credit, creating significant disruption to firms that import input materials and operate import businesses.

Of course, trade policy in the region is not limited to implementation of the AfCFTA, and good work in other areas is also underway. Other trade agreements are competing for access to markets and attention from policy makers for alignment. These include the European Union's Everything but Arms, the US African Growth and Opportunity Act, and the Group of 20's Compact with Africa. Each of these agreements offers the potential for significant overseas investment along with access to key export markets.

Automation is increasing, but it takes time, investment, and a commitment to simplification and transparency of processes. Broadly, there seems to be good progress in the area of automation, specifically in upgrading to the customs information system ASYCUDA World and the implementation and use of national single windows for trade. Chad developed a roadmap for trade facilitation, starting with the migration of customs systems to ASYCUDA World, along with Sierra Leone and the Central African Republic. However, the expected related performance results of reductions in clearance times, use of paper copies, processing costs, and corruption levels have yielded mixed results in their effectiveness for countries that have migrated their systems.

Although more countries are adopting automated border solutions, the benefits of automation, such as the national single windows, are being compromised. The Democratic Republic of Congo and Zambia have created an integrated border operation at the busiest land border crossing. Mali has passed a law allowing for the integration of customs procedures with other commercial declaration systems. However, manual interventions, lack of integration with other border management agencies, and corruption limit the effectiveness of these systems. Concerns include the third-party providers of a number of these single windows and the costs to traders. The people and processes involved in trade need continued support to maximize the investments in digitization.

Conflict and political instability can be a large drag on trade. Most notably, Sudan has suffered from continued conflict and relative isolation from world markets and institutions, which have significantly affected the country's trade capacity. Between January and September 2023, goods exports stood at US$1.4 billion, compared to US$2.8 billion recorded during the same period in 2022.[9] Prior to the conflict, sanctions already had a huge impact on Sudan's exports, resulting in a 76 percent reduction in exports during the period of sanctions. Similarly, imports were 20 percent lower, while overall trade was suppressed by 35 percent. These negative effects on the trade environment are compounded by unresolved policy challenges, such as high tariffs and inefficiencies in trade facilitation and border management, which impede the importation of final, intermediate, and capital goods, affecting household welfare and firm performance.

Overall, the regional average score for trade policy remained at 3.7 for the fourth consecutive

8 WTO Trade Facilitation Agreement implementation database, https://www.tfadatabase.org/en.

9 World Bank, "Sudan Trade Update: Challenges and a Path to Recovery," World Bank, Washington, DC (forthcoming).

year, having remained steady at 3.6 or 3.7 over the past 15 years. Despite the lack of progress, this is the highest scoring criterion for the region across all 16 criteria and is higher than the average for countries outside the region, so the ability to maintain such a high average is commendable. Ghana registered a decrease of 0.1 in the trade score, while the Democratic Republic of Congo, Nigeria, and São Tomé and Príncipe each registered an increase of the same magnitude. The increase in the trade score for the Democratic Republic of Congo was related to advancement in the trade facilitation subcomponent, while for Nigeria, it reflected policy changes to ease trade restrictions.

FINANCIAL SECTOR

The financial sector criterion assesses policies and regulations that affect (i) financial stability; (ii) the sector's efficiency, depth, and resource mobilization strength; and (iii) access to financial services.

The financial sectors in countries in Sub-Saharan Africa are experiencing divergent trends. Policies need to evolve to keep pace with innovation and change in the sector, including to protect consumers. There is a need to increase the capacity of regulators and enhance consumer protection and financial literacy to deal with new emerging risks. Some countries, in particular WAEMU members, have shown resilience amid significant adverse shocks. With some exceptions, the banking sector is generally stable, with sound capital adequacy and liquidity ratios. However, challenges persist in some countries, particularly concerning nonperforming loans (NPLs), which pose risks to the sector's stability and profitability. Even where macroeconomic indicators are positive, persistent fiscal and external imbalances remain a concern and banks' exposures to governments require proper market assessment across the region. A slowdown in GDP growth has dampened regional financial sector demand. Credit growth remains moderate, with banks maintaining resilience to potential liquidity shocks through increased liquidity buffers. For microfinance, a key challenge for several countries is to ensure the sustainability and scalability of the sector's expansion while maintaining regulatory oversight and customer protection.

The banking sectors of Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe all demonstrate resilience despite various economic challenges. In several of the countries, regulatory frameworks are being strengthened, including measures to address climate-related risks, reflecting the growing importance of environmental factors in financial stability. Regulatory responses are underway to address these risks, with an emphasis on enhanced oversight and supervision measures. For example, Rwanda, Tanzania, and Zimbabwe have undertaken revisions to their banking laws and published regulations to support financial stability and resilience, including guidelines on climate-related risk management.

In terms of financial sector efficiency and deepening, there has been mixed progress across the region. A shift toward more private sector lending, compared to a previous focus on SOEs, has contributed to economic growth in places. In Kenya, for example, the banking sector's profitability indicators have strengthened, leading to increased lending activities and both reflecting and contributing to economic recovery. However, in several countries, intermediation remains low, with government debt playing a key role in banks' balance sheets and crowding out private sector lending. Generally, the low savings rate poses a significant barrier to further financial deepening, while capital controls can limit expansion of private finance. In Ethiopia, financial deepening has been facilitated by various measures, including relaxing entry barriers, adopting interest-free banking directives, and encouraging non-bank financial sector growth.

Fragile economies face important challenges in terms of low financial depth and overall intermediation. The lack of functional correspondent banking relationships poses risks to remittances and investment flows in Somalia. Informal lending exists but at higher interest rates, reflecting challenges in accessing formal financial services, while non-bank financial Institutions can only play a marginal role. Security concerns across the Sahel are creating significant uncertainty that is evidenced by the slowing of asset growth and emerging credit risks. Political disruptions in Niger, Mali, and Burkina Faso have led to further fragility as these three countries have announced their exit from the Economic Community of West African States (ECOWAS). Credit concentration in a small subset of commercial and public borrowers is similarly evident. Further, high risk of debt distress in fragile countries often threatens the resilience of the financial sector, and the sovereign-bank nexus continues to limit credit growth in several countries, notably Sierra Leone. In view of the fragility, several countries have introduced legal and regulatory reforms for financial sector oversight, including supervision, early intervention, deposit insurance, and resolution of failed institutions.

Financial sector access and inclusion is a major priority, with the focus on diversifying financial sector lending. Sub-Saharan Africa has seen significant expansion in financial inclusion as measured by account ownership, driven largely by the adoption of mobile money, with 55 percent of adults having an account. While upwards of 50 percent of economic growth and 90 percent of new employment are propelled by micro, small, and medium-size enterprises (MSMEs), financial institutions' risk-aversion to MSMEs, especially in the informal sectors, remains high. Regulatory overhaul of microfinance institutions and broadening of risk-sharing instruments to support growth-oriented and gender-inclusive MSMEs is advancing.

The Sub-Saharan Africa region's gender gap in account ownership has narrowed, but there is still work to be done, with a 12-percentage point gender gap—twice as large as the developing economy average. There is also a large unmet need for credit for millions of formal and informal female-owned MSMEs. Limited financial literacy is also of concern, with a significant portion of unbanked adults expressing difficulty in using accounts without assistance. Investments in education, product design, and consumer safeguards are essential to ensure that the benefits of financial access are realized by all. In terms of remittances, a vital source of financial flows to Africa, the average cost of sending cash home is declining, but it is still high, at around 6 percent, and this affects the many households who are dependent on remittances from family members living abroad.

Nevertheless, digital technology has facilitated advancements in access to financial services. Countries across the WAEMU have made progress in this area due to advancements in payment services and systems, FinTech, and digital payments. Ghana and Nigeria have shown particularly strong efforts to update their regulatory frameworks for FinTech and virtual assets. Mobile money account ownership in the region is more than three times the global average and is a vital enabler of financial inclusion. Notwithstanding variations among countries, the region is a pioneer in leveraging technology, particularly mobile technology, for financial inclusion. Uganda has witnessed rapid changes in its digital financial services landscape, with partnerships between FinTechs and financial sector providers driving the growth of credit products. Despite the promising progress in account ownership and digital payments, challenges persist in gaps in savings, access to finance, and financial resiliency.

Corruption and financial sector integrity weaknesses remain a significant impediment to the sector's efficiency and growth. Burkina Faso, Cameroon, Mali, Nigeria, and Senegal are all under Financial Action Task Force increased monitoring. Moreover, FinTech comes with new challenges such as cybercrime. Financial services in Sub-Saharan Africa are a significant target for a wide range of cyber threat actors, and investments in cybersecurity need to keep pace with technology adoption. Strengthening cybersecurity, increasing the public cyber threat awareness, and improving the cyber resilience of regulators and the financial sector overall are essential for FinTech to be a reliable tool for expanding financial inclusion.

The region's average score for the financial sector remains unchanged at 2.7 for the fifth year, following a steady decline from 3.0 in 2011. Nevertheless, more increases were recorded for this criterion than decreases for the year, with Benin, Burundi, the Comoros, The Gambia, and Kenya registering an increase while Niger and Sudan's scores decreased. Thus, while marginal, this year saw a reversal of the longer-term downward trend, leaving room for optimism for future years.

BUSINESS REGULATORY ENVIRONMENT

The business regulatory environment criterion assesses the legal, regulatory, and policy environment for private businesses. It has three subcomponents that measure the efficacy of regulations affecting (i) entry, exit, and competition; (ii) ongoing business operations; and (iii) factor markets (labor and land).

The global environment became more challenging in 2023, suggesting that reforms that foster private investment also grew more urgent. Concerns about the public sector crowding out investments by the private sector are well-founded as economies in the region face high inflation, insufficient fiscal space, elevated interest rates, and high levels of debt. Moreover, increased conflict and violence in the region continued to weigh on economic activity. Policy measures identified in last year's CPIA report—strengthened market contestability, infrastructure development, skills development, labor market agility, and facilitation of exchange—have become even more important for African economies.

Regulatory administration of businesses remains a significant concern across the continent, with often cumbersome bureaucratic processes for business entry, exit, and ongoing operations. While there were modest improvements in Ghana, Liberia, Nigeria, and Sierra Leone, performance was mixed in the rates of business entry and exit. For example, in Ghana, the Office of the Registrar of Companies Act entered into force, but inefficiencies remained in company registration and administration; thus, business operators experienced little or no real change in the services rendered. This was also the case at the Liberia Business Registry.

The most active area of reform supporting the private sector continues to be through the digitization of the procedures for starting and operating businesses. Reforms in this area have been made across a range of activities, including registering and starting a business, paying taxes, registering land and property transactions, licensing, and moving goods across borders. Moreover, the establishment of such platforms provides opportunities for gradual improvement, including the integration of systems, improvement of functions, and expansion of system coverage across larger portions of business activity. In addition to the efficiency gains obtained through reducing compliance times and costs, digitization adds a degree of transparency and accountability through case tracking and the potential automation of approval processes.

Specifically, digitization of business registration and harmonization of registration with tax payment systems are highlights in the region. Somalia registered improvements in this area by launching a new online business registration system in 2022, with improvements in 2023. The online system has reduced the lead times for business name reservation and business license issuance. Further improvements are expected with the finalization of the online payment module, which will eliminate the need for manual intervention to reconcile account payments. The Togolese government has improved its online platform for issuing building permits and water connections, including new functionalities to facilitate the decentralization process, reduce the turnaround time for processing building permits, and enable online payment of fees related to water connections.

Business registries tend to be hampered by inactive businesses, as the processes for business closure and resolving insolvency have not progressed to the same extent as improvements in business registration. Clear business closure and insolvency procedures promote economic efficiency through promptly restructuring underperforming firms and liquidating nonviable ones in a timely manner, thus allowing assets to be redeployed in the economy. Although many countries do not have clear insolvency processes, the Organization for the Harmonization of Business Law in Africa (OHADA) member countries have a unified framework for business closure and insolvency, with arbitration provided through the OHADA organization itself. Moreover, the governing legislation for simplified debt collection and enforcement was revised in October 2023, to rationalize procedures by reducing the excessive time limits and penalizing dilatory practices. For example, there is still no insolvency law in Sierra Leone, and the 2009 Company's Act continues to be under review since the most recent amendment of 2014.

Markets in the region are often characterized by anticompetitive practices and structures—with monopolies, many of them owned by the government, holding large market shares in the key economic sectors. Countries have increasingly called on SOEs to contribute to countercyclical investment and employment policies during periods of crisis, for example, as was seen during the COVID-19 pandemic. However, an overriding concern is that SOEs usually increase fiscal burdens, distort incentives for private investors, and remain in business despite poorer performance. For example, in Ethiopia, SOEs are dominant market players in key economic sectors, such as logistics, telecom, agricultural inputs such as fertilizer and seeds, and trade. The long-awaited, revised SOE law has been approved by the Council of Ministers, but it is still waiting for the Parliament's approval.

However, several countries in the region are working toward improving market-based competition, such as Mauritania, Ghana, and Togo. Mauritania has adopted a new competition law, which brings market regulation closer to international standards and offers improvements in considering the forms of "anticompetitive" behavior. It also establishes a Competition Council with powers to enforce the main types of competition law prohibitions. Notwithstanding that it is emerging from a macroeconomic crisis, Ghana has increased efforts to support access to finance for small and medium-size enterprises, including new credit lines through the Development Bank of Ghana and a more operational credit bureau. Similarly, Togo increased its efforts to support access to finance and market information for small and medium-size enterprises, by providing information and training to companies around market intelligence.

Within factor markets, access to land continues to be a significant concern in the region. Land administration and management are often characterized by cumbersome and unclear processes for acquisition and registration, especially by foreign investors and in countries where most of the land is owned by the state or untitled. However, a good example of reforms in this area in the past two years took place in Zambia, with land reform as part of the country's efforts to streamline administration and management. The Lands and Deeds Registry (Amendment) Act allows for a digitalized land registration system, including certificates of title to be issued and stored in electronic form, and documents relating to an interest in land to be executed using electronic and digital signatures. In addition, such documents may be lodged for registration by means of a device or facility that records or stores information electronically.

The private sector is also affected by challenging labor regulations throughout the region. For example, Guinea-Bissau's Labor Code is obsolete and imposes onerous restrictions on the hiring and dismissal of workers, working hours, and use of term contracts, which reduce the incentives for firms to hire workers formally. Provisions that are particularly burdensome include the need to register all workers with the Labor Inspectorate, the need to submit a list of employees to the government annually, and the government's obligatory review of all employment contracts. Along with other factors, such provisions reinforce informality and impact labor productivity in the region.

The average score for the region remained at 3.0 for the seventh year running, with only three countries recording changes for the year. Two countries registered downgrades—Ethiopia and Sudan—while only Mauritania's score increased. Bottom-scoring outliers are primarily fragility, conflict, and violence (FCV) classified countries, which score slightly above the IDA country average for FCV status countries on this criterion.

CLUSTER C: POLICIES FOR SOCIAL INCLUSION AND EQUITY

Cluster C addresses social inclusion and equity polices and reforms. It covers gender equality, equity of public resource use, building human resources, social protection and labor, and policies and institutions for environmental sustainability.

Fundamentally, private sector growth will require an inclusive marketplace with a strong social foundation. In this regard, improvements in social inclusion have been encouragingly market oriented. The region has shown strong momentum in enacting formal laws to promote gender equality. Recent reforms in the region have been extensive, with a particularly high number of reforms related to parenthood. Similarly, notable progress in recent years on statistical performance is promising, as building experience in the design, execution, and analysis of household surveys is a cumulative process that requires consistency and continuity. With this progress can come much better targeted social assistance and a better understanding of the economic conditions facing the most constrained members of society. Moreover, climate change has mobilized governments to develop national adaptation plans and quickly put into place policies aimed at attracting investment in green growth.

However, challenges persist, including the high levels of learning poverty in the region, as the percentage of children who cannot read by age 10 is estimated to have risen 23 percentage points between 2019 and 2022. Similarly, limited progress in achieving gender equality in the workplace and the need for better availability of poverty measurement data undermine the prospects for improving market access for vulnerable communities, representing both humanitarian and economic losses.

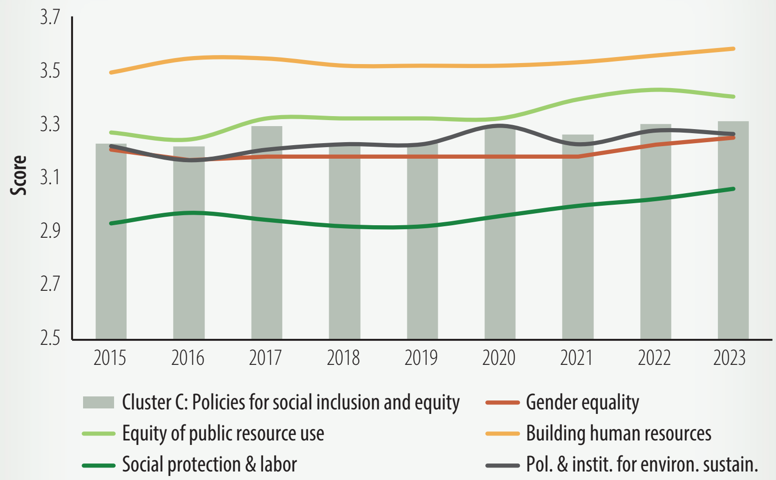
Moreover, fiscal constraints and the need for increased financing continue to be significant concerns for government programs promoting social inclusion and equity. Social protection programs were expanded in response to the COVID-19 pandemic, along with extra costs, while the urgent need to expedite progress toward universal health coverage is undermined by tight budgets, leaving primary health care underfunded.

Table 3.5: Changes in the Social Inclusion and Equity Scores, 2023

CPIA criterion	Increases	Decreases
Gender equality	Guinea-Bissau, Togo	
Equity of public resource use	Benin	Burkina Faso, Sudan
Building human resources	Cameroon, Kenya, Malawi, Rwanda	Niger, Sudan
Social protection and labor	Benin, Mauritania, South Sudan, Togo	Uganda
Policies and institutions for environmental sustainability	Niger, Somalia	Democratic Republic of Congo, Malawi, Nigeria
Policies for social inclusion and equity cluster average	**Benin, Cameroon, Guinea-Bissau, Kenya, Mauritania, Rwanda, Somalia, South Sudan, Togo**	**Burkina Faso, Democratic Republic of Congo, Nigeria, Sudan, Uganda**

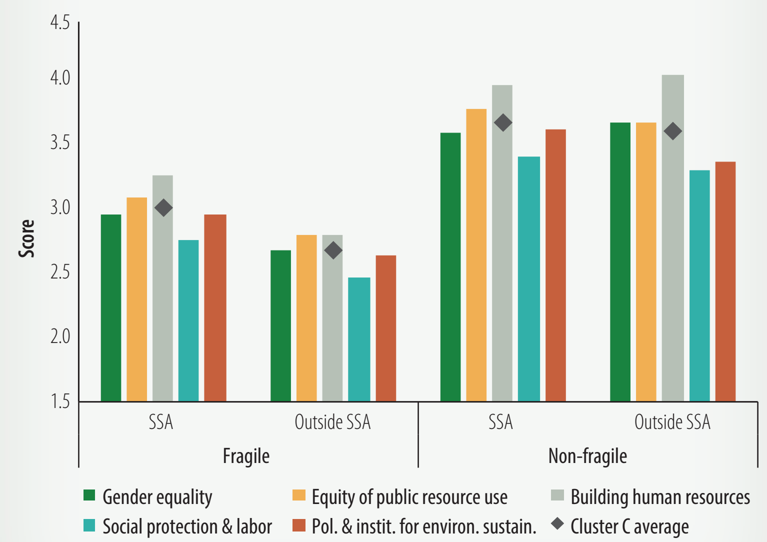
Source: CPIA database, 2024.

FIGURE 3.10: Gender Equality and Social Protection and Labor Registered an Increase in 2023



Source: CPIA database, 2024.

FIGURE 3.11: Human Resources and Gender Equality Especially Outperform Other Regions in Fragile Countries, 2023



Source: CPIA database, 2024.
Note: SSA = Sub-Saharan Africa.

While more countries saw increases than decreases in their cluster average, this trend is not shared among the individual criteria. Specifically, nine countries' averages improved enough to register at the 0.1 point level, compared to five countries that saw their averages decrease (table 3.5). In cluster C, three criteria experienced more upgrades than downgrades, while two criteria saw the reverse trend for this cluster. Overall, the regional average score remained unchanged at 3.3, although the averages for both gender equality and social protection and labor registered an increase at the 0.1-point level (growing to 3.3 and 3.1, respectively) (figure 3.10).

In terms of fragility, while there is a larger difference between Sub-Saharan Africa and other regions for fragile countries than for non-fragile, the composition of these averages provides for more nuance. Specifically, human resources and gender equality in fragile countries are responsible for much of the difference in performance between countries in and outside the region (figure 3.11). In both these criteria, fragile countries in the region fare much better than those outside the region, while non-fragile countries perform slightly better outside the region. This suggests that policies to protect vulnerable households from the effects of conflict are relatively more common in the region, including interventions to protect women, ensure access to education, and continue to provide health care in times of conflict. In contrast, the region does relatively well compared to other regions on environmental policy, both for conflict and non-conflict states, partially reflecting the growing focus on the region's environmental needs due to the increasing effects of climate change.

GENDER EQUALITY

The gender equality criterion of the CPIA assesses the extent to which a country has enacted and put in place laws, policies, mechanisms, institutions, and programs that promote equal access for men and women to human capital development and productive and economic resources, and which give men and women equal status and protection under the law.

There has been strong momentum in the region toward progress on formal laws providing for gender equality. Sub-Saharan Africa registered the highest number of legal reforms of any region in the world over the past year. For the first time, Togo, Sierra Leone, and Rwanda all scored above 90 on the Women, Business and the Law (WBL) index, joining Côte d'Ivoire as top performer in the region. Togo and Sierra Leone are particularly notable—they enacted seven and six reforms, respectively. Other countries in the region that introduced legal reforms captured by WBL include Equatorial Guinea, Lesotho, and Uganda. However, low-hanging fruit for closing gender gaps in more downstream outcomes, such as earnings, will become rarer as the region moves closer to the global frontier on legal equality and increasingly invests in implementation.

Recent reforms in the region have been wide-ranging, although with a particularly high volume of reforms related to parenthood. In Sierra Leone, the Employment Act of 2023 increases the amount of maternity leave provided to women and introduces paternity leave. It also provides for equal pay for work of equal value and removes restrictions on the sectors (such as mining) in which women can work. In Togo, amendments to the Labor Code prohibit the dismissal of female employees from the time of pregnancy through the end of breastfeeding, and require that a woman on maternity leave is paid 100 percent of her salary through the National Social Security Fund. In Guinea-Bissau, a new Labor Code has increased the amount of maternity leave and, for the first time, provides paternity leave. Reforms under the code also remove restrictions on women's rights to work night shifts, in jobs deemed dangerous, and in industrial jobs.

To ensure that progress goes beyond formal legal changes and is made on outcomes on the ground, countries in the region have ensured that gender considerations are integrated into national development plans and policy implementation frameworks and protocols. These inclusions contribute to supporting institutional provisions for funding, implementation capacity, and effectiveness. For example, Nigeria included a gender-focused chapter on the demographic transition as part of its 2021–25 National Development Plan. This effort represents an important step toward ensuring prioritized financing for gendered interventions that are needed to support the demographic transition. The Republic of Congo has taken action to improve the implementation of protections against gender-based violence under the 2022 Mouebara law. This includes launching gender-based violence awareness raising campaigns, building institutional capacity to raise awareness of the law, and launching a new hotline to support victims of gender-based violence.

The experience of women entrepreneurs highlights the discord between recent progress in improving human development outcomes and weaker improvements in job creation and productivity growth. In many countries across the region, women moving out of agriculture and into self-employment are often moving into extremely low-productivity, household-based microenterprises. These microenterprises give their owners the lifeline of a subsistence living but have little chance of being scaled up to help their founders thrive or to provide quality job opportunities to the millions of young Africans entering the labor force each year. Moreover, women who start larger businesses still face greater constraints to growth than their male counterparts, including limited access to financing (box 3.1). Better support for women entrepreneurs to thrive at scale could represent a critical channel for facilitating a more rapid and higher quality structural transformation.

BOX 3.1: Access to Capital for Women Entrepreneurs

Increasing women entrepreneurs' access to capital is a promising area for policy innovation, with the potential to create jobs for Africa's large youth population, increase household earnings, and speed up the structural transformation of economies to higher value sectors.[a] Credit is an attractive option because of its greater promise of sustainability, the ability to attract private sector providers with the promise of profits, and the potential for higher efficiency by attracting only those entrepreneurs who expect sufficiently high returns. In 2023, Rwanda and Togo both introduced legal protections against gender-based discrimination in access to financial services. Loans can be as effective as grants in improving business outcomes, but the volume of loans seems to be important. The limitations of microcredit for long-term business growth could be addressed with specific credit product design innovations, as well as simply by increasing the use of higher volume loans for growth-oriented women entrepreneurs.

Credit product innovations, such as increasing repayment flexibility, appear to improve outcomes for women entrepreneurs, perhaps by allowing greater risk taking. However, the impacts of such innovations can be concentrated among higher performing businesses, and the increased flexibility also increases the chance of default. The evidence is more promising for higher volume loans and growth-oriented women entrepreneurs than it is when looking at the typical microenterprise.[b] Increasing access to larger business loans may be hampered by women's insufficient ownership of traditional collateral, and information on women is often less likely to be captured by typical credit bureaus, emphasizing the need for innovative investment products and practices.[c]

Equity products may be another alternative for providing growth-oriented, women-owned enterprises with higher volumes of financing. For every $1 in equity financing for all-female founding teams, all-male teams receive $25, with a gender gap still apparent when comparing businesses in sectors that have high investor interest.[d] Options to increase women's access to equity financing include helping women to prepare pitches and connecting them to investors. However, this is still an emerging area of research and attracting large-scale equity investors to low-income countries could be challenging, given the shallow capital markets and weak legal enforcement.

Capital grant injections appear to have limited impacts on longer-term business success, but they appear to perform better for higher growth women entrepreneurs than for those operating at the subsistence level.[e] Looking at different types of capital injection, there is evidence that cash may have less impact than in-kind transfers in cases where it is likely to be diverted to other non-business household needs.[f] This speaks to the degree of agency women have within their households and the pressures they face to divert cash injections intended for their business to meet other household needs. In addition, providing capital is not sufficient by itself for business owners who face more acute and a greater range of constraints to starting a business. It may be more effective to tackle multiple constraints simultaneously, such as through life skills training and engaging husbands to increase household support for women's enterprises.[g]

a. A more in-depth discussion of access to capital for women can be found in G. Abebe, R. Cassidy, and T. Weis, "Access to Capital and Women's Entrepreneurship," Working Paper, World Bank, Washington, DC (forthcoming).
b. S. Alibhai, N. Buehren, and S. Papineni, "Better Loans or Better Borrowers? Impact of Meso-Credit on Female-Owned Enterprises in Ethiopia," Policy Research Working Paper 8511, World Bank, Washington, DC (2018); X. Giné and G. Mansuri, "Money or Management? A Field Experiment on Constraints to Entrepreneurship in Rural Pakistan," *Economic Development and Cultural Change*, 70, 1 (2021): 41–86.
c. S. Alibhai, R. Cassidy, M. Goldstein, and S. Papineni, "Evening the Credit Score? Impact of Psychometric Loan Appraisal for Women Entrepreneurs," Policy Research Working Paper 10230, World Bank, Washington, DC (2022).
d. D. Giuliani, R. D. Coleman, M. F. Ebrahim, and T. J. Weis, "In Search of Equity: Exploring Africa's Gender Gap in Startup Finance," Gender Innovation Lab, World Bank, Washington, DC (2021).
e. L. Janes, M. Koelle, and S. Quinn, "Do Capital Grants Improve Microenterprise Productivity?" Centre for the Study of African Economies, Oxford, UK (2019); M. Fafchamps, D. McKenzie, S. Quinn, and C. Woodruff, "Microenterprise Growth and the Flypaper Effect: Evidence from a Randomized Experiment in Ghana," *Journal of Development Economics*, 106 (2014): 211–26.
f. M. Fafchamps, D. McKenzie, S. Quinn, and C. Woodruff, "Microenterprise Growth and the Flypaper Effect: Evidence from a Randomized Experiment in Ghana," *Journal of Development Economics*, 106 (2014): 211–26; B. Crépon, M. El Komi, and A. Osman, "Is It Who You Are or What You Get? Comparing the Impacts of Loans and Grants for Microenterprise Development," *American Economic Journal: Applied Economics*, 16, 1 (2024): 286–313.
g. T. Bossuroy, M. Goldstein, B. Karimou, D. Karlan, H. Kazianga, et al., "Tackling Psychosocial and Capital Constraints to Alleviate Poverty," *Nature*, 605, 7909 (2022): 291–97.

Overall, the average score across all countries in Sub-Saharan Africa for the gender equality component of the CPIA increased to 3.3 in 2023, the first increase in the regional average for the score in over 15 years. However, this increase follows three years of marginal improvements below the 0.1-point reporting threshold, reflecting steady progress in improving gender equality, on average, across the region. Indeed, while the regional average increased, only two countries' scores changed, as both Guinea-Bissau and Togo recorded upgrades. Moreover, on this criterion, among countries in fragile and conflict situations, those in the region outperform those outside the region. Despite this, there is still a notable gap in performance within Sub-Saharan Africa between non-fragile countries and those in fragile and conflict situations. This gap is also reflected in data on key gender outcomes (such as those related to maternal health, domestic violence, and gender gaps in schooling), which tend to be weaker in FCV contexts. This gap should highlight the urgency of addressing climate change in the region from a gender perspective.

EQUITY OF PUBLIC RESOURCE USE

This criterion of the CPIA describes how public expenditures and revenue collection patterns are translated into national poverty reduction strategies. The first component deals with the availability of quality poverty measurement tools and their usage in poverty reduction policies. The second deals with the proper identification of vulnerable groups and the existence of a strategy to address their needs. Finally, the third component deals with the progressiveness of public expenditure and its alignment with poverty reduction goals. All three indicators have the same weight to estimate the total score for the criterion.

The main challenge in the region for creating a targeted strategy aimed at addressing vulnerable groups is the lack of regular national household surveys to measure poverty. The lack of wide-ranging, regularly updated, reliable statistics precludes the implementation of data-driven policies and limits governments' ability to focus their public efforts in a progressive manner or target vulnerable populations. This situation is changing in some countries. The goal has been to increase the number of national household surveys and statistical capacity across the region.

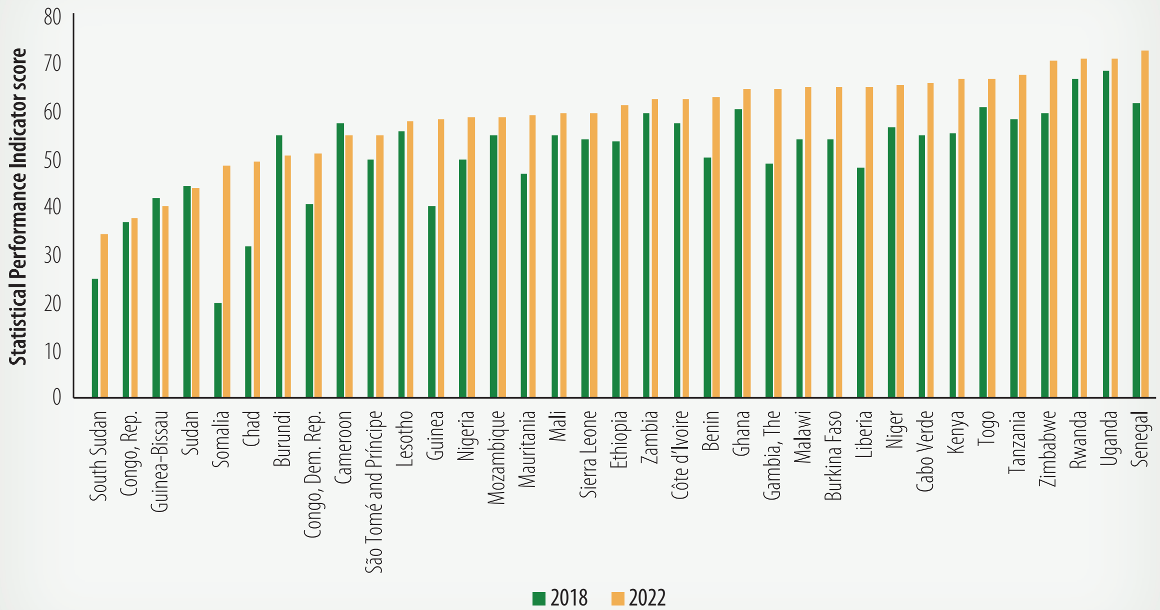
In countries in Western and Central Africa, lack of experience in the design, execution, and analysis of household surveys is the main issue for increasing data-driven policies. The lack of regular surveys in a country implies that there is a need for support in all stages of the implementation of household surveys. The countries carry out few household surveys, and the governments do not use them to prepare data-driven policies. The recent effort to finance the execution of household surveys for WAEMU countries is expected to improve capacity in the region.

Improvement in the frequency of household surveys should be accompanied by informing the government on how to use the data to produce policies. The Central African Republic has recently aligned public expenditure policies with adequately tracking poverty reduction. Moreover, mechanisms are in place to monitor the implementation of these programs and measure their results. However, the information provided and the feedback for subsequent expenditure allocations have been uneven.

The average score for equity of public resource use reflects the extent to which poverty measurement data are available and accessible to the public and how they are used for public policy. This is closely related to a country's Statistical Performance Indicator (SPI), which is the World Bank's new official tool for measuring a country's statistical capacity. The SPI assesses a country's capacity to generate reliable statistics that contribute to monitoring the country's governance and economic performance. This is especially relevant for tracking progress in poverty reduction and fulfilling reporting obligations to international donors. Countries with lower capacity in development statistics systems also have low usage of available household surveys in their poverty policies. This is reflected in the positive correlation between the CPIA score for equity of public resource use and a country's overall SPI score—a higher statistical capacity score means that the country will have a higher average CPIA score.

Although Africa continues to score poorly on the SPI, the region has made notable progress in recent years. The average SPI for the region increased from 51.7 to 58.5 between 2018 and 2022, with the largest increases in some of the poorly performing countries, including Somalia, Chad, and Guinea (figure 3.12). In line with the lack of capacity to produce household surveys, data

FIGURE 3.12: Statistical Performance Indicators Have Improved in Most Countries in the Region, 2018 and 2022



Source: CPIA database, 2024.

sources is the lowest scoring subcomponent of the SPI for the region, with an average score of 32 among IDA-eligible countries. This contrasts with the highest scoring subcomponent, data products, which measures the ability to provide indicators of how well a country meets the Sustainable Development Goals. The average score for this subcomponent is 75.9.

The regional average score for Sub-Saharan African countries for the overall equity of public resource use category remained broadly unchanged at 3.4 in 2023, for the third consecutive year. Furthermore, only three countries' scores changed—Benin saw an increase, while Burkina Faso and Sudan's scores decreased. Nevertheless, the long-term trend is positive, as the regional average was 3.2 in 2009.

BUILDING HUMAN RESOURCES

The building human resources criterion assesses the quality of national policies and public and private sector delivery in health and education. The health component includes reproductive health, public health care, nutrition, and the prevention and treatment of communicable diseases. The education component includes public education, training, literacy, and early childhood development.

Human resources represent a significant area of vulnerability for Sub-Saharan Africa. With the highest population growth worldwide, the region routinely scores lowest on a series of human capital indicators. Indeed, on the World Bank's Human Capital Index, the region had the lowest average score on all three components: childhood survival, schooling, and health. Compared to a child in Europe and Central Asia, a child born in Sub-Saharan Africa can expect to be only 40 percent as productive. While there has been some policy progress, the region is particularly vulnerable to recent global events, as Africa comprises 16 of the 24 countries identified by the Food and Agriculture Organization and World Food Programme as hunger hotspots.

The regional average for building human resources remained at 3.6 in 2023, following an upgrade in 2022. This reflects a medium-term upward trend from 3.3 in 2010, although much of that increase was between 2010 and 2016, as averages have fluctuated between 3.5 and 3.6 for the past decade. The average CPIA score for this criterion has remained relatively unchanged over the past decade, hovering between 3.5 and 3.6. It peaked at 3.6 in 2018, only to decrease in 2019, and then rose again in 2022. This year, four countries – Cameroon, Kenya, Malawi, and Rwanda – showed increases, while only Niger and Sudan experienced a decrease.

Education

The introduction of the concept of learning poverty has raised global attention to the learning crisis, particularly in the context of education systems recovering from the COVID-19 pandemic losses. The measure calculates the percentage of children who cannot read and understand a simple text by age 10. Estimates indicate that learning poverty increased from 57 to 70 percent between 2019 and 2022 in low- and middle-income countries. Although the pandemic negatively impacted education worldwide, the next few years represent an opportunity to build stronger and more resilient education systems that promote learning for all.[10]

Education sector plans have been a cornerstone in the advancement of access to primary education, particularly in Sub-Saharan Africa. Looking to the future, these strategic documents must also emphasize the quality of education and learning outcomes. To achieve impact, an education sector that is responsive to the needs of learners must benefit from reliable sector data and regular assessments of students' learning, be aligned with national development priorities and country resources, and involve key stakeholders to ensure ownership and accountability for results. In 2023, several countries reported improvements in the design and implementation of their education sector strategies. For instance, in Eritrea, the education sector plan for 2022–26 is mainly supported by domestic finance and prioritizes improving access to and quality of early learning programs, improving the quality and relevance of the education system, and strengthening system capacity and management of the education sector.

The institutional framework in most countries recognizes the importance of data to inform policy and decision-making processes. Still, many struggle to transition from data collection efforts to meaningful use as data are often seen as a bureaucratic requirement rather than a valuable resource for driving change. Although statistical yearbooks are usually available, investments in data collection and analysis might be insufficient. Data may not be disseminated in time, and reports may not be widely circulated. As a result, policy makers face challenges in identifying the next steps for leveraging data to address educational needs and drive progress. Examples of well-functioning systems include Kenya and Sierra Leone. In Kenya, the national education management information system collects and publishes relevant education data annually. The online platform enables digital registration of students, and the government has used the information to plan for and disburse students' capitation grants for both primary and secondary schools. In Sierra Leone, information on schools, students, and teachers is collected digitally and

10 World Bank, *Realizing Education's Promise: A World Bank Retrospective* (Washington, DC: World Bank, 2023).

school-level statistics are disseminated annually. Dashboards summarize key information for parents, civil society, policy makers, development partners, and school stakeholders. In addition, data are used to guide strategic decisions related to resource allocation and management at the school level, and to inform and prioritize infrastructure inputs.

Although the assessment frameworks may be sparse and many countries still face challenges in conducting regular learning assessments, systemwide, large-scale assessments can provide valuable data on student learning, identify gaps in knowledge and skills, and be used to improve the overall quality of education. These data are crucial for informing policy decisions, guiding curriculum development, and shaping teacher training practices. However, the most pressing challenge is not just in conducting these assessments, but in effectively utilizing the results. To that end, significant effort must be made to analyze the data, to understand the specific areas where students are excelling or struggling and highlight the need for professional development in certain areas. These tasks may be problematic, as usually different horizontal units oversee learning assessments, curriculum development, and teachers. Greater coordination and planning are required to make progress on using learning assessments as a tool for upgrading information systemwide. As an example, Rwanda has gradually established the Learning Achievement in Rwandan Schools assessment. Since 2011, the system has conducted five rounds of assessments, with a focus on grades 3, 6, and 9, and since 2021, the assessments have been made comparable over time. Furthermore, for the first time, in 2023, students with special needs were included in the assessment sample, showing the country's commitment to the equity agenda.

Management of the teaching workforce remains a critical issue in most countries. The region grapples with issues related to teacher recruitment, deployment, attendance, qualification, training, accountability, and incentives. In FCV-affected countries around the continent, the training and payment of voluntary teachers (more than 70 percent of the teaching force in the Central African Republic) remain a critical issue. Stark contrasts between the earnings of civil servants and those in temporary positions also create tensions within the education sector. Furthermore, the deployment of teachers often favors urban centers, resulting in a concentration of experienced educators in cities, while rural and remote areas suffer from acute teacher shortages. This uneven distribution of teachers not only compromises the quality of education in underserved areas, but also reinforces inequities within the education system and penalizes girls' education. Several initiatives to measure teacher attendance are ongoing in countries like Nigeria, Rwanda, and Sierra Leone. Teacher qualification and training remain a challenge. Pre-service teacher training lacks quality and there are no systematic in-service training programs to improve teaching pedagogy. Countries across the continent should look at the Teachers Service Commission in Kenya, which manages not only teachers, but also teacher training colleges. The Commission has worked with teachers' unions to establish the principle of "equal pay for equal work, the relative worth of every job, and quality teaching standards through performance evaluation." More recently, a Competency Based Teacher Education Curriculum and a structured Teacher Professional Development program were rolled out to increase the quality of the teaching force.

Although access to quality education systems is a key ingredient for a more peaceful and prosperous future, children worldwide are exposed to situations of FCV and at great risk of having their learning disrupted. In 2018, nearly 20 percent of children worldwide were living in conflict-affected areas and about half of the refugees worldwide are children under 18. These children have lower access to learning opportunities and higher exposure to risks. This is particularly true in the case of girls, who are likely to be exposed to higher levels of violence, including sexual exploitation and abuse.[11] In 2023, two countries' scores were affected by the impact of conflict on their education systems. In northern Ethiopia, conflict significantly disrupted education, but this has significantly improved following the November 2022 peace agreement. A strategy has been set for recovering the school years lost due to the COVID-19 pandemic and conflict. In Sudan, schools and universities have been closed since April 2023 due to war, jeopardizing the future of an entire generation.

Health

The scope and severity of the COVID-19 pandemic added pressure to Africa's existing challenges and sounded the alarm on the need to reform and revitalize the continent's health systems. It highlighted the fragility of the health workforce, infrastructure, and supply chains and reinforced the urgent need to strengthen health systems with a focus on primary care. Despite the pandemic and other outbreaks and challenges, African countries have made progress in improving access to health services, as shown by the progress on the universal health coverage index, which increased from 23 in 2000 to 44 in 2021. The disruptive impact of COVID-19 has been tamed substantially, with only 22 percent of essential services reported to be disrupted by the end of 2022, compared to 66 percent in 2020. This improvement was largely because countries in the region scaled up financing during the pandemic and initiated catch-up interventions to recover to pre-pandemic levels. For example, coverage of human papillomavirus (HPV) vaccination and the proportion of children receiving the first dose of the measles vaccine have both recovered to surpass pre-pandemic levels. Similar patterns have been observed for other essential interventions.

Although there is an urgent need to expedite progress toward universal health coverage, financing for health is constrained by the tight budgetary space. The outlook for government health budgets is becoming increasingly difficult for many countries across Africa given the sluggish growth projections, high debt stocks, and mounting expenditure pressures due to multiple crises. While health was prioritized to address the COVID-19 pandemic, many countries have since seen health spending drop to pre-pandemic levels. Substantial increases in development partner resources for health cannot be taken for granted. As a result, the main source of increased fiscal space for health in the near-term is likely to come from efficiency gains. The two most significant areas for achieving greater efficiency are improved allocation toward primary care and better budget execution.

Primary care is a priority, yet it is underfunded. The provision of primary care is central to an effective and efficient health system as a way to improve priority outcomes and ensure broader health system resilience. Yet, there are significant concerns in the region. Current financing

11 P. A. Holland, J. S. Sundharam, K. Miwa, J. Saavedra Chanduvi, D. N. Abu-Ghaida, and P. Darvas, "Safe and Learning in the Midst of Fragility, Conflict, and Violence: A World Bank Group Approach Paper," World Bank, Washington, DC (2022).

levels for primary care average about US$4 per capita, far less than what is needed to deliver a package of essential quality services. Many countries continue to lack basic institutional and financing arrangements to support a primary care–oriented health system. Public financial management arrangements in the health sector often do not recognize primary care in a way that can be budgeted for explicitly or prioritized. It thereby eludes legislative review and broader public discourse. In donor-dependent countries, primary care is often supported by the development partner community and outside the government's prevailing service delivery arrangements.

In addition, health budgets are executed poorly and at a deteriorating rate across the region, markedly worse than in the education sector. Budget execution problems can be traced back to a range of issues, including budget credibility problems, inappropriate budget structure, problems with the regularity and predictability of funding flows, the appropriateness and effectiveness of spending protocols, procurement regulations, and the quality of monitoring and accountability systems. These issues are related to coordination issues among ministries of finance, health, and local government and can be addressed through more purposeful communication and building trust. Good budget execution can also be an effective resource mobilization strategy for subsequent years, as it offers a credible signal of sectoral implementation capacity.

Finally, a common pattern across the region is that a wide range of strategies exist—for health system development, health financing, human resources, and other areas—but often they are not implemented. In most countries, an aspiration for universal health coverage is reflected in policies and strategic plans. However, these are often inadequately costed and poorly aligned with the budget formulation process. In many cases, budgets are approved based on marginal increases from historical data rather than being informed by evidence and in pursuit of interventions identified in the strategic plan. Universal health coverage also requires multisectoral engagement that is closely coordinated with actors in local government and water and sanitation, among other sectors. However, this is difficult to operationalize, and the health sector often lacks the ability to exercise an effective stewardship or coordination function. A stronger focus on implementation and capacity-building can help more strategies to become a reality.

SOCIAL PROTECTION AND LABOR

The social protection and labor criterion assesses social protection and labor policies and programs across five dimensions: the overall social protection system, social safety net programs, labor market programs and policies, local service delivery and civil society participation in community development programs, and pension and old-age savings programs.

Overall, the continent sustained the momentum in building social protection systems. Policies and interventions that have underpinned improvements in systems building include (i) updating, reformulating, and implementing their social protection visions, policies, and strategies; (ii) establishing appropriate institutional arrangements for administering social protection and labor market programs; (iii) improving coordination between institutional actors in the social protection space; and (iv) strengthening institutional capacity and upgrading the technological platforms for delivering social protection interventions, including biometric identification, registries, interoperable social information systems and extended citizen engagement, digital payments, and intermediation.

In parallel, the continent is witnessing increased government ownership of social protection as a productive investment, despite some ongoing debates on the role of cash transfers. This progress is most visible in the continued expansion of social safety nets in some countries. There has also been some progress in labor market reform, especially in youth employment services. However, social protection measures that are regressive and benefit the better-off populations remain pervasive. Pensions remain for most part a regressive and unsustainable part of the social protection systems in the long term (public servant pensions provide a significant and increasing share of public resources to a well-off minority of the population employed in the public sector). Despite some notable initiatives to expand coverage to informal sector workers, there has been little progress in policy reforms.

In this context, several countries have made progress in developing the legal structure for social programs and implementing social protection strategies. The Government of Côte d'Ivoire adopted the National Social Protection Strategy (2024–28) in November, advancing a comprehensive and integrated approach through a unique social registry and reinforcing coordination between the national cash transfer program and universal health coverage. Senegal also recently institutionalized its main cash transfer program, providing a legal framework and clarifying key parameters for a program that has been delivering cash transfers to the poorest households since 2013, and Chad updated its social protection strategy. Finally, Togo adopted a decree creating a dynamic social registry and a new flagship social safety net, which was informally instituted during the COVID-19 pandemic and has now been given full legal status and a new strategy.

Fiscal crisis and increased violence are the main risks for continued progress in expanding the coverage and enhancing the quality of productive safety nets and are likely to limit further progress on expanding financing. Innovations in financing, especially those connected to the climate change agenda, are urgently needed to avert reversals in progress achieved. Some countries are paving the way, showing the potential of redirecting regressive subsidies toward financing of social protection and jobs. In this context, Mauritania operationalized a national fund for response to food insecurity in 2023, which provides the government with a better means to coordinate internal and donor funds for food security crisis response. Despite fiscal constraints, many countries in the region are continuing to expand coverage of their social safety net programs. The social registry in The Gambia now covers more than two-thirds of the population, and Benin's Administrative Census has registered more than 90 percent of the population. Madagascar and South Sudan have also made significant progress in this area, although from a much lower base.

Overall, the regional average for this criterion increased in 2023 to 3.1, from 3.0 in 2022. Four countries' scores increased—Benin, Mauritania, South Sudan, and Togo—while only Uganda's score decreased. This follows steady progress in regional averages since 2019, when the score was 2.9. However, a handful of countries in FCV status and facing security crises are cases experiencing reversal of progress and deterioration of CPIA ratings (Burkina Faso, Mali, and Sudan), while others with robust social protection, such as Ethiopia, Côte d'Ivoire, or Niger, are stalled in their progress by the eruption of conflict and violence in some parts of the countries.

POLICIES AND INSTITUTIONS FOR ENVIRONMENTAL SUSTAINABILITY

This criterion examines the effectiveness of environmental policies and institutions overseeing the protection and use of natural resources and pollution management. An institutional assessment concerns cross-cutting issues, including the quality and effectiveness of environmental impact assessment systems and environmental governance factors, namely, access to information, public participation, cross-sectoral coordination, and accountability. In addition, assessments around environmental themes cover air and water pollution, solid and hazardous waste, freshwater resources, marine and coastal resources, ecosystem and biodiversity management, renewable and nonrenewable resources, and climate change.

Countries are taking steps to address the impacts of climate change, including by developing national adaptation plans, submitting revised nationally determined contributions, and integrating climate change considerations into sectoral policies and programs. This comes in light of recent evidence that regular and growing climate shocks are causing large losses in output, reducing human capital accumulation, and leading to potentially devastating ecological and economic tipping points, especially in the Sahel. However, the opportunities associated with resilient and lower-carbon development are significant for both rapid and inclusive growth.[12]

At the regional level, there has been increasing attention to climate change. In September 2023, African heads of state and government gathered for the inaugural Africa Climate Summit in Nairobi, where they passed the Nairobi Declaration on Climate Change, committing to a set of actions.[13] Among others, these include the design and implementation of policies aimed at attracting investment in green growth; the focus of economic development plans on climate-positive growth; and the strengthening of actions to halt and reverse biodiversity loss, deforestation, and desertification. The Declaration also calls for reforms to multilateral financial systems to build resilience to climate shocks, including by improving deployment of the Special Drawing Rights liquidity mechanism and disaster suspension clauses; scaling up concessional finance; and taking decisive action on the promotion of inclusive and effective international tax cooperation at the United Nations, with the aim to reduce Africa's loss of corporate tax revenue.

There is a trend toward strengthening the institutions that are responsible for environmental management and governance. This includes the establishment of committees, agencies, and observatories to monitor and enforce environmental regulations. At the institutional level, the Ugandan government has created budget codes in the financial management system for appropriation and expenditures related to climate mitigation and adaptation. In this respect, efforts are being made to increase public participation in environmental decision-making processes, particularly in the context of environmental impact assessments and the development of environmental policies. Moreover, efforts are being made to strengthen enforcement mechanisms and ensure compliance with environmental regulations, particularly

12 World Bank. "G5 Sahel Country Climate Development Report," World Bank, Washington, DC (2022).

13 https://media.africaclimatesummit.org/Final+declaration+1709-English.pdf?request-content-type=%22application/force-download.

in the areas of waste management, water pollution, and natural resource exploitation. However, challenges remain, and there is a continued need for capacity-building and resource allocation to address environmental issues effectively. Poor capacity for implementation was especially difficult for Malawi in 2023. The countries that received the lowest scores were undergoing violent conflict or marked by high levels of institutional and social fragility, which undermine monitoring and accountability and impede the speed of institutional reform.

Countries are working to improve access to environmental information through the development of online databases, web-based portals, and GIS mapping platforms. This is aimed at increasing transparency and accountability in environmental management. For example, assessing and monitoring forest resources can be effective for removing incentives for environmental degradation while creating financial returns to contribute to economic growth.[14]

Air and water pollution management remains a challenge across the region, with partial regulations and policies in place and weak implementation in most countries. However, there are some promising developments in this area. For example, a new Excise Tax Amendment Proclamation in Ethiopia taxes most used vehicles with a cylinder capacity exceeding 3,000 cubic centimeters and that are older than five years. Only some countries have policies on freshwater management, and they are often poorly implemented, with some fragile countries having only scattered policies. In contrast, other countries, such as Zimbabwe, have stronger policies and regulations on freshwater management, including rationing, property rights, licensing, and catchment-level integrated management approaches.

Similarly, solid and hazardous waste management remains a challenge in many conflict-affected and fragile countries. In contrast, Kenya, Mauritania, and Rwanda are designing and implementing policies for waste management, including, among others, the prohibition of single-use plastics. Benin has implemented initiatives to improve sanitation and waste treatment, including the construction of solid waste treatment plants and assistance to communities for waste management. The country is also working on coastal protection and management.

On marine and coastal resources management and fisheries management, Somalia recently enacted a new Fisheries Law and set up the Fisheries Management and Development Council, which combats illegal fishing and supports implementation of the fisheries management plan. Togo has also made recent strides in marine and coastal resources management, and Mauritania increased its capacity for combating illegal fishing.

On ecosystem and biodiversity management, there is heterogeneity, with some fragile countries, such as South Sudan, having rich ecosystem biodiversity but fragmented and weak institutions to manage it. In contrast, Kenya, Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe have established regulations, and Togo recently implemented measures for ecosystem and biodiversity management, including the promotion of agroecology and organic agriculture. Rwanda has made reforms to facilitate greater private sector participation in the management of national parks and nature reserves.

14 World Bank, "Niger Country Environmental Analysis," World Bank, Washington, DC (2023).

On forestry management, in 2023, Zimbabwe approved the National Forest Policy, which seeks to manage, conserve, and sustainably utilize forest resources, and to enhance the contribution of the forestry sector to development and social equity. Similarly, Côte d'Ivoire aims to reforest through agroforestry, contribute to the conservation of national parks, and involve local communities through performance-based payments and income-generating activities.

Policies on commercial nonrenewable resources management (energy and minerals) are heterogeneous in the region, with many countries scoring 2 or lower and a few countries having policies and implementing them in some areas. Guinea is working on improving transparency in the mining sector, enhancing the financial sustainability of the national utility, and promoting efficient water use and wastewater management in the mining industry.

The regional average remained unchanged at 3.3, following an uptick from 3.2 in 2022 and a general upward trend from 2.9 in 2009. Niger and Somalia's scores increased, while the Democratic Republic of Congo, Malawi, and Nigeria registered decreases in their scores. Scores from 3.0 to 4.5 generally indicate countries with relatively comprehensive environmental policies but gaps between policy and implementation, and it is encouraging to see the regional average solidly within that range. Overall, institutional components of this criterion continued to perform better compared to environmental themes, suggesting that policy is leading enforcement in the region.

CLUSTER D: PUBLIC SECTOR MANAGEMENT AND INSTITUTIONS

Cluster D covers public sector governance and capacity issues, namely, property rights and rule-based governance; quality of budgetary and financial management; efficiency of revenue mobilization; quality of public administration; and transparency, accountability, and corruption in the public sector.

The institutional structure behind public sector performance remained relatively stable across Africa in 2023. A notable departure was the fracturing of the social contract across countries and the support for non-democratically elected regimes. In Burkina Faso, Guinea, Mali, and Niger, military rulers have replaced democratically elected governments. Moreover, in some cases, military regimes have suspended parliamentary functions, and the emergence of rule by decree is becoming commonplace in these countries. In Ethiopia and Sudan, intra-elite fissures have dominated the political landscape, further undermining the already weak institutional quality in both countries. Yet, during the year under review, institutional strength has been demonstrated through the independence of the judiciary in many countries. For example, Kenya's judiciary oversaw a contested election and arrived at a unanimous decision. In addition to ensuring stability in the country, this intervention helped to reinforce the credentials of the country's judiciary. Similarly, Liberia's National Elections Commission performed credibly, ushering in the circumstances that created a favorable environment for a peaceful transition. The new government in Liberia has made anti-corruption and good governance a critical plank of its agenda. However, neighboring Sierra Leone's election remained contested.

Overall, three trends are clear. First, there is a strong commitment across the continent to reform the quality and character of public administration, even though the outcomes are varied. Second, de jure public sector reforms are significantly hindered by implementation obstacles. Third, the emergence of technology plays a critical role in improving public administration in many countries. Throughout the region, these reforms focus on improving property and contract rights, enhancing public sector performance, and increasing executive accountability through robust civil society engagement.

Table 3.6: Changes in the Public Sector Management and Institutions Scores, 2023

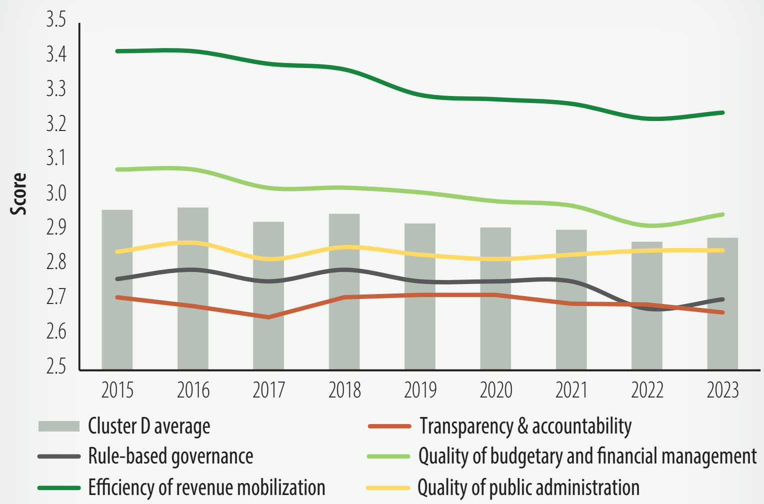
CPIA criterion	Increases	Decreases
Property rights and rule-based governance	Benin, Republic of Congo, Malawi,	Ethiopia
Quality of budgetary and financial management	Kenya, Mauritania, Tanzania, Togo	Chad, Eritrea, Mozambique, Nigeria
Efficiency of revenue mobilization	The Gambia, Rwanda, Togo	Eritrea, Ethiopia, Lesotho
Quality of public administration	Burkina Faso	Eritrea, Ethiopia
Transparency, accountability, and corruption in the public sector	Democratic Republic of Congo, Côte d'Ivoire	Burkina Faso, Burundi, Eritrea, Mali, South Sudan
Public sector management and institutions cluster average	**Benin, Democratic Republic of Congo, Côte d'Ivoire, Republic of Congo, The Gambia, Kenya, Malawi, Mauritania, Rwanda, Tanzania, Togo**	**Burundi, Chad, Eritrea, Ethiopia, Lesotho, Mali, Mozambique, Nigeria, South Sudan**

Source: CPIA database, 2024.

In terms of scores, there was relatively high movement in this cluster compared to previous years. Overall, 20 countries saw upgrades or downgrades to their averages at the 0.1 percent level (table 3.6), compared to 14 in 2022. Moreover, in contrast to 2022, more countries saw upgrades in their average score than downgrades, with 11 upgrades compared to 9 downgrades. However, transparency, accountability, and corruption in the public sector was imbalanced toward downgrades, with five countries' scores decreasing and only two countries' scores increasing. Indeed, this criterion has the lowest average score for the region of all 16 criteria, and it is the criterion in which the region lags the global average the most (figures 3.13 and 3.14).

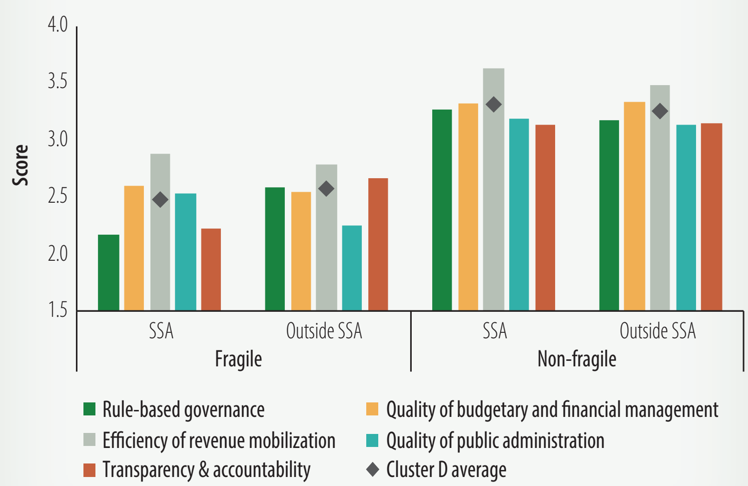
While fragile countries perform worse in this cluster than non-fragile countries, fragile countries in Sub-Saharan Africa perform particularly poorly on rule-based governance and transparency, accountability, and corruption in the public sector. In contrast, the fragile countries in the region perform relatively well on the quality of public administration compared to other regions. To some extent, this may reflect the nature of fragility and conflict in the region, with political coups in response to ineffective governance and captured markets both undermining institutional norms and the rule of law, while the incoming power tries to address the administrative problems motivating the change. The recent spread of coups in the region is concerning, and the bunching of elections in 2024 will hopefully reinforce democratic norms and institutional processes.

FIGURE 3.13: Cluster D Has Seen a Troubling Decline in Recent Years



Source: CPIA database, 2024.

FIGURE 3.14: Fragile Countries in the Region Underperform in Rule-Based Governance and Political Accountability, 2023



Source: CPIA database, 2024.
Note: SSA = Sub-Saharan Africa.

PROPERTY RIGHTS AND RULE-BASED GOVERNANCE

This criterion assesses the extent to which economic activity is facilitated by an effective legal and judicial system and rule-based governance structure in which property and contract rights are respected and enforced.

Overall, the judicial system's ability to promote stability and recourse to justice to settle property disputes has been consistent, although it is limited by state capacity. The de jure legal frameworks tend to be well established across the region, but the quality of implementation varies. In some places, it is difficult to access the courts, and many places do not provide access to laws, opinions, and decisions. As a result, the extent of criminal activity varies across the region, with some countries that are home to organized criminal activities, and others that have low levels of threat to citizens.

Consistent with the evolution of public sector institutions in the region, the legal framework for secure property and contract rights remained stable but limited by longer-term perceptions of political favor. Even in the Sahelian countries that experienced disruptions in their governance arrangements because of military takeovers, there have been no reports of forcible forfeiture of property or large-scale renegotiation of contracts. For some countries, such as Guinea-Bissau and Somalia, the scores improved, while for the Comoros, the score declined. In Côte d'Ivoire, Ghana, and Kenya, among others, the legal framework for property and contracts remained strong, while other countries still exhibit difficulties in contract enforcement, largely due to weak judicial and public administration systems. Despite the availability of de jure systems for property and contract rights, in some countries, their implementation is poor. For example, in Zambia, which has made reforms to improve the legal environment for land rights—including a new titling regime—the land registration process is highly centralized, inefficient, and leads to land disputes. This undermines the effectiveness of an otherwise strong legal framework. Moreover, judicial systems still face pressure resulting from perceptions of favoritism, especially where governments are parties to a judicial matter. In Kenya and Senegal, political players were accused of using the judiciary to target political opponents, despite the judiciary making significant rulings that demonstrated strength and independence. This contrast highlights the importance of the public perception of judicial effectiveness, and that long-term consistency is required to gain the public's trust over time.

Across Sub-Saharan Africa, it is difficult to access the courts because of the formal nature of their operations and processes. Thus, the courts remain out of reach for many citizens. Countries are making efforts to improve the processes for adjudication of cases, but significant capacity gaps often limit access to recourse. There has been improvement in Kenya, Malawi, Somalia, and Tanzania, largely as a result of investment in technology and the use of alternative dispute resolution (ADR). ADR is gaining currency across the region, resulting in reduced pre-trial detentions and faster dispensation of justice. For example, in Somalia, a fragile state with a weak judicial system and capacity constraints, ADR remains the most preferred avenue for dispute resolution among clans and for land disputes. Tanzania has experimented with automation and digitization of court processes and services, which have significantly boosted the quality of and access to court services. The launch of virtual courts and e-services during the COVID-19 pandemic enabled citizens to continue to exercise their rights and has enhanced judicial service delivery.

Across the region, justice systems still struggle with the lack of access to a repository of laws, opinions, and court decisions. This situation is worsened by the judicial system's weak capacity, thus making it difficult for officials, judges, prosecutors, and other actors in the legal and judicial system, as well as citizens, civil society, and the private sector, to access a single source of official regulations. For instance, in Sierra Leone, despite the requirement that laws, regulations, and amendments be published in the official gazette, it is available only in hard copy upon payment of a fee. The lack of effective registrations and slow digitization often introduce corruption in judicial processes, delaying and in some cases denying justice. Capacity constraints remain a problem across the region, hindering the delivery of justice. For example, South Sudan's legal and judicial systems suffer from undercapacity and a lack of resources to function effectively. However, some countries have improved in this area. For example, in Tanzania, the use of technology has increased citizens' confidence in the judiciary, leading to a significant improvement in the satisfaction of those using the courts. A large portion of the country's court decisions are now electronically published on the judiciary's website, including all the decisions of the court of appeals and the high court.

The wide range of experiences of legal effectiveness across the region is also reflected in crime rates. There is a significant correlation between the level of violence and the structure of the relationship between the state and citizens. In some countries, the level of crime and violence has become an important outward demonstration of fragility. For example, in Guinea-Bissau the World Bank identified the following key attributes as drivers of fragility: (i) an unfinished political transformation driven by elite fragmentation and rent-seeking, which contribute to a lack of inclusive institutions; (ii) a captured and poorly diversified economy that is vulnerable to shocks; (iii) security sector interference in the political and economic spheres; (iv) weak and inequitable administration of justice and lack of effective conflict resolution; and (v) social exclusion, exacerbated by a weak state presence and persistent poverty, which have become sources of resentment and growing grievances.[15]

Levels of crime as an impediment to economic activity remained stable—except in a few countries where significant hostilities between warring parties may have affected economic activity. There is mixed evidence of criminal activity after recent significant social stresses. Ghana continues to record low levels of crime with negligible impact on economic activity despite the government's debt crisis. In contrast, a 2022 nationwide survey in The Gambia found that 76 percent of the respondents agreed that crime rates had increased or increased rapidly. In Ethiopia, the intensification of conflict in parts of the country may have affected economic activity.[16] In Niger, the activities of violent extremist groups continue to affect the country's economic development prospects. The Armed Conflict Location and Event Data Project reports that there were 1,146 fatalities resulting from 439 events of political violence in Niger between January and December 2023. Nevertheless, even in countries that experienced disruptions following military takeover, reports of violence across the countries do not seem to have increased significantly.

15 World Bank, "Fragility and Resilience in Guinea-Bissau," Risk and Resilience Assessment, World Bank, Washington, DC (2020).
16 https://ceprass.gm/wp-content/uploads/2022/04/CepRass_NED_Post_Election_OP_Dissemination_Final.pdf.

Organized crime may be taking root in selected locations. In southwestern and southeastern Nigeria, organized groups have kidnapped business owners and ordinary citizens for ransom payments. The Nigeria Watch and the Nextier Violent Conflict Database for 2022 show that violence, armed groups, and personal insecurity are the "new normal," as is large-scale oil theft, which is locally referred to as "bunkering."[17] In Mozambique, sophisticated and organized criminal networks are active in armed robberies and murders, ivory and drug trafficking, and money laundering.

Although criminal activity may be elevated in some areas of the region, much of the continent experiences a low level of criminal activity. Rwanda is among the top half of global performers on security, ranking number 47 in the Global Competitiveness Report of 2019. The Rwandan government has continued to take measures to prevent crime, and the police and courts remain well respected and trusted by the broader Rwandan community. São Tomé and Príncipe has a low level of violent crime, with the lowest criminality score in Africa, ranking 192 of 193 countries in criminality around the world on the 2023 Global Organized Crime Index.

Overall, the regional average for this criterion remained unchanged at 2.7, following a downgrade from 2.8 in 2022. However, more countries registered increases than decreases, as increases were recorded for Benin, the Republic of Congo, and Malawi, while only Ethiopia's score decreased. While the regional average is relatively low compared to countries outside the region, the score has hardly moved since 2012, fluctuating between 2.7 and 2.8. However, it is concerning to see the most recent scores at the low end of this range while also being the second lowest average score across all 16 criteria. Moreover, property rights and a sound legal system are key components for attracting business activity and ensuring a fundamentally fair marketplace for all economic activity in a country. A consistently low average on such a foundational policy area should be cause for alarm and regional attention.

QUALITY OF BUDGETARY AND FINANCIAL MANAGEMENT

This criterion assesses the extent to which there is a comprehensive and credible budget linked to priorities, financial management systems that ensure that the budget is implemented as intended, and accounting and fiscal reporting that are timely and accurate.

In the area of budgetary and financial management, budget credibility relies on clear oversight and review procedures and the availability of high-quality financial reporting. As debt levels and financing have become an increasing concern for the region, implementing international best practices for budgetary oversight and asset management is critical. Best practices are supported by the Public Expenditure Financial Accountability (PEFA) program, which is a joint program organized by seven international development partners and provides regular detailed assessments of public financial management across countries in the region. PEFA reviews were conducted in 2023 in Burundi, The Gambia, and Togo.

Maintaining budget credibility has been especially challenging in recent years, considering the difficult external environment, which has created legitimate reasons for expenditure deviations from budgeted levels. Nevertheless, deviations from budgeted expenditure have decreased

17 There are slight differences in the Nigeria Watch and Nextier data: in 2020, fatalities were estimated at 7,699 by the latter and 8,280 by the former.

markedly in Benin and Togo. In contrast, in Sudan, the conflict has led to a severe deterioration of budget credibility, and government revenue has decreased to one-third of the planned budget.

Improved oversight of budgetary processes is a central priority for ensuring continued good relations with creditors. Benin has implemented a reform of internal control led by the Presidency's Office and adopted a new legal framework and coordination function of the General Inspectorate of Finance. Kenya has developed a budgeting framework and accountability mechanism for additional allocation grants from the national government to the regional governments. In contrast, the Office of the Auditor General in Zimbabwe has not provided audited appropriation accounts, in violation of the country's legal requirements.

Collection and regular publication of public financial data are a central component of providing transparency and accountability. Mauritania now provides historical data and projections for three years in its medium-term budget planning documents. In contrast, statistical data are neither available nor reliable in Eritrea, due to the lack of transparency and the government's failure to produce budget and expenditure reporting. Chad has not yet fully cleared its backlog of financial statements, and the most recent data available are from 2020. Adding to the financial management issues arising from the conflict, Sudan's financial data system is not integrated and cannot be used to track development or policy implementation, requiring financial accounts to be produced manually.

The average score for this criterion remains unchanged at 2.9, following a decrease in 2022. However, average score trends mask the movement occurring in this area, as eight countries' scores changed: Kenya, Mauritania, Tanzania, and Togo's scores increased, while Chad, Eritrea, Mozambique, and Nigeria's scores decreased. The medium-term slide in this criterion from 3.1 in 2016 largely corresponds to the increase in overall debt levels across the region in recent years. It is concerning to see that financial management and control have not become more robust as these debt levels mount. While the urgency to address high debt levels through improving private sector finance is more pressing as this debt is becoming more costly and constraining on public finances, effective budgetary processes and effective financial management can alleviate some stress in the short term, and the lack of progress in this area is an unnecessary cost to the state at an inopportune moment.

EFFICIENCY OF REVENUE MOBILIZATION

This criterion covers tax policy and tax administration and assesses the overall pattern of revenue mobilization, including not only the tax structure, but also revenues from all sources as they are collected.

Revenue mobilization continues to be a challenge for the region. Addressing many of the challenges facing the region will only be possible if governments are capable of raising revenue from the population. Tax bases across the region remain narrow, making registration and compliance a key priority for governments, while ensuring progressivity will be necessary to prevent significant impacts on poverty. The tax systems already show a significant level of progressivity, with fiscal redistribution leading to a larger change in inequality than in other regions. However, the heavy reliance on subsidies and indirect taxes, such as the VAT, leads to an increase in poverty. In this regard, a simplified system with limited exemptions led to some successes in the region in 2023.

There has been some success in the region in expansion of the tax base through simplifying the tax system. Côte d'Ivoire's 2023 simplification of the personal income tax regime to reflect greater progressivity and clarity is expected to expand the tax base, partly through the high number of people in zero brackets or benefitting from tax-free allowances. In Sierra Leone, a new law has harmonized excise tax rates on domestic and imported commodities, and Nigeria is simplifying and streamlining the tax structure at the subnational level. Expansion of the property tax base through digitized registration and cadasters also has strong potential for improving collection from a potentially progressive source of revenue, while providing proof of ownership and property rights in return for compliance. A handful of countries across the region have pursued this strategy, including Benin, Burkina Faso, Côte d'Ivoire, Nigeria, and Togo. In Nigeria, less than 8 percent of the population reported paying property tax in a recent survey, leading to collection rates of less than 0.1 percent of GDP.

Tax exemptions, especially around the VAT, remain a pressing concern, as relatively narrow tax bases concentrate the political base for such exemptions. In Ghana, the cost of VAT exemptions alone is estimated to be about 2 percent of GDP, which is a significant size compared to tax receipts of 13.2 percent of GDP. As a result, the country is planning to remove selected exemptions and has adopted administrative guidelines for the application of exemptions and procedures for assessing and granting such applications. Similarly, Sierra Leone has removed exemptions on the goods and services tax for selected classifications of goods and instituted a 2 percent alternate minimum tax. Uganda has adopted a framework for the management and rationalization of tax expenditures.

The average score for this criterion was unchanged at 3.2 in 2023, following a decrease in 2022, as there were an equal number of score increases and decreases. Specifically, increases were recorded for The Gambia, Rwanda, and Togo, while decreases were recorded for Eritrea, Ethiopia, and Lesotho. Similar to the previous two criteria, this score has seen a recent slide since 2018, when the score was 3.4. Shortfalls in revenue mobilization have been a large component of the increasing debt levels in recent years, and while the economic pressures from COVID-19 could justify delaying fiscal contractions, these downward trends preceded the onset of the global pandemic.

QUALITY OF PUBLIC ADMINISTRATION

This criterion assesses the functioning of the core administration—defined as the civilian central government and subnational governments, excluding health and education personnel and police—in three areas: managing its own operations, ensuring quality in policy implementation and regulatory management, and coordinating the larger public sector human resources management regime outside the core administration.

While the quality of public administration across the region remains stable, the key driver of quality is state capacity, with wealthier countries faring better than poorer ones. The central role of state capacity is most evident in the quality of public administration and regulatory management, where regulatory, monitoring, and evaluation systems largely determine the effectiveness of government operations. Moreover, the transformational benefits a country obtains from implementing electronic technologies across government functions are determined by the country's information technology and energy infrastructure, which are fundamental limitations in poorer countries. This dependence on resources is exacerbated by the inefficiencies in poorer countries, which lead to significant waste and slow the progress of reform, as is most notable in the high costs of inefficient wage bills.

Weak regulatory systems remain common across the region. The weak quality of public administration systems is evident in the slow pace of the workflow and bureaucratic bottlenecks, which are usually experienced in performing routine public administration functions, such as filing taxes or registering births. However, there are some bright spots, especially in the middle-income countries, such as Cabo Verde, which boasts strong capacity for regulatory management. However, other countries score low on the Bertelsmann Transformation Index (BTI). The BTI report for 2022 indicates that substantial parts of state administrations are staffed with national service recruits who must find additional employment to earn a sufficient income. For example, in Eritrea, public administration is still plagued by weak rules and regulations for staff assignment, uncompetitive salaries, uncompetitive work environments, aging civil servants, and absence of merit-based recruitment.[18]

Lack of resources, poor coordination, and weak capacity fundamentally undermine the monitoring of employees in poorer countries. The lack of monitoring and evaluation systems and the ineffective performance management culture mean that governments cannot track performance across the board. This is exacerbated by the limited availability of data to ensure that public sector decisions are evidence based. Similarly, across many countries, implementation capacity is a challenge, and day-to-day operations are undertaken manually, leading to slow execution. For example, in Burundi, it takes three months to process employment of new staff and another three months to process salaries for new employees. Nevertheless, some countries are making progress, including Cabo Verde, where a new law supports performance management.

Poor monitoring of public employees is especially problematic, given that wage bills represent the largest public expense and are growing in many countries in the region. In Ethiopia, for example, the wage bill as a percentage of GDP increased nearly 25 percent, from 5.3 to 6.6 percent, between 2000 and 2020—largely due to the expanding public sector workforce. A related issue is that of payroll management and the associated problem of payroll integrity, which have led to what is commonly referred to as "ghost workers" across many African countries.

Although countries have begun to use electronic systems for public sector management, the lack of supporting infrastructure and practices can limit the systems' effectiveness. In addition to the limitations of internet and electricity infrastructure, these systems are hampered by the lack of technical capacity and lack of a strong institutional culture anchoring public sector employees' behavior. The efforts of a few countries stand out as they are integrating technology

18 G. K. Habtom, "Reviewing Decades of Civil Service Reforms in Sub-Saharan Africa: Drawing Lessons for Eritrea," International Journal of Public Administration and Management Research 6 (1, 2021).

into public sector management. For example, in Côte d'Ivoire, the government has introduced modernization of business processes and one-stop shops. Ghana and Nigeria have introduced electronic procurement, and Kenya and Tanzania are experimenting with using technology in the justice system, with good results. Burundi has digitalized about 80 percent of the public sector personnel files, and the Central African Republic introduced mobile payments for government services. To augment public service delivery and policy implementation, countries are increasingly trying new measures—key among them is the introduction of delivery units to augment the capacity of central government ministries.

Despite these improvements, political interference and favoritism undermine public sector recruitment. In Ghana, for instance, merit-based recruitment is enforced, but the civil service remains acutely politicized, as is the case in other African countries. Yet, the region has also witnessed improvements in recruitment practices, for example, in Côte d'Ivoire, which has a new law and clear guidelines on promotion, recruitment, and performance management. Similarly, in The Gambia, recruitment of teachers and health care workers has increasingly become merit based, although the wage bill has continued to increase and represents a large share of government spending.

The regional average for this criterion remained unchanged for the fifth consecutive year, at 2.8. While the regional average for this criterion outperforms countries in other regions, the low level of 2.8 without significant progress is nonetheless concerning. This stagnation is apparent at the level of individual changes for 2023, as the only increase, Burkina Faso, was offset by two decreases, Eritrea and Ethiopia.

TRANSPARENCY, ACCOUNTABILITY, AND CORRUPTION IN THE PUBLIC SECTOR

This criterion assesses the extent to which the executive, legislators, and other high-level officials can be held accountable for their use of funds, administrative decisions, and the results obtained. The criterion covers the accountability of the executive and other top officials to effective oversight institutions, access of civil society to timely and reliable information on public spending and public policies, state capture by narrow vested interests, and integrity in the management of public resources.

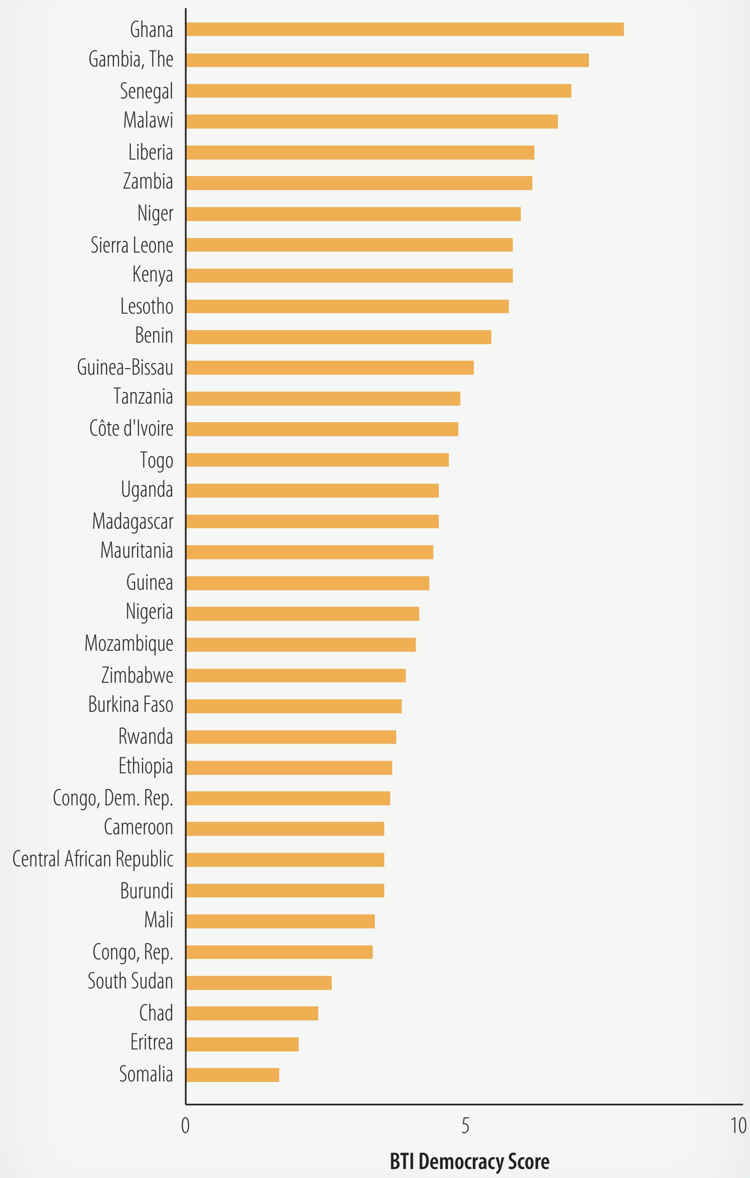
In 2023, there was mixed progress in the oversight of public sector institutions, with accountability and political independence of the media suffering in some countries. International governance monitoring organizations have helped to facilitate technical support and aid for reforms that foster transparency. However, significant challenges remain, with a disproportionate number of elections scheduled to take place in 2024.

Accountability of the executive presents a mixed story. Across the region, the executive remains dominant despite laws promoting the separation of powers, although there are a few checks and balances in some countries. Executive dominance is often fueled by weak parliaments, notably in the Sahel where opportunities for military takeovers arose partially due to the weakening of the social contract arising from weak accountability and loss of public trust. The lack of accountability is self-perpetuating in all the countries that have recently faced military takeovers, and the transitional authorities have not announced a clear calendar for elections.

However, there are efforts among African countries to hold the executive to account. For example, there are asset declaration laws in many countries, even if their implementation remains mixed. Asset declarations are required for cabinet ministers in Burkina Faso and for all elected officials in the Central African Republic. Anti-corruption agencies are another key tool for ensuring accountability, but for the most part, they have not been able to address the prevalence of corruption, often due to the protection of unaccountable executives. In some cases, such as the Central African Republic and Ghana, the existence of multiple bodies dealing with corruption undermines the fight against it. In other countries, such as Chad, there is a complete lack of independent regulatory bodies. In other instances, weak or politicized judiciaries may be ineffective against corruption, such as in the Comoros, where the executive branch has the power to revoke judges' appointments.

Government transparency and commitment to good governance remain key priorities for countries in the continent. Africa contains over 30 percent of the world's natural resources, which are a key driver of political instability and state capture. Only 10 of the 39 countries covered by this report are national members of the Open Government Partnership program. However, according to the BTI, the region does relatively well on democracy and governance status (figure 3.15), slightly trailing Asia and Oceania, with the low average for economic status dragging down the overall regional average.

FIGURE 3.15: The Africa Region Exhibits a Wide Range of Democratic Effectiveness



Source: Bertelsmann Transformation Index (BTI) (www.bti-project.org).

Finally, the scrutiny provided by civil society, including a free press, remains a key ingredient in government accountability. The region's median World Press Freedom Index value has declined alarmingly, from a high of 72.2 in 2013 to 55.4 in 2024. The index now classifies nearly 40 percent of the region's countries as "difficult." This has led Reporters Without Borders, the agency responsible for the index, to label Africa "a high-risk continent for journalists." Specifically, the organization points to recent elections leading to a surge in violence against journalists and the use of media regulators to censor messages. It identified the Democratic Republic of Congo, Guinea, Madagascar, Nigeria, Senegal, and Togo as having expanded troubling practices in 2023.

The regional average for this criterion has remained unchanged at 2.7 for the past 12 years. It is concerning that this is the lowest among all 16 criteria and the most significant shortfall compared to other regions, and that there has been no progress for over a decade. Additionally, there were more score decreases than increases for the year, with the Democratic Republic of Congo and Côte d'Ivoire recording increases, while Burkina Faso, Burundi, Eritrea, Mali, and South Sudan recorded decreases.

Reforms in other areas of the CPIA are not substitutes for sound constitutional oversight and transparent, accountable governments, as the CPIA indicators are meant to give an impression of where work remains to be done rather than an overall level of a country's institutional quality. While we report score averages for each country for the purposes of summary and intertemporal comparison, the analysis in this report and the indications of best practices are more central to the assessment process. In many respects, policy improvements are a hierarchy, as foundational issues often need to be addressed before more nuanced considerations can be considered. In this context, lower scores, such as those seen for this criterion, should take priority before trying to improve other areas where scores might be higher.

Section 4: Country Tables

Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.9	▲ 0.1	4.2	3.7
Above IDA Avg.	Increase	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	13.7
GDP (current US$, billions)	19.7
GDP per capita (current US$)	1,434.7
International poverty rate (US$2.15) (% of population)	11.7

Country Policy and Institutional Assessment 2023

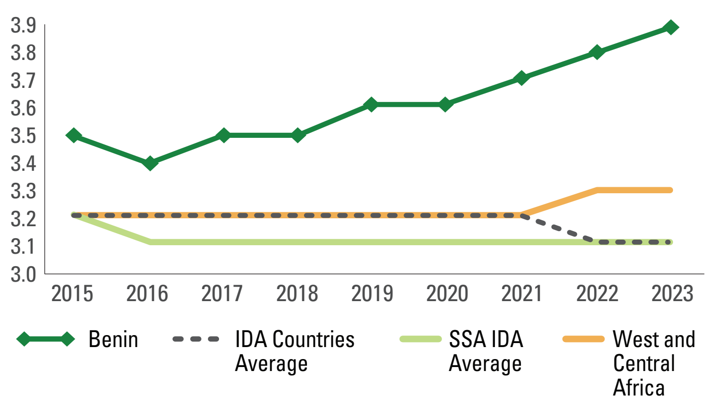
Indicator	Benin	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**4.2**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	4.0	3.3	3.1	3.0
Debt Policy and Management	4.5	3.3	3.1	3.1
Structural Policies	**3.8**	**3.3**	**3.2**	**3.2**
Trade	4.5	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	4.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.9**	**3.4**	**3.3**	**3.3**
Gender Equality	4.0	3.3	3.3	3.3
Equity of Public Resource Use	4.0	3.6	3.4	3.4
Building Human Resources	4.5	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.7**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	4.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.4	3.2	3.3
Quality of Public Administration	3.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.9	2.7	2.8
Overall CPIA Score	**3.9**	**3.3**	**3.1**	**3.1**

Highlights

- Monetary policy response controlled inflation; efforts to streamline tax expenditures continued; and tax measures included removal of regressive tax exemptions for certain services, application of the minimum tax on the sale of used vehicles, and others.
- Streamlining and automating the business registration process significantly reduced the time to register businesses.
- Social assistance programs have been expanded to include unconditional cash transfers and labor-intensive public works in the poorest communes. The Initial Administrative Census registers over 90% of the population to identify those in need.
- The National Real Property Agency improved transparency and digitalized property tax payments, reducing the time needed to register a property.

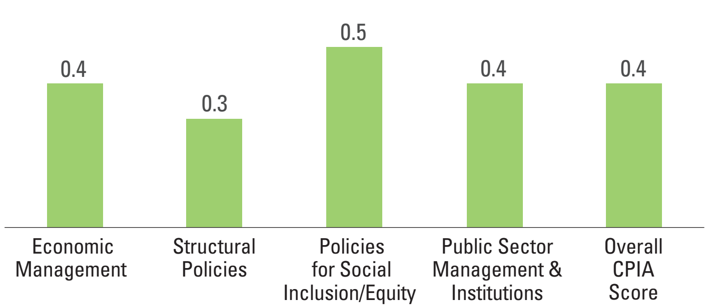
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



Definitions:

- CPIA: Country Policy and Institutional Assessment
- IDA: International Development Association, the arm of the World Bank Group that provides credits to the poorest countries
- SSA: Sub-Saharan Africa

- Poverty data are based on the MFMod Database, Macro-Poverty Outlook, World Bank, spring 2024. Poverty data are expressed in 2017 purchasing power parity.
- The cutoff date for the World Development Indicators database is July 2024.

Average scores for comparisons refer to country groupings as follows:

- **IDA Borrowing Countries**: 74 countries eligible for IDA credits and with CPIA scores in 2023
- **SSA IDA Countries**: 39 SSA IDA countries that had CPIA scores in 2023
- **West and Central Africa**: 20 SSA IDA countries with CPIA scores in 2023
- **East and Southern Africa**:19 SSA IDA countries with CPIA scores in 2023

Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
3.4	▼ 0.1	3.5	3.2
Above IDA Avg.	Decrease	(Economic Management, Structural Policies, and Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	23.3
GDP (current US$, billions)	20.3
GDP per capita (current US$)	874.1
International poverty rate (US$2.15) (% of population)	25.9

Country Policy and Institutional Assessment 2023

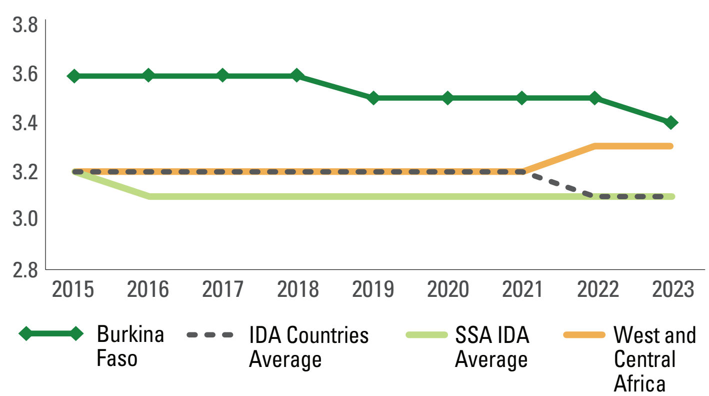
Indicator	Burkina Faso	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.5**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	2.5	3.3	3.1	3.0
Debt Policy and Management	4.0	3.3	3.1	3.1
Structural Policies	**3.5**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.5**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.4	3.3	3.2
Public Sector Management and Institutions	**3.2**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.4**	**3.3**	**3.1**	**3.1**

Highlights

- Annual inflation dropped to 0.7 percent, partly due to a successful agricultural season and the BCEAO's monetary policy.
- The country began fiscal consolidation, reducing the deficit to 6.4% of GDP. This involved cutting capital investment and subsidies, while maintaining high spending on defense/security and humanitarian aid.
- Efforts were undertaken to keep domestic revenue mobilization robust. However, there were no particularly progressive reforms of the tax code to align revenue collection with national poverty reduction priorities.
- The quality of the legal and judicial system has declined, and there is a need to strengthen property rights, which requires enhancing the legal framework and reducing the impact of violence on economic activity.

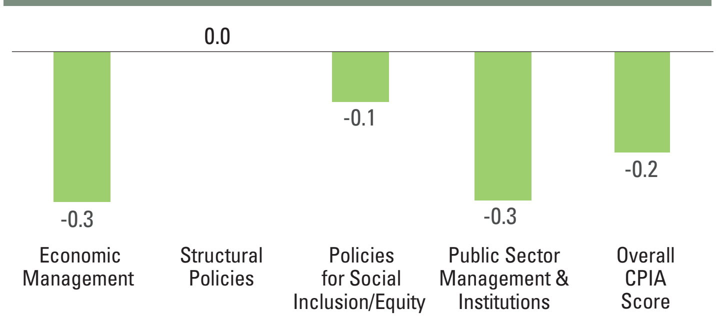
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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- **East and Southern Africa**:19 SSA IDA countries with CPIA scores in 2023

Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.1	▲ 0.1	3.7	2.4
At the IDA Avg.	Increase	(Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	13.2
GDP (current US$, billions)	2.6
GDP per capita (current US$)	199.6
International poverty rate (US$2.15) (% of population)	62

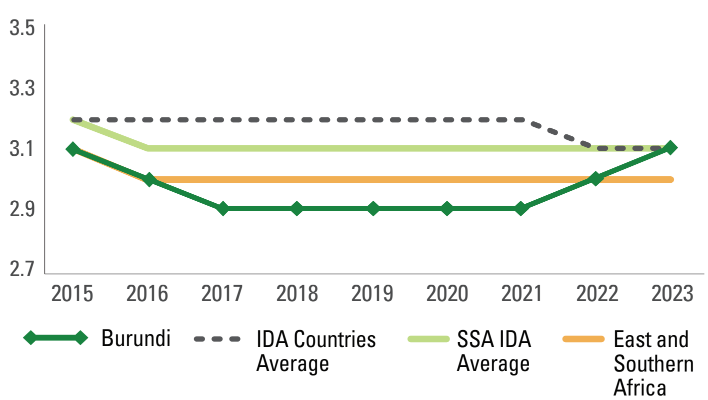
Country Policy and Institutional Assessment 2023

Indicator	Burundi	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.1	3.4	3.4
Fiscal Policy	3.0	2.8	3.1	3.0
Debt Policy and Management	2.5	2.8	3.1	3.1
Structural Policies	**3.3**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	3.0	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.2**	**3.3**	**3.3**
Gender Equality	4.0	3.2	3.3	3.3
Equity of Public Resource Use	3.5	3.3	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.2	3.3	3.2
Public Sector Management and Institutions	**2.4**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.1	3.2	3.3
Quality of Public Administration	2.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.5	2.4	2.7	2.8
Overall CPIA Score	**3.1**	**3.0**	**3.1**	**3.1**

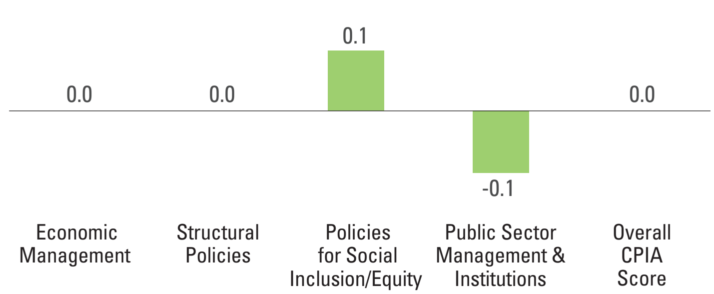
Highlights

- The country took steps to make the exchange rate more flexible, reducing restrictions on capital movement and use of foreign exchange in domestic markets.
- The financial sector saw an increased ratio of bank deposits to gross domestic product, a steady decline in the average interest rate for domestic currency loans, and significant growth in net banking income.
- The lack of legislation ensuring public access to information and the restrictions on civil society organizations significantly impair transparency, accountability, and citizens' free expression.
- Policy actions are needed to strengthen the legal system, enforce contracts, enhance transparency, and limit the political influence of vested groups.

Trend — OVERALL CPIA SCORES



Progress — CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
3.9	–	4.0	3.5
Above IDA Avg.	No change	(Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions)	(Economic Management)

Population (millions)	0.6
GDP (current US$, billions)	2.6
GDP per capita (current US$)	4,321.6
International poverty rate (US$2.15) (% of population)	3.5

Country Policy and Institutional Assessment 2023

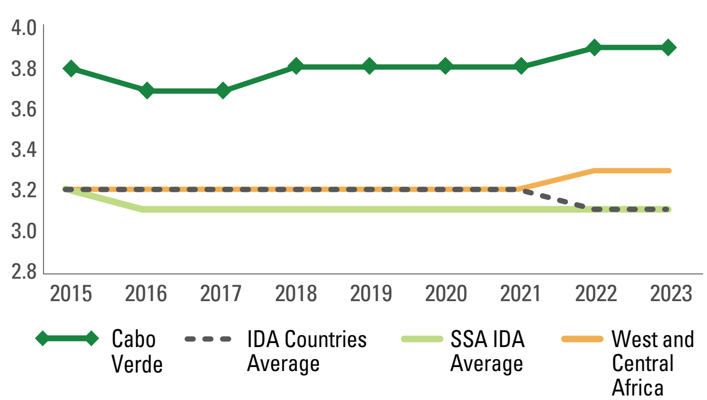
Indicator	Cabo Verde	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.5**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	3.0	3.3	3.1	3.1
Structural Policies	**4.0**	**3.3**	**3.2**	**3.2**
Trade	4.5	3.9	3.7	3.7
Financial Sector	3.5	2.8	2.7	2.8
Business Regulatory Environment	4.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**4.0**	**3.4**	**3.3**	**3.3**
Gender Equality	4.0	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	4.5	3.6	3.6	3.6
Social Protection and Labor	4.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.4	3.3	3.2
Public Sector Management and Institutions	**4.0**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	4.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.4	3.2	3.3
Quality of Public Administration	4.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	4.5	2.9	2.7	2.8
Overall CPIA Score	**3.9**	**3.3**	**3.1**	**3.1**

Highlights

- The projected economic growth indicated a continuing recovery, while inflationary pressures eased.
- Debt management improved through legal framework enhancements, transparent reporting, and fiscal risk management, but despite some advances in oversight of state-owned enterprises and monitoring of risks, fiscal risks and the debt-to-GDP ratio remained high.
- The country implemented a plan to increase revenue through digitalization and introduced new tax measures to enhance compliance and efficiency.
- There were concerning deviations between actual and budgeted expenditures, indicating a need for better budgetary control and forecasting.

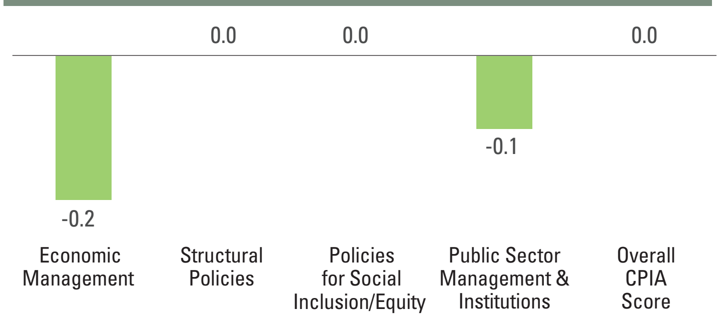
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.3	–	3.7	3.0
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	28.6
GDP (current US$, billions)	47.9
GDP per capita (current US$)	1,673.6
International poverty rate (US$2.15) (% of population)	23.9

Country Policy and Institutional Assessment 2023

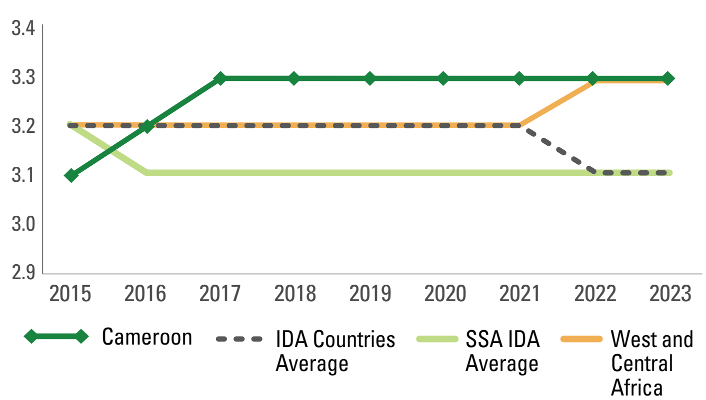
Indicator	Cameroon	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.7**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	3.5	3.3	3.1	3.1
Structural Policies	**3.3**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	3.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.3**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	3.0	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.0**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.3**	**3.3**	**3.1**	**3.1**

Highlights

- The fiscal deficit improved, with reduced fuel subsidies, increased oil and non-oil revenues, and tax policy measures, including higher taxes on certain imported goods.
- There was progress in the education sector in finalizing an aligned strategy, developing an integrated platform, introducing results-based financing, and improving data on learning.
- Property rights should be further strengthened through legal reforms and enhanced efficiency and integrity of the judicial system.
- There is a need to improve executive accountability. While several institutions and mechanisms aim to hold executives accountable, more checks and balances could be added.

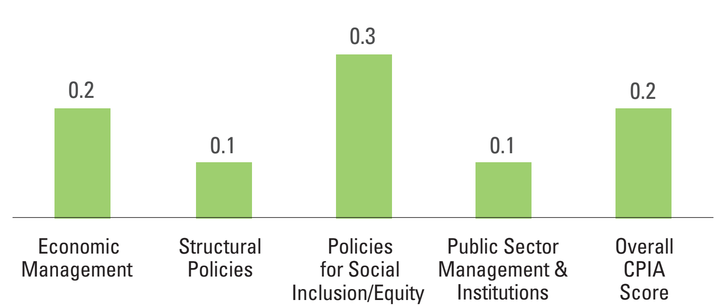
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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CENTRAL AFRICAN REPUBLIC

Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
2.6	–	3.2	2.3
Below IDA Avg.	No change	(Economic Management)	(Policies for Social Inclusion and Equity)

Population (millions)	5.7
GDP (current US$, billions)	2.6
GDP per capita (current US$)	445.0
International poverty rate (US$2.15) (% of population)	65.9

Country Policy and Institutional Assessment 2023

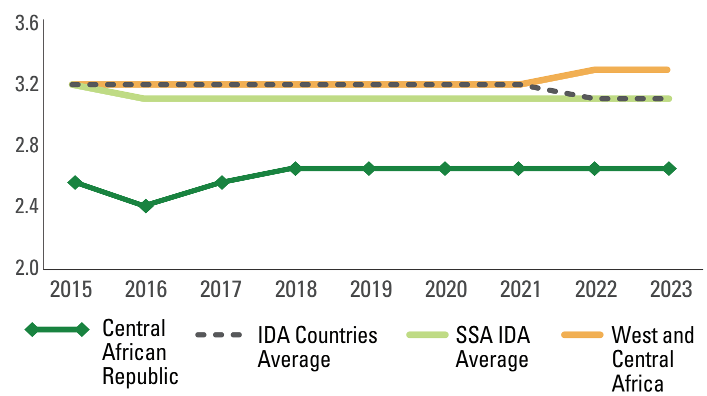
Indicator	Central African Republic	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.2**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	3.0	3.3	3.1	3.0
Debt Policy and Management	3.0	3.3	3.1	3.1
Structural Policies	**2.5**	**3.3**	**3.2**	**3.2**
Trade	3.0	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	2.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**2.3**	**3.4**	**3.3**	**3.3**
Gender Equality	2.5	3.3	3.3	3.3
Equity of Public Resource Use	2.5	3.6	3.4	3.4
Building Human Resources	2.5	3.6	3.6	3.6
Social Protection and Labor	2.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.0	3.4	3.3	3.2
Public Sector Management and Institutions	**2.4**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	2.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	2.5	3.4	3.2	3.3
Quality of Public Administration	2.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.9	2.7	2.8
Overall CPIA Score	**2.6**	**3.3**	**3.1**	**3.1**

Highlights

- The government continued to work on reducing the public debt, paying off arrears, and producing and publishing annual reports on debt statistics.
- The government continued to increase spending on the social sector, including on education, health, and social protection.
- There is a need to address the challenges in education, particularly low completion rates and limited access to quality education for rural and female students.
- Addressing high maternal mortality and fertility rates and increasing public spending on education and health are crucial needs that require the government's attention.

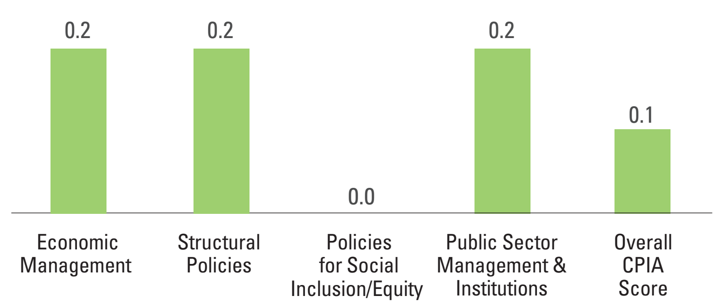
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
2.7	–	3.2	2.3
Below IDA Avg.	No change	(Economic Management)	(Structural Policies)

Population (millions)	18.3
GDP (current US$, billions)	13.1
GDP per capita (current US$)	719.4
International poverty rate (US$2.15) (% of population)	29.9

Country Policy and Institutional Assessment 2023

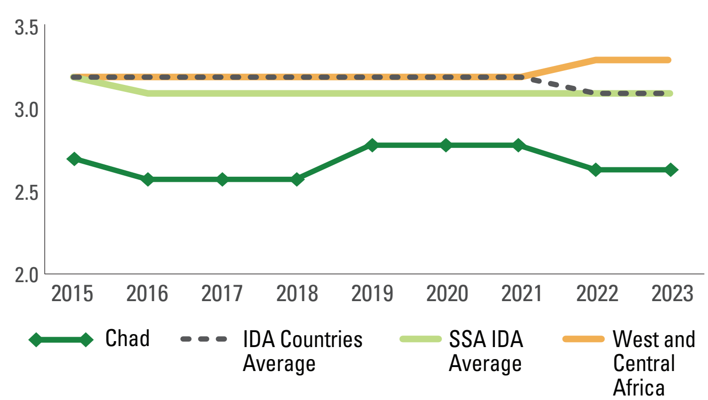
Indicator	Chad	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.2**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	3.0	3.3	3.1	3.0
Debt Policy and Management	3.0	3.3	3.1	3.1
Structural Policies	**2.3**	**3.3**	**3.2**	**3.2**
Trade	3.0	3.9	3.7	3.7
Financial Sector	1.5	2.8	2.7	2.8
Business Regulatory Environment	2.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**2.9**	**3.4**	**3.3**	**3.3**
Gender Equality	2.5	3.3	3.3	3.3
Equity of Public Resource Use	3.0	3.6	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.5	3.4	3.3	3.2
Public Sector Management and Institutions	**2.4**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	2.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	2.5	3.4	3.2	3.3
Quality of Public Administration	2.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.0	2.9	2.7	2.8
Overall CPIA Score	**2.7**	**3.3**	**3.1**	**3.1**

Highlights

- The country's fiscal policy needs to be improved, particularly in non-oil revenue mobilization and tax administration. Efforts are underway to strengthen tax collection and administration through reform of public financial management and other actions.
- Significant challenges remain in the financial sector, including low financial inclusion.
- Significant challenges in checks and balances on executive power and limited public influence over policies and decisions remain essential.
- There are substantial gaps in budget transparency, accountability, and public participation in the country's financial management systems.

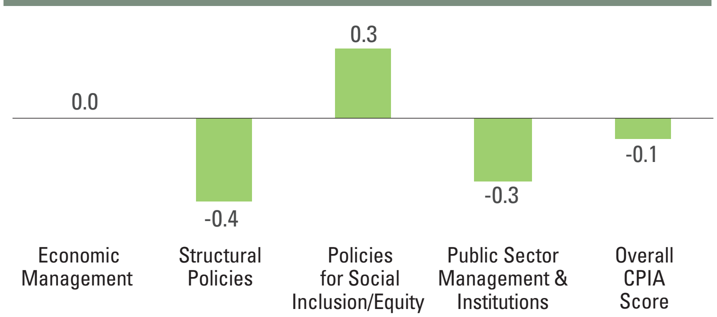
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
2.7	▲ 0.1	3.0	2.1
Below IDA Avg.	Increase	(Structural Policies)	(Public Sector Management and Institutions)

Population (millions)	0.9
GDP (current US$, billions)	1.4
GDP per capita (current US$)	1,587.2
International poverty rate (US$2.15) (% of population)	18.1

Country Policy and Institutional Assessment 2023

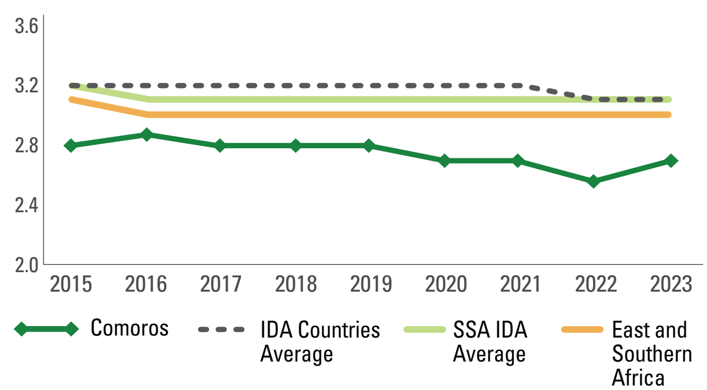
Indicator	Comoros	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.7**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.1	3.4	3.4
Fiscal Policy	2.5	2.8	3.1	3.0
Debt Policy and Management	2.5	2.8	3.1	3.1
Structural Policies	**3.0**	**3.1**	**3.2**	**3.2**
Trade	3.5	3.5	3.7	3.7
Financial Sector	2.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**2.9**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	3.0	3.6	3.6	3.6
Social Protection and Labor	2.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.2	3.3	3.2
Public Sector Management and Institutions	**2.1**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	2.0	3.1	3.2	3.3
Quality of Public Administration	2.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.0	2.4	2.7	2.8
Overall CPIA Score	**2.7**	**3.0**	**3.1**	**3.1**

Highlights

- The monetary policy continued to tighten with the maintenance of the 15 percent mandatory reserve requirement and increased liquidity absorption operations.
- Financial services access improved with mobile money for retail payments, increased account ownership, and the development of international electronic payment systems by commercial banks.
- Governance requires attention to budgetary and financial management systems and transparency and accountability mechanisms.
- Weak governance continues to constrain revenue performance—weak tax compliance and enforcement, substantial tax exemptions, limited effective controls, and corruption of tax officials.

Trend

OVERALL CPIA SCORES



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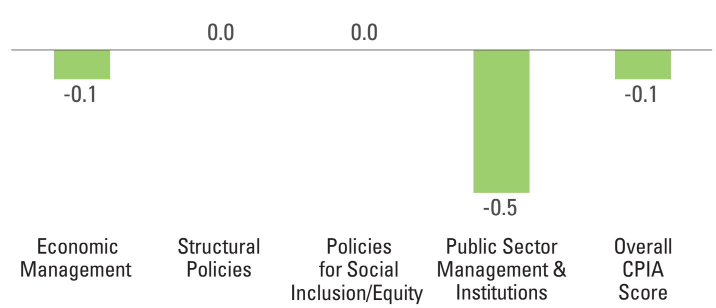

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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.2	▲ 0.1	3.8	2.6
Above IDA Avg.	Increase	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	102.3
GDP (current US$, billions)	66.4
GDP per capita (current US$)	649.1
International poverty rate (US$2.15) (% of population)	74.6

Country Policy and Institutional Assessment 2023

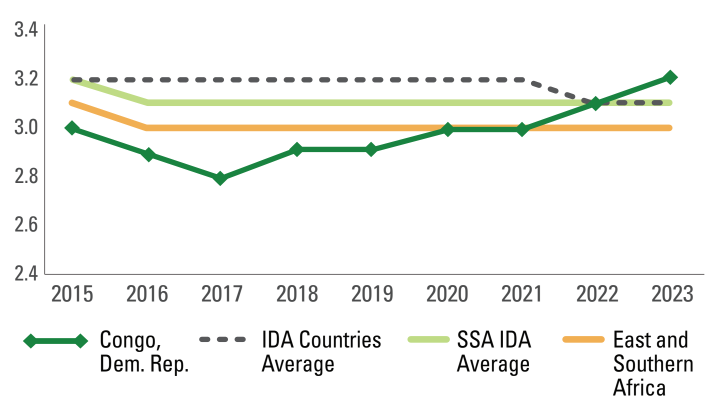
Indicator	Congo, Dem. Rep.	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.1	3.4	3.4
Fiscal Policy	3.5	2.8	3.1	3.0
Debt Policy and Management	4.0	2.8	3.1	3.1
Structural Policies	**3.2**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	2.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.1**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	3.5	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	2.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.2	3.3	3.2
Public Sector Management and Institutions	**2.6**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.4	2.7	2.8
Overall CPIA Score	**3.2**	**3.0**	**3.1**	**3.1**

Highlights

- The macroeconomic framework remained relatively stable, and the Central Bank of Congo's proactive monetary policy helped to mitigate the effects of external shocks.
- Performance on trade facilitation improved significantly, particularly in customs, infrastructure, and international shipments.
- Although integrity in using public funds remains challenging, there was progress in monthly reporting of overall spending. The publication of the financial statements of nine extractive sector state-owned enterprises improved transparency.
- Governance remains weak, and improvements are needed in the legal framework, public financial management, and civil society's access to information.

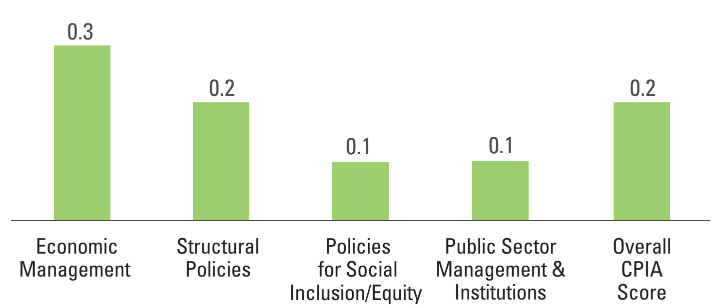
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
2.9	▲ 0.1	3.0	2.7
Below IDA Avg.	Increase	(Economic Management and Policies for Social Inclusion and Equity)	(Structural Policies)

Population (millions)	6.1
GDP (current US$, billions)	15.3
GDP per capita (current US$)	2,508.8
International poverty rate (US$2.15) (% of population)	46.8

Country Policy and Institutional Assessment 2023

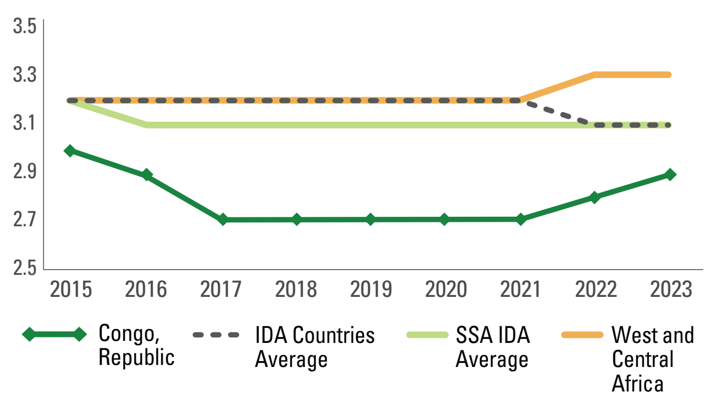
Indicator	Congo, Republic	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.0**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	2.0	3.3	3.1	3.1
Structural Policies	**2.7**	**3.3**	**3.2**	**3.2**
Trade	3.5	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	2.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.0**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	3.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.5	3.4	3.3	3.2
Public Sector Management and Institutions	**2.8**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.4	3.2	3.3
Quality of Public Administration	2.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.9	2.7	2.8
Overall CPIA Score	**2.9**	**3.3**	**3.1**	**3.1**

Highlights

- The regional central bank has taken appropriate measures to contain inflationary pressures and support the external viability of the exchange rate arrangement.
- The country took steps to enhance revenue mobilization. The fiscal strategy for 2023 and beyond includes fiscal consolidation, improved governance, and protection of vulnerable groups.
- Efforts were made to improve the enforcement of protections against gender-based violence under the 2022 Mouebara law, including launching awareness campaigns, building institutional capacity, and establishing a new hotline for victims.

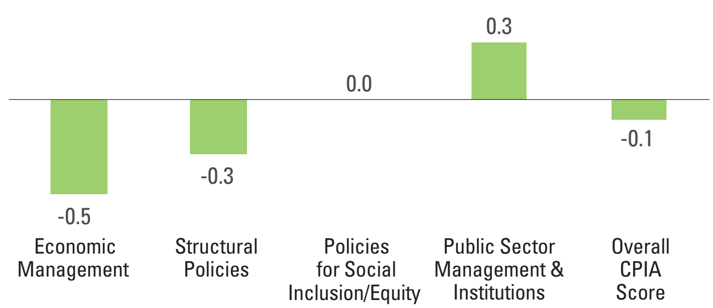
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing clusters
3.8	▲ 0.1	4.0	3.7
Above IDA Avg.	Increase	(Economic Management)	(Policies for Social Inclusion and Equity and Public Sector Management and Institutions)

Population (millions)	28.9
GDP (current US$, billions)	78.8
GDP per capita (current US$)	2,728.8
International poverty rate (US$2.15) (% of population)	10.1

Country Policy and Institutional Assessment 2023

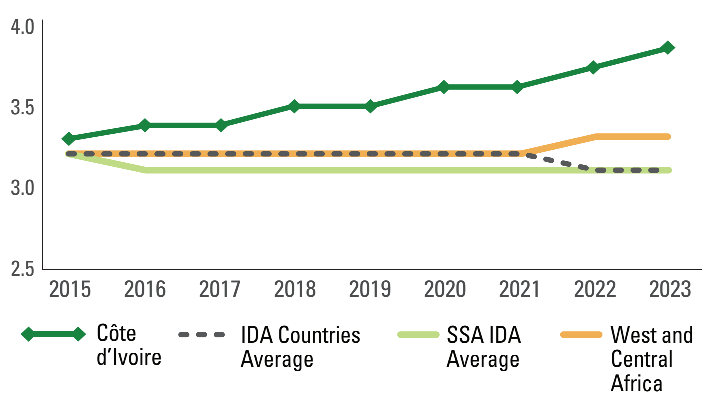
Indicator	Côte d'Ivoire	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**4.0**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	4.0	3.3	3.1	3.0
Debt Policy and Management	4.0	3.3	3.1	3.1
Structural Policies	**3.8**	**3.3**	**3.2**	**3.2**
Trade	4.5	3.9	3.7	3.7
Financial Sector	3.5	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	4.0	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.4	3.3	3.2
Public Sector Management and Institutions	**3.7**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	4.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	4.0	2.9	2.7	2.8
Overall CPIA Score	**3.8**	**3.3**	**3.1**	**3.1**

Highlights

- The government implemented policy measures to increase tax revenue and support fiscal consolidation. As a result, tax revenues increased by one percentage point to reach 13.6 percent of GDP.
- The government made strides in fighting corruption, establishing the High Authority for Good Governance and a new Agency for Criminal Asset Recovery and Management.
- Further efforts are needed to improve gender equality policies, enhance labor standards, and strengthen service delivery and civil society participation in community development programs.

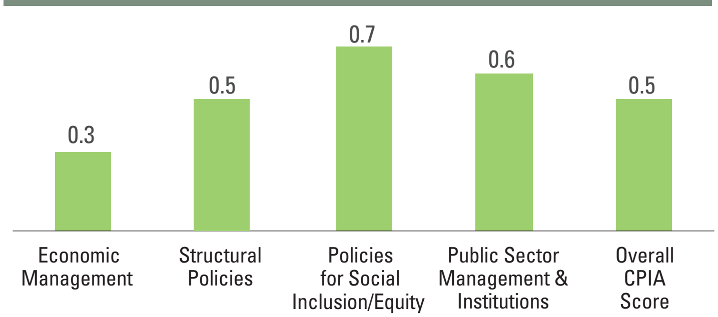
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
1.7	▼ 0.1	2.6	1.2
Below IDA Avg.	Decrease	(Policies for Social Inclusion and Equity)	(Structural Policies)

Population (millions)	3.7
GDP (current US$, billions)	NA
GDP per capita (current US$)	NA
International poverty rate (US$2.15) (% of population)	NA

Country Policy and Institutional Assessment 2023

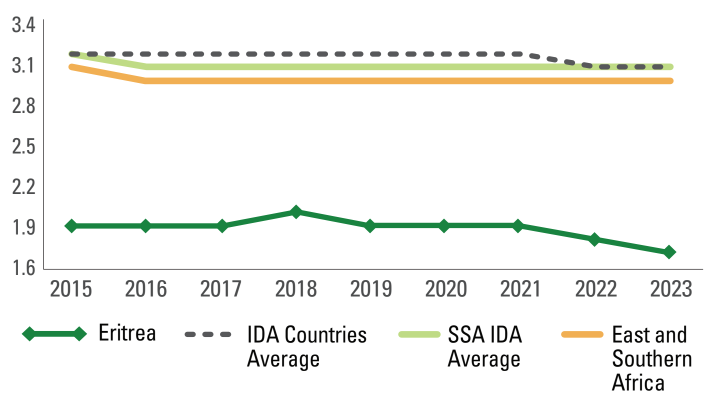
Indicator	Eritrea	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**1.5**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	1.5	3.1	3.4	3.4
Fiscal Policy	1.5	2.8	3.1	3.0
Debt Policy and Management	1.5	2.8	3.1	3.1
Structural Policies	**1.2**	**3.1**	**3.2**	**3.2**
Trade	1.5	3.5	3.7	3.7
Financial Sector	1.0	2.7	2.7	2.8
Business Regulatory Environment	1.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**2.6**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	2.5	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	2.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.0	3.2	3.3	3.2
Public Sector Management and Institutions	**1.5**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	1.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	1.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	2.0	3.1	3.2	3.3
Quality of Public Administration	2.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.0	2.4	2.7	2.8
Overall CPIA Score	**1.7**	**3.0**	**3.1**	**3.1**

Highlights

- The overall CPIA score declined from a very low base, and lack of data sharing from the authorities made assessment difficult.
- Public administration is plagued by weak rules and regulations, uncompetitive salaries and work environments, aging civil servants, and absence of merit-based recruitment.
- Weak property rights and legal frameworks inhibit registering land and property rights.
- Immediate policy actions are needed to improve macroeconomic debt management; strengthen the financial sector and private sector development; and improve public sector management, transparency, and accountability.

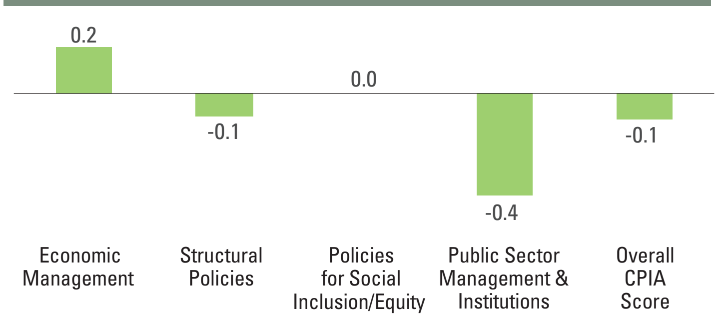
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.2	▼ 0.1	3.5	2.8
Above IDA Avg.	Decrease	(Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	126.5
GDP (current US$, billions)	163.7
GDP per capita (current US$)	1,293.8
International poverty rate (US$2.15) (% of population)	24.9

Country Policy and Institutional Assessment 2023

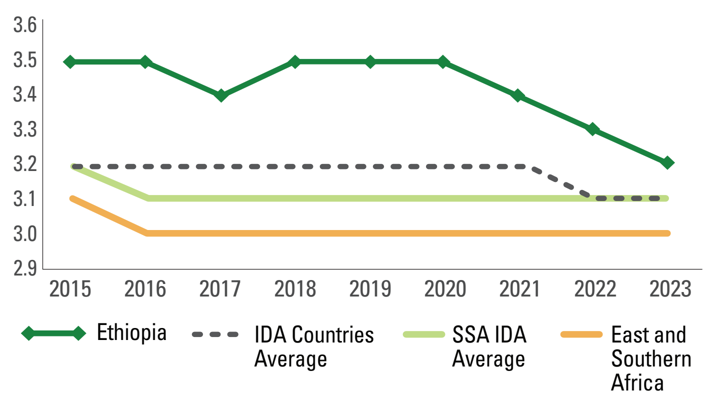
Indicator	Ethiopia	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.5	3.1	3.4	3.4
Fiscal Policy	3.5	2.8	3.1	3.0
Debt Policy and Management	2.5	2.8	3.1	3.1
Structural Policies	**3.2**	**3.1**	**3.2**	**3.2**
Trade	3.5	3.5	3.7	3.7
Financial Sector	3.0	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.5**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	3.5	3.3	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**3.1**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	4.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.1	3.2	3.3
Quality of Public Administration	3.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.4	2.7	2.8
Overall CPIA Score	**3.2**	**3.0**	**3.1**	**3.1**

Highlights

- Credit controls and foreign exchange restrictions were used to pursue price stability and mitigate the effects of shocks.
- Security issues affected the business environment, tax administration was disputed, and customs procedures and port delays posed challenges for exporting firms.
- The legal framework for judicial appointments and evidence of continued efforts to improve the transparency of judicial decisions translated into improvements in the global index; however, it remains weak.
- The core administration showed a moderate capacity to ensure the quality of policy and regulatory management. However, systemic food aid diversion demonstrated the inefficacy of its quality assurance and accountability controls.

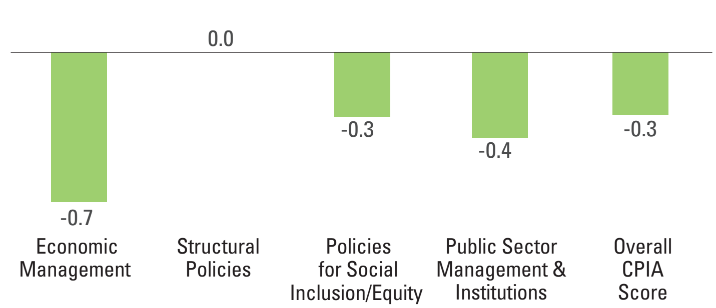
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.1	–	3.6	2.7
At the IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	2.8
GDP (current US$, billions)	2.3
GDP per capita (current US$)	843.8
International poverty rate (US$2.15) (% of population)	16.9

Country Policy and Institutional Assessment 2023

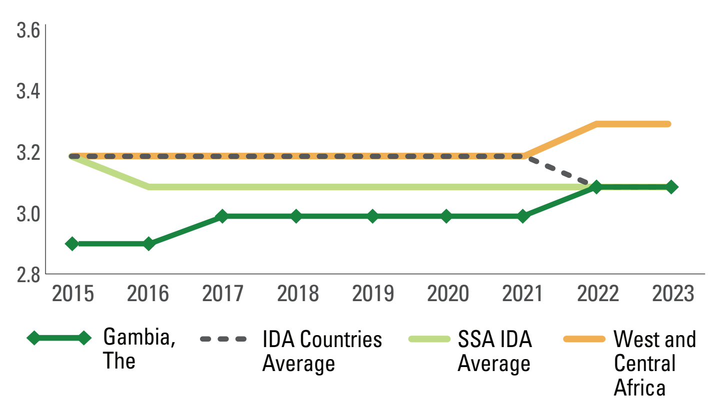
Indicator	Gambia, The	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.7**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.7	3.4	3.4
Fiscal Policy	2.5	3.3	3.1	3.0
Debt Policy and Management	2.5	3.3	3.1	3.1
Structural Policies	**3.2**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	3.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.6**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	4.5	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.1**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.1**	**3.3**	**3.1**	**3.1**

Highlights

- Significant measures were taken to fortify the fiscal position, including the rollout of Asycuda World, standardization of border clearance procedures, establishment of a new risk management system at all borders and inland control posts, and completion of the taxpayer update for larger taxpayers.
- The banking sector's asset quality improved, with nonperforming loans falling, and the Central Bank of The Gambia raised the policy rate. However, the effectiveness of this tightening in curbing inflation was limited because inflation is primarily imported.
- Priority areas for improvement are macroeconomic policy, financial inclusion, accountability in the public sector, and property rights registration.

Trend

OVERALL CPIA SCORES



Progress

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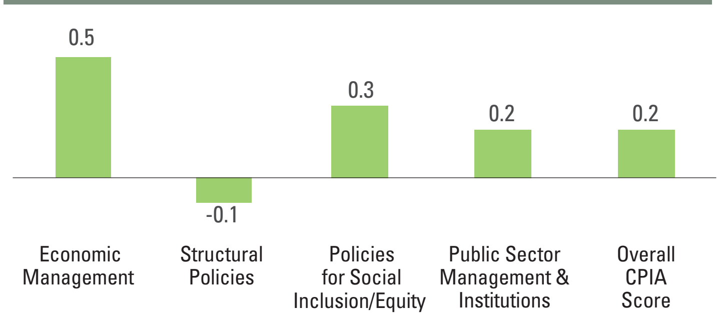

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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.4	–	3.7	2.8
Above IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	34.1
GDP (current US$, billions)	76.4
GDP per capita (current US$)	2,238.2
International poverty rate (US$2.15) (% of population)	30.3

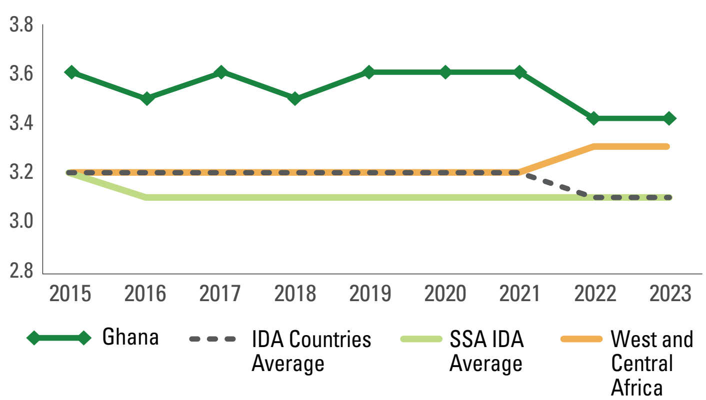
Country Policy and Institutional Assessment 2023

Indicator	Ghana	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	2.5	3.3	3.1	3.0
Debt Policy and Management	2.5	3.3	3.1	3.1
Structural Policies	**3.5**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.4**	**3.3**	**3.3**
Gender Equality	4.0	3.3	3.3	3.3
Equity of Public Resource Use	3.0	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.4	3.3	3.2
Public Sector Management and Institutions	**3.6**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	4.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.9	2.7	2.8
Overall CPIA Score	**3.4**	**3.3**	**3.1**	**3.1**

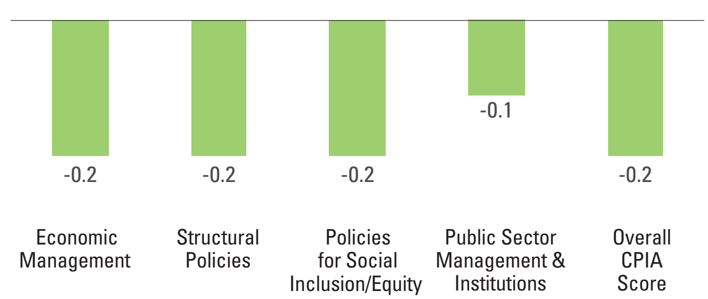
Highlights

- The central bank's actions and fiscal consolidation helped to reduce inflation from over 50 percent in 2022 to 23.2 percent in December 2023.
- The government committed to steadfast fiscal consolidation through several revenue and expenditure measures.
- Although debt policy is weak, the authorities have been engaging with creditors to seek a comprehensive debt restructuring, and they have taken significant steps to enhance transparency and published an annual borrowing plan and an arrears clearance and prevention plan.
- Trade facilitation strategies are in place, but there are challenges with consistency, broken links in the trade inquiry portal, and limited use of a risk-based approach for inspections.

Trend — OVERALL CPIA SCORES



Progress — CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.4	–	3.8	3.0
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	14.2
GDP (current US$, billions)	23.6
GDP per capita (current US$)	1,663.9
International poverty rate (US$2.15) (% of population)	10.5

Country Policy and Institutional Assessment 2023

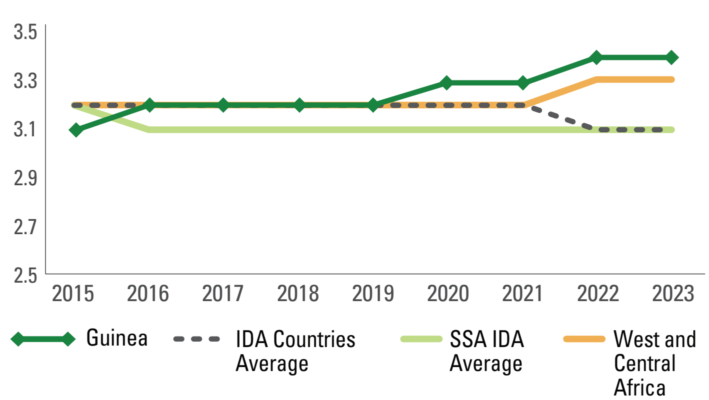
Indicator	Guinea	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	4.0	3.3	3.1	3.0
Debt Policy and Management	3.5	3.3	3.1	3.1
Structural Policies	**3.3**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	3.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.4**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.4	3.3	3.2
Public Sector Management and Institutions	**3.0**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.9	2.7	2.8
Overall CPIA Score	**3.4**	**3.3**	**3.1**	**3.1**

Highlights

- The country's monetary policy, in coordination with fiscal policy, relied on new rules and tools to maintain the external balance and ensure price stability while helping to improve credit to the private sector.
- Overall, debt policy and management remained robust, and the country honored its debt service commitments.There was strong coordination between debt management and macroeconomic policies, with an improved debt management unit.
- Investments in human capital and infrastructure development can stimulate long-term economic growth and reduce poverty rates.
- Measures to enhance accountability and control corruption are needed to address persistent weaknesses in public sector management and institutions.

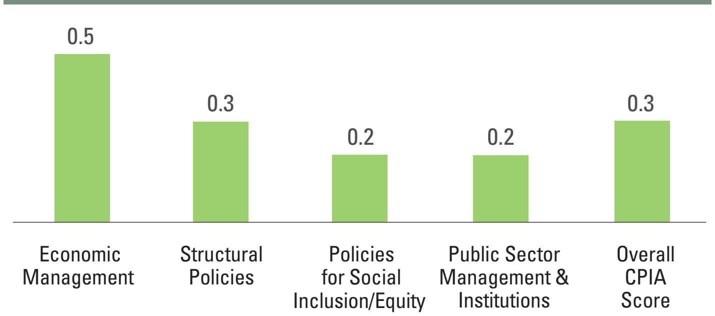
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
2.6	▲ 0.1	2.8	2.1
Below IDA Avg.	Increase	(Economic Management and Structural Policies)	(Public Sector Management and Institutions)

Population (millions)	2.2
GDP (current US$, billions)	2.0
GDP per capita (current US$)	914.3
International poverty rate (US$2.15) (% of population)	25.9

Country Policy and Institutional Assessment 2023

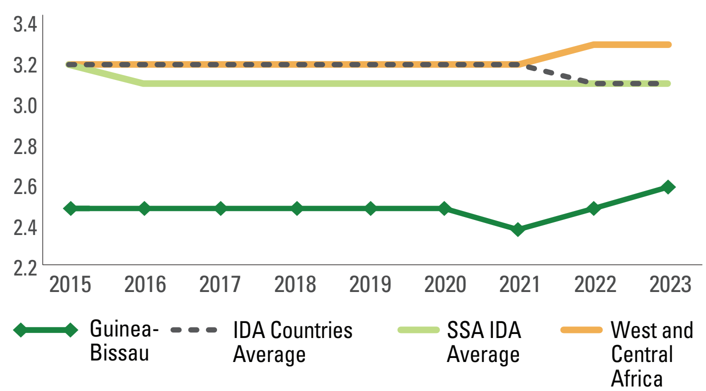
Indicator	Guinea-Bissau	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	2.5	3.3	3.1	3.0
Debt Policy and Management	2.5	3.3	3.1	3.1
Structural Policies	**2.8**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	2.0	2.8	2.7	2.8
Business Regulatory Environment	2.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**2.5**	**3.4**	**3.3**	**3.3**
Gender Equality	2.5	3.3	3.3	3.3
Equity of Public Resource Use	2.0	3.6	3.4	3.4
Building Human Resources	2.5	3.6	3.6	3.6
Social Protection and Labor	2.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.4	3.3	3.2
Public Sector Management and Institutions	**2.1**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	2.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.4	3.2	3.3
Quality of Public Administration	2.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.5	2.9	2.7	2.8
Overall CPIA Score	**2.6**	**3.3**	**3.1**	**3.1**

Highlights

- Progress in the fiscal policy space continued to improve post-pandemic, but the country still faced difficult structural challenges.
- Despite constraints to property and land ownership rights, efforts were made to make formal laws more supportive of women's labor force participation.
- The enactment of the new Labor Code and important improvements concerning women's employment rights and consequently the promotion of equal access for men/women to productive and economic resources helped to remove restrictions.
- Weaknesses in property rights enforcement, rule-based governance, and tax administration are areas for immediate action to strengthen policies and institutions and foster a conducive business environment.

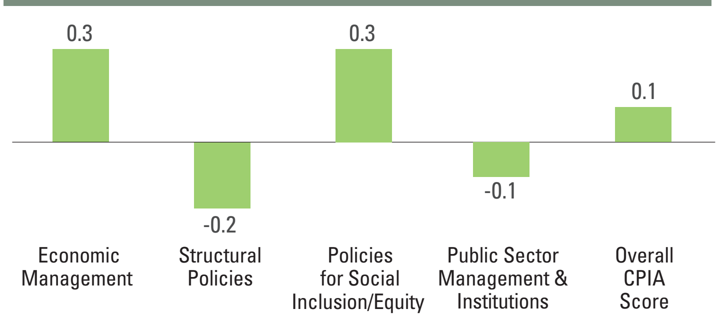
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.8	–	4.0	3.6
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	55.1
GDP (current US$, billions)	107.4
GDP per capita (current US$)	1,949.9
International poverty rate (US$2.15) (% of population)	35.1

Country Policy and Institutional Assessment 2023

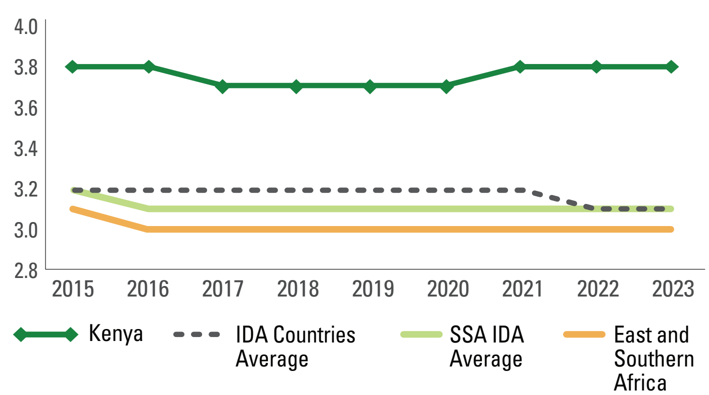
Indicator	Kenya	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**4.0**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.5	3.1	3.4	3.4
Fiscal Policy	4.0	2.8	3.1	3.0
Debt Policy and Management	3.5	2.8	3.1	3.1
Structural Policies	**3.8**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	3.5	2.7	2.7	2.8
Business Regulatory Environment	4.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.9**	**3.2**	**3.3**	**3.3**
Gender Equality	3.5	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	4.5	3.6	3.6	3.6
Social Protection and Labor	3.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.2	3.3	3.2
Public Sector Management and Institutions	**3.6**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.1	3.2	3.3
Quality of Public Administration	3.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.4	2.7	2.8
Overall CPIA Score	**3.8**	**3.0**	**3.1**	**3.1**

Highlights

- The country demonstrated resilience in the face of external shocks. Tight monetary policy effectively kept inflation in check, while depreciation of the floating exchange rate helped to narrow the current account deficit.
- The banking sector's profitability indicators strengthened, leading to increased lending activities toward financial recovery.
- Education reforms included the Competence-Based Curriculum and improved teacher management. The 100 percent transition policy has increased the secondary gross enrollment rate to over 76 percent.
- The country improved oversight of budgetary processes by developing a budgeting framework and accountability mechanism for additional allocation grants from the national government to the subnational governments.

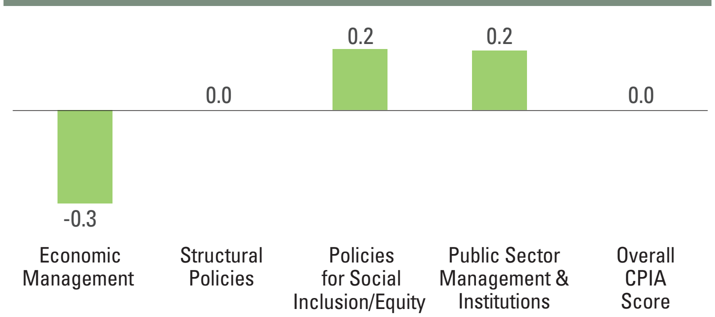
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
3.3	–	3.5	2.9
Above IDA Avg.	No change	(Structural Policies and Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	2.3
GDP (current US$, billions)	2.0
GDP per capita (current US$)	878.0
International poverty rate (US$2.15) (% of population)	36.8

Country Policy and Institutional Assessment 2023

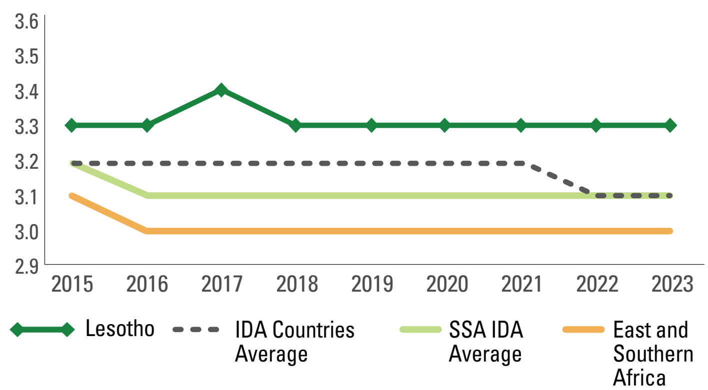
Indicator	Lesotho	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.2**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.1	3.4	3.4
Fiscal Policy	2.5	2.8	3.1	3.0
Debt Policy and Management	3.5	2.8	3.1	3.1
Structural Policies	**3.5**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	3.0	2.7	2.7	2.8
Business Regulatory Environment	3.5	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.5**	**3.2**	**3.3**	**3.3**
Gender Equality	4.0	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**2.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.1	3.2	3.3
Quality of Public Administration	2.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.4	2.7	2.8
Overall CPIA Score	**3.3**	**3.0**	**3.1**	**3.1**

Highlights

- The country participates in the African Continental Free Trade Area and implemented a relatively open regime for services trade and foreign investment.
- The tax system is perceived as complex, but Revenue Services Lesotho is working to simplify procedures for taxpayers.
- The country's health outcomes worsened, educational outcomes were poor, and social protection transfers went to people who were not among the poor or extreme poor.

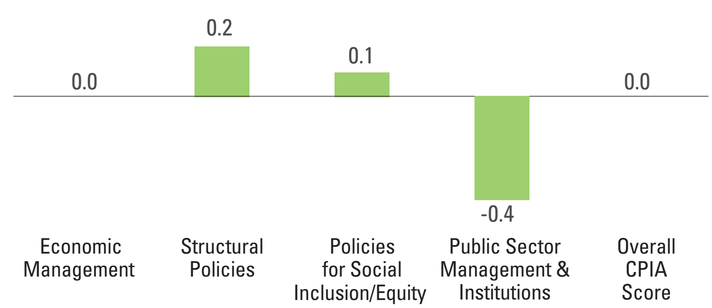
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.0	–	3.3	2.7
Below IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	5.4
GDP (current US$, billions)	4.3
GDP per capita (current US$)	799.5
International poverty rate (US$2.15) (% of population)	31.3

Country Policy and Institutional Assessment 2023

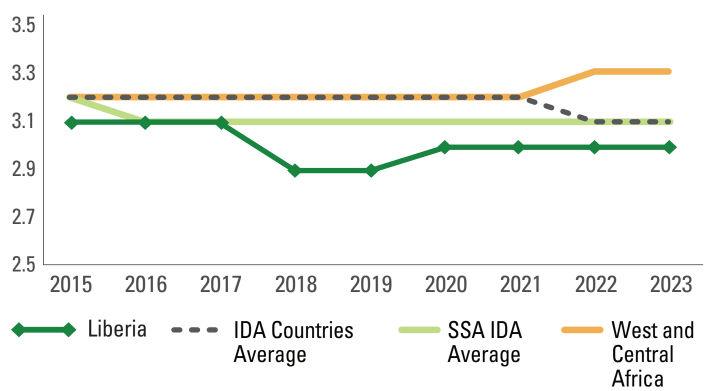
Indicator	Liberia	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.3**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	3.0	3.3	3.1	3.1
Structural Policies	**2.8**	**3.3**	**3.2**	**3.2**
Trade	3.5	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	2.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.1**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	3.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.4	3.3	3.2
Public Sector Management and Institutions	**2.7**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	2.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.9	2.7	2.8
Overall CPIA Score	**3.0**	**3.3**	**3.1**	**3.1**

Highlights

- The introduction of the Beneficiary Ownership Regulation reform, which requires the disclosure of beneficial owners in any business entity registered will help to promote transparency and competition.
- Difficulties in revenue mobilization, reflecting the narrow tax base and high tax expenditures, coupled with weak expenditure management, limit fiscal space and thus hinder public investment in critical sectors.
- The adoption of the Liberia Anti-Corruption Commission is a significant step toward improving public sector governance.
- The business environment could be enhanced by addressing weaknesses in the legal and judicial systems, contract enforcement, and prompt resolution of property disputes.

Trend

OVERALL CPIA SCORES



Progress

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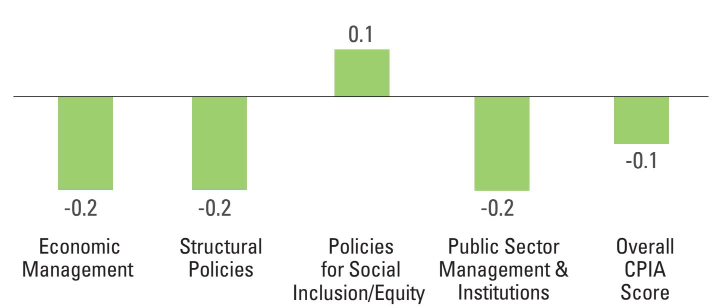

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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.3	–	3.7	2.7
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	30.3
GDP (current US$, billions)	16.0
GDP per capita (current US$)	528.7
International poverty rate (US$2.15) (% of population)	80.2

Country Policy and Institutional Assessment 2023

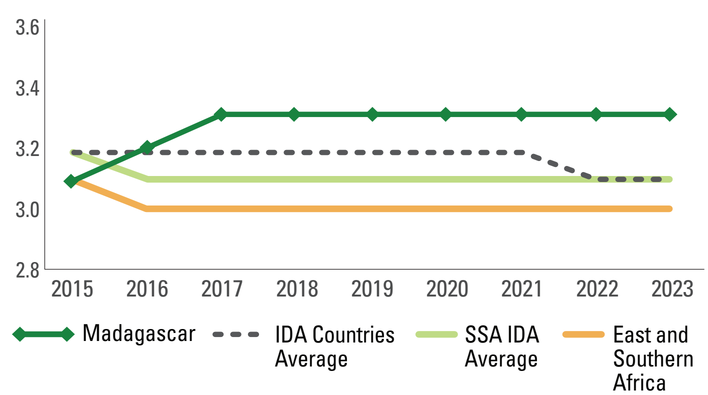
Indicator	Madagascar	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.7**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.1	3.4	3.4
Fiscal Policy	3.0	2.8	3.1	3.0
Debt Policy and Management	4.0	2.8	3.1	3.1
Structural Policies	**3.3**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	3.0	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.3**	**3.2**	**3.3**	**3.3**
Gender Equality	4.0	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.2	3.3	3.2
Public Sector Management and Institutions	**2.7**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.1	3.2	3.3
Quality of Public Administration	2.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.4	2.7	2.8
Overall CPIA Score	**3.3**	**3.0**	**3.1**	**3.1**

Highlights

- The country continued to implement reforms aimed at strengthening its monetary and exchange rate policies framework.
- Coordination between debt management and macroeconomic policies was strong. The production of comprehensive debt statistics, the annual debt management strategy, and a clear legal framework for public borrowing were positive developments.
- Weak governance requires immediate actions such as strengthening the legal system, enforcing property rights, and improving transparency and accountability in public institutions.
- Difficulty in securing land property rights is a critical impediment to achieving inclusive and sustainable growth.

Trend

OVERALL CPIA SCORES



Progress

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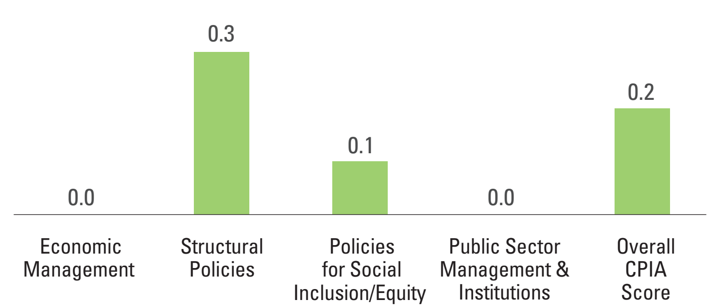

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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.0	–	3.6	2.2
Below IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	20.9
GDP (current US$, billions)	14.1
GDP per capita (current US$)	672.9
International poverty rate (US$2.15) (% of population)	71.7

Country Policy and Institutional Assessment 2023

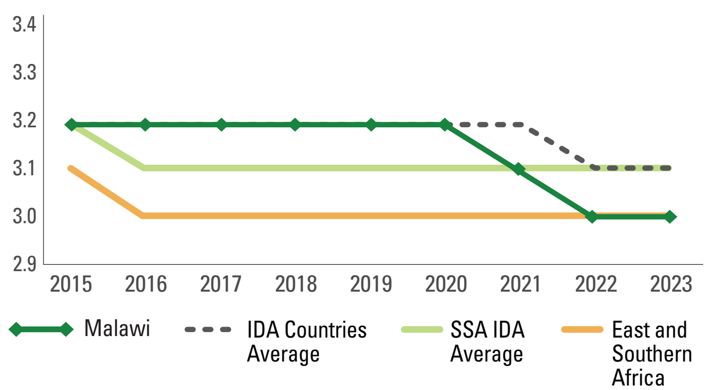
Indicator	Malawi	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.2**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.1	3.4	3.4
Fiscal Policy	1.5	2.8	3.1	3.0
Debt Policy and Management	2.0	2.8	3.1	3.1
Structural Policies	**3.3**	**3.1**	**3.2**	**3.2**
Trade	3.5	3.5	3.7	3.7
Financial Sector	3.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.6**	**3.2**	**3.3**	**3.3**
Gender Equality	3.5	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.2	3.3	3.2
Public Sector Management and Institutions	**3.0**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.1	3.2	3.3
Quality of Public Administration	2.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.4	2.7	2.8
Overall CPIA Score	**3.0**	**3.0**	**3.1**	**3.1**

Highlights

- The country faced widening macroeconomic imbalances and stagnating growth, mainly due to unsustainable debt and the effects of multiple shocks, including an outbreak of cholera and cyclone Freddy.
- Lack of progress in fiscal consolidation, debt restructuring, and donor support is a critical factor in achieving macroeconomic sustainability, underscoring the need for immediate action.
- Policies for social inclusion and equity were strong, especially for equity of public resource use and building human resources.
- Public financial management was rated low, indicating issues with managing arrears and continued corruption, and progress in procurement and audit systems was limited.

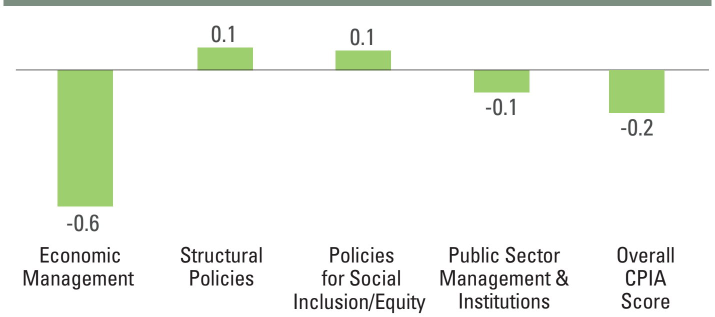
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.2	–	3.8	2.3
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	23.3
GDP (current US$, billions)	20.9
GDP per capita (current US$)	897.4
International poverty rate (US$2.15) (% of population)	20.2

Country Policy and Institutional Assessment 2023

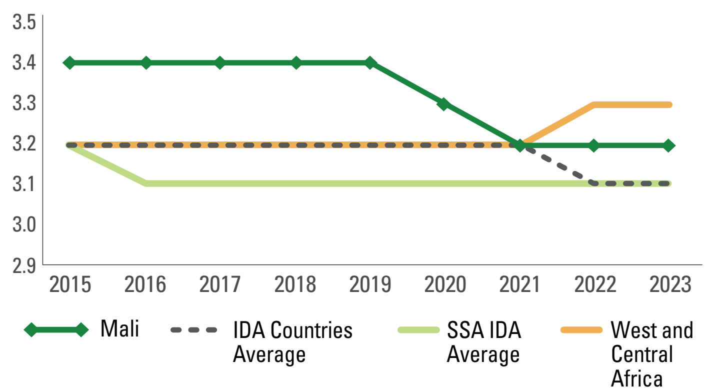
Indicator	Mali	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	4.0	3.3	3.1	3.1
Structural Policies	**3.5**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	3.5	2.8	2.7	2.8
Business Regulatory Environment	3.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.2**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	4.0	3.6	3.4	3.4
Building Human Resources	3.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.4	3.3	3.2
Public Sector Management and Institutions	**2.3**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	2.5	3.4	3.2	3.3
Quality of Public Administration	2.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.0	2.9	2.7	2.8
Overall CPIA Score	**3.2**	**3.3**	**3.1**	**3.1**

Highlights

- Real GDP growth was resilient despite multiple shocks; however, economic activity slowed in the first quarter due to insecurity and weak cotton ginning output.
- Persistent challenges in public sector management and institutions hinder progress in macroeconomic management. Speeding up public sector reforms is important to strengthen institutions and improve governance.
- Positive developments in the banking sector and enhanced financial stability contributed to macroeconomic stability.
- Targeted policy actions are needed to address weaknesses in the judicial system, property rights enforcement, and rule-based governance.

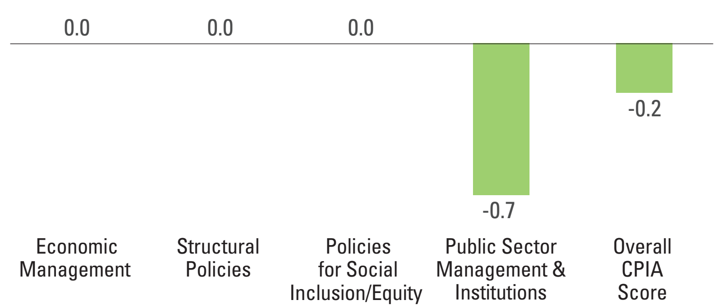
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.6	▲ 0.2	3.8	3.3
Above IDA Avg.	Increase	(Economic Management)	(Structural Policies)

Population (millions)	4.9
GDP (current US$, billions)	10.5
GDP per capita (current US$)	2,149.4
International poverty rate (US$2.15) (% of population)	5.7

Country Policy and Institutional Assessment 2023

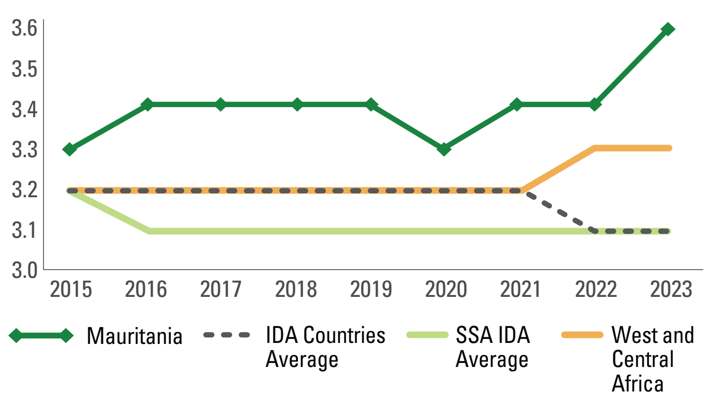
Indicator	Mauritania	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	4.0	3.3	3.1	3.0
Debt Policy and Management	3.5	3.3	3.1	3.1
Structural Policies	**3.3**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	4.5	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.4	3.3	3.2
Public Sector Management and Institutions	**3.4**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	4.0	3.2	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.6**	**3.3**	**3.1**	**3.1**

Highlights

- The reforms have significantly impacted lending rates, leading to a notable reduction in inflation and an acceleration in foreign exchange market development. As a result, the fiscal position has notably improved, driven by higher revenues and reduced capital expenditures.
- The government passed a major reform, which strengthened competition law. Progress was made on commercial justice and insolvency measures, but business creation has become more costly.
- New mechanisms were adopted for planning for the lean season, food security response, and better coordination of funds.
- Policy action is needed on legal and judicial system reforms, executive compliance with the rule of law, and enhancing the quality of public administration.

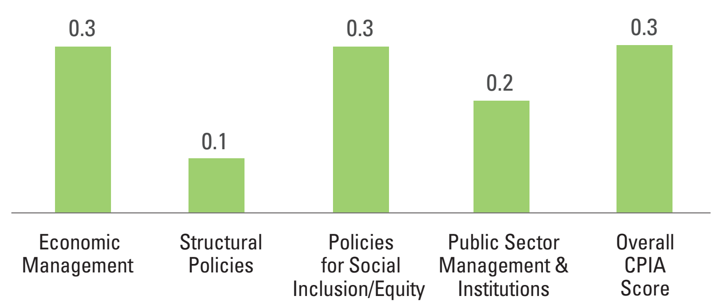
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.1	▼ 0.1	3.3	2.9
At the IDA Avg.	Decrease	(Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	33.9
GDP (current US$, billions)	20.6
GDP per capita (current US$)	608.4
International poverty rate (US$2.15) (% of population)	73.3

Country Policy and Institutional Assessment 2023

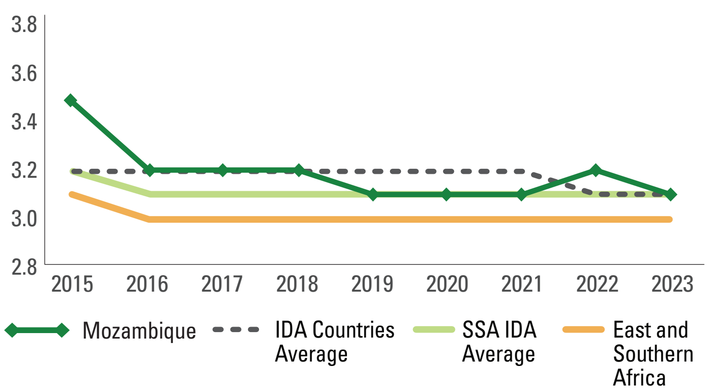
Indicator	Mozambique	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.2**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.1	3.4	3.4
Fiscal Policy	3.0	2.8	3.1	3.0
Debt Policy and Management	3.0	2.8	3.1	3.1
Structural Policies	**3.2**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	2.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.3**	**3.2**	**3.3**	**3.3**
Gender Equality	3.5	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**2.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.0	2.4	2.7	2.8
Overall CPIA Score	**3.1**	**3.0**	**3.1**	**3.1**

Highlights

- The authorities ceased the provision of US dollars for fuel imports and increased the statutory reserves ratio for deposits in foreign currency, which supported recovery of external reserves, removed excess liquidity, and helped to restrain inflationary pressures.
- The country improved gender equality and built human resources in health and education.
- Efforts are needed for financial sector development, particularly in ensuring financial stability and continued adherence to international accounting and reporting practices.
- Efforts to enhance governance, particularly in property rights and rule-based governance, as well as addressing transparency, accountability, and corruption issues, are essential for improving overall performance.

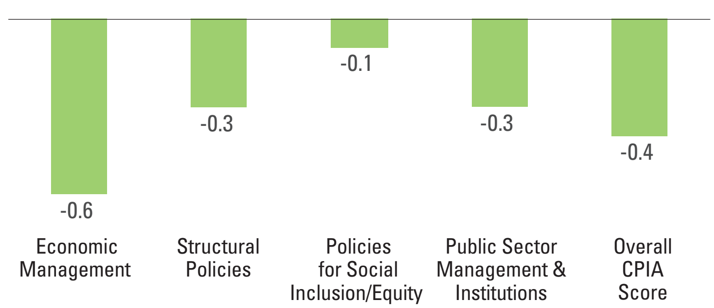
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing clusters
3.4	–	3.7	3.2
Above IDA Avg.	No change	(Economic Management)	(Structural Policies and Public Sector Management and Institutions)

Population (millions)	27.2
GDP (current US$, billions)	16.8
GDP per capita (current US$)	618.3
International poverty rate (US$2.15) (% of population)	52

Country Policy and Institutional Assessment 2023

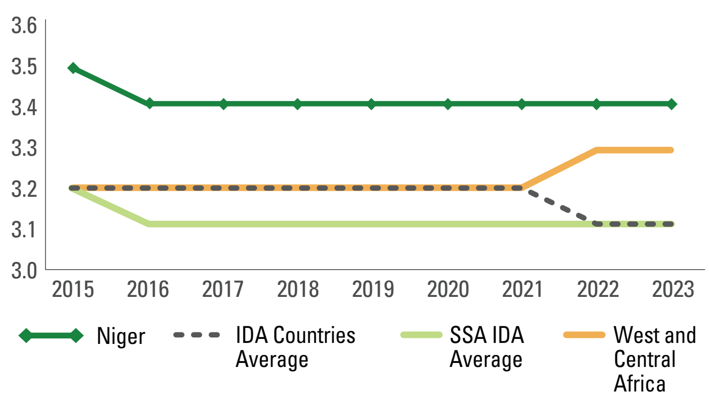
Indicator	Niger	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.7**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	3.5	3.3	3.1	3.1
Structural Policies	**3.2**	**3.3**	**3.2**	**3.2**
Trade	4.0	3.9	3.7	3.7
Financial Sector	2.0	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.4**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	4.5	3.6	3.4	3.4
Building Human Resources	3.0	3.6	3.6	3.6
Social Protection and Labor	3.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.2**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.4**	**3.3**	**3.1**	**3.1**

Highlights

- Following the July 26 coup, the country defaulted on external and domestic debt due to the loss of access to its Treasury Account and financing sources because of WAEMU financial sanctions, with significant impacts on growth.
- The imposition of financial sanctions led to a decrease in trust and international trade.
- The rise in informal financial flows increases the risk of money laundering and financial terrorism, undermining the integrity of the country's financial system.
- Persistent weaknesses in property rights enforcement, judicial system independence, and integrity in the management of public resources require targeted and immediate policy actions.

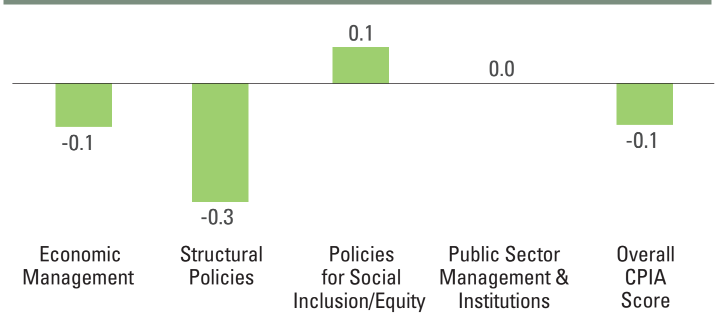
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.2	–	3.5	2.7
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	223.8
GDP (current US$, billions)	362.8
GDP per capita (current US$)	1621.1
International poverty rate (US$2.15) (% of population)	38.9

Country Policy and Institutional Assessment 2023

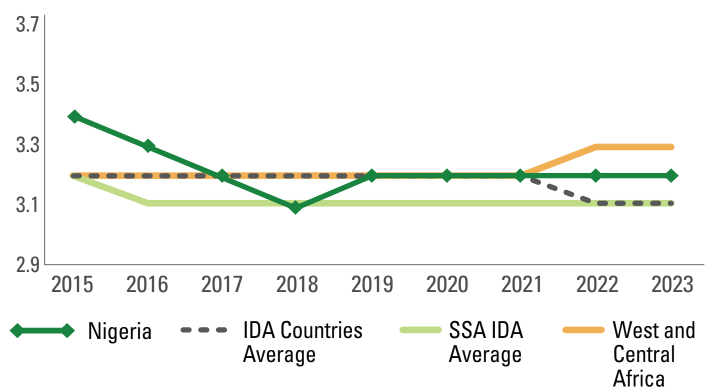
Indicator	Nigeria	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.5**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.7	3.4	3.4
Fiscal Policy	3.5	3.3	3.1	3.0
Debt Policy and Management	4.0	3.3	3.1	3.1
Structural Policies	**3.2**	**3.3**	**3.2**	**3.2**
Trade	3.5	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.4**	**3.4**	**3.3**	**3.3**
Gender Equality	3.0	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	4.0	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.4	3.3	3.2
Public Sector Management and Institutions	**2.7**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	2.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.4	3.2	3.3
Quality of Public Administration	2.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.2**	**3.3**	**3.1**	**3.1**

Highlights

- Monetary and exchange rate policies improved due to significant foreign exchange reforms and tightening of monetary policy to address inflation, but challenges remain, including negative real policy rates and the need to stabilize the official exchange rate.
- Notable achievements included the robust enhancement of the Environmental Assessment framework by the Federal Ministry of Environment and the effective coordination of climate change policies through the National Climate Change Council.
- There is a need for structural reforms to improve revenue mobilization, enhance financial management, and create an enabling business environment to attract investment and foster sustainable economic growth.

Trend

OVERALL CPIA SCORES



Progress

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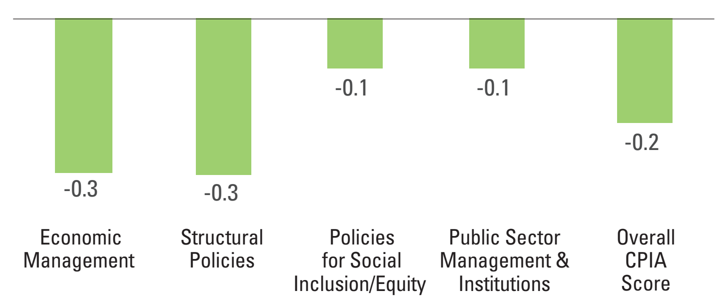

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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
4.1	–	4.4	3.9
Above IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	14.1
GDP (current US$, billions)	14.1
GDP per capita (current US$)	1,000.2
International poverty rate (US$2.15) (% of population)	48.7

Country Policy and Institutional Assessment 2023

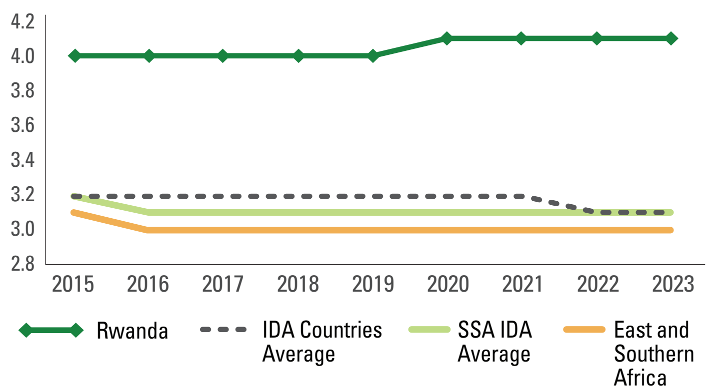
Indicator	Rwanda	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**4.0**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.1	3.4	3.4
Fiscal Policy	4.0	2.8	3.1	3.0
Debt Policy and Management	4.0	2.8	3.1	3.1
Structural Policies	**4.2**	**3.1**	**3.2**	**3.2**
Trade	4.5	3.5	3.7	3.7
Financial Sector	3.5	2.7	2.7	2.8
Business Regulatory Environment	4.5	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**4.4**	**3.2**	**3.3**	**3.3**
Gender Equality	4.5	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	5.0	3.6	3.6	3.6
Social Protection and Labor	4.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.5	3.2	3.3	3.2
Public Sector Management and Institutions	**3.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	4.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	4.5	3.1	3.2	3.3
Quality of Public Administration	4.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.4	2.7	2.8
Overall CPIA Score	**4.1**	**3.0**	**3.1**	**3.1**

Highlights

- The country revised its banking law and published regulations to support financial stability and resilience, including guidelines on climate-related risk management.
- Reforms facilitated greater private sector participation in the management of national parks and nature reserves.
- The education sector saw improvements in policy development and implementation, strengthened institutions and systems, and increased investments to improve outcomes.
- A risk management framework has been developed to profile taxpayers' risk smoothly and assess compliance risk for all revenue types.
- Issues concerning property rights, rule-based governance, transparency, accountability, and corruption need to be addressed.

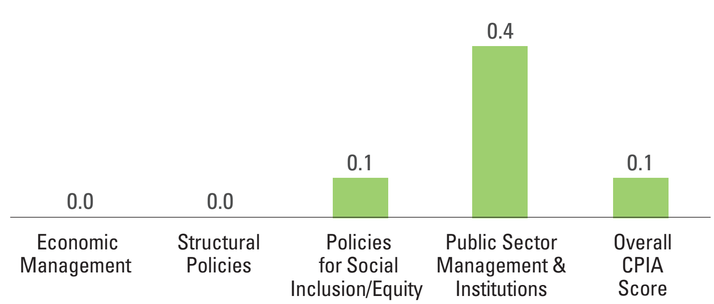
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing cluster
2.9	–	3.2	2.3
Below IDA Avg.	No change	(Structural Policies and Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	0.2
GDP (current US$, billions)	0.6
GDP per capita (current US$)	2,601.8
International poverty rate (US$2.15) (% of population)	15.8

Country Policy and Institutional Assessment 2023

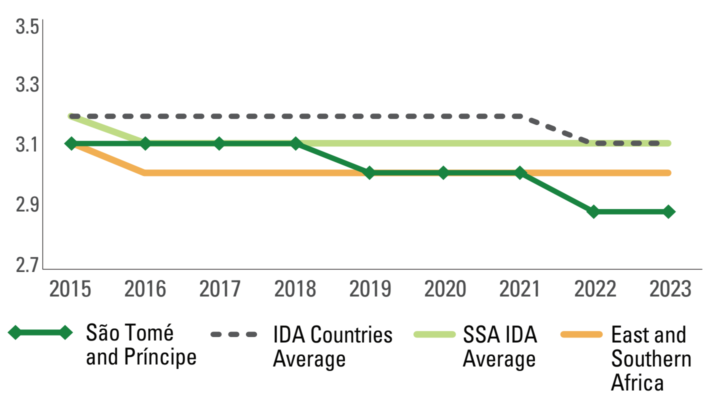
Indicator	São Tomé and Príncipe	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.3**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.5	3.1	3.4	3.4
Fiscal Policy	2.5	2.8	3.1	3.0
Debt Policy and Management	2.0	2.8	3.1	3.1
Structural Policies	**3.2**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	2.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.2**	**3.2**	**3.3**	**3.3**
Gender Equality	3.5	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	2.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**3.0**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.4	2.7	2.8
Overall CPIA Score	**2.9**	**3.0**	**3.1**	**3.1**

Highlights

- Sporadic coordination of public debt management and absence of an annual borrowing plan led to a low score; however, following technical assistance, the country started publishing the annual borrowing plan at the end of fiscal year 2024.
- The National Trade Facilitation Committee was established to facilitate domestic coordination and implementation of trade facilitation reforms.
- Reforms addressed gender equality in education and representation in decision-making positions.
- Efforts are needed to address high macro-fiscal imbalances, limited domestic revenue mobilization, underdeveloped financial sector regulation, and the fragile judicial system.

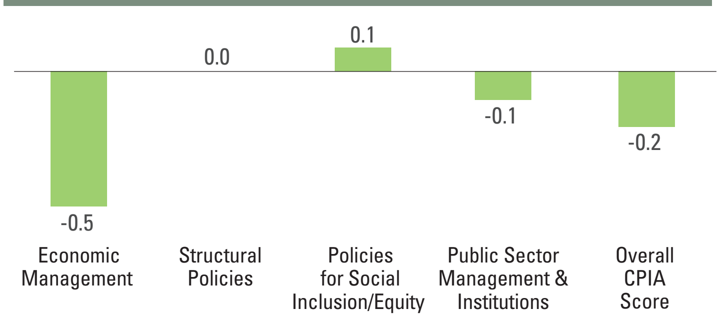
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.7	–	3.8	3.6
Above IDA Avg.	No change	(Structural Policies)	(Public Sector Management and Institutions)

Population (millions)	17.8
GDP (current US$, billions)	31.0
GDP per capita (current US$)	1,746.0
International poverty rate (US$2.15) (% of population)	9.8

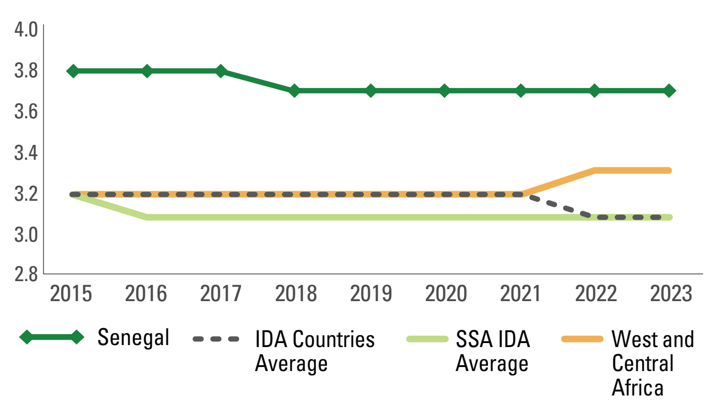
Country Policy and Institutional Assessment 2023

Indicator	Senegal	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.7**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	3.0	3.3	3.1	3.0
Debt Policy and Management	4.0	3.3	3.1	3.1
Structural Policies	**3.8**	**3.3**	**3.2**	**3.2**
Trade	4.5	3.9	3.7	3.7
Financial Sector	3.5	2.8	2.7	2.8
Business Regulatory Environment	3.5	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	4.0	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.6**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.4	3.2	3.3
Quality of Public Administration	3.5	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.5	2.9	2.7	2.8
Overall CPIA Score	**3.7**	**3.3**	**3.1**	**3.1**

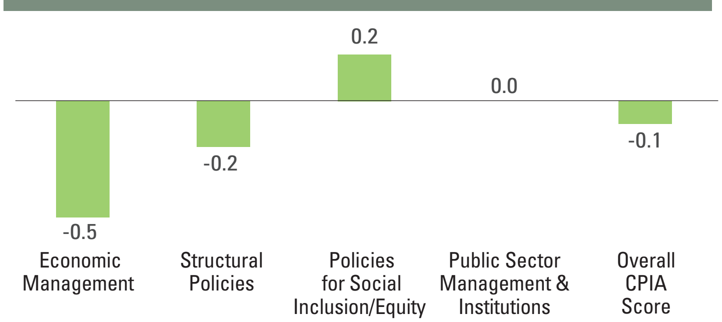
Highlights

- Efforts were made to increase revenue collection and phase out fuel subsidies.
- The government developed programs to support business formalization and projects to simplify procedures in critical sectors.
- Policy actions are needed to improve the business regulatory environment, specifically in land and labor utilization, and expand social protection programs with better targeting.
- There is a gap between the legal framework and local land management practices for access to land.
- Labor regulations remain rigid, and labor institutions are weak and constrain formal employment despite efforts to increase flexibility.

Trend
OVERALL CPIA SCORES



Progress
CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing clusters
3.2	–	3.6	3.0
Above IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Economic Management and Structural Policies)

Population (millions)	8.8
GDP (current US$, billions)	3.8
GDP per capita (current US$)	433.4
International poverty rate (US$2.15) (% of population)	25.3

Country Policy and Institutional Assessment 2023

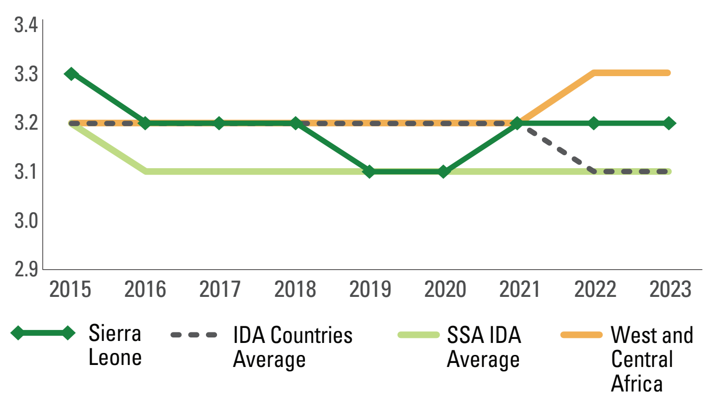
Indicator	Sierra Leone	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.0**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.0	3.7	3.4	3.4
Fiscal Policy	3.0	3.3	3.1	3.0
Debt Policy and Management	3.0	3.3	3.1	3.1
Structural Policies	**3.0**	**3.3**	**3.2**	**3.2**
Trade	3.5	3.9	3.7	3.7
Financial Sector	2.5	2.8	2.7	2.8
Business Regulatory Environment	3.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**3.6**	**3.4**	**3.3**	**3.3**
Gender Equality	3.5	3.3	3.3	3.3
Equity of Public Resource Use	3.5	3.6	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.2**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.2**	**3.3**	**3.1**	**3.1**

Highlights

- The authorities took difficult actions to tighten the fiscal policy stance and attempt to restore macro stability.
- Progress was made on protecting women's equal status, with an increase in women's participation in governance at the parliamentary and cabinet levels.
- The Employment Act of 2023 increased the amount of maternity leave for women and introduced paternity leave. It also provided for equal pay for work of equal value and removed restrictions on the sectors (such as mining) in which women can work.
- Social protection programs improved, with expanded coverage and improved delivery systems.

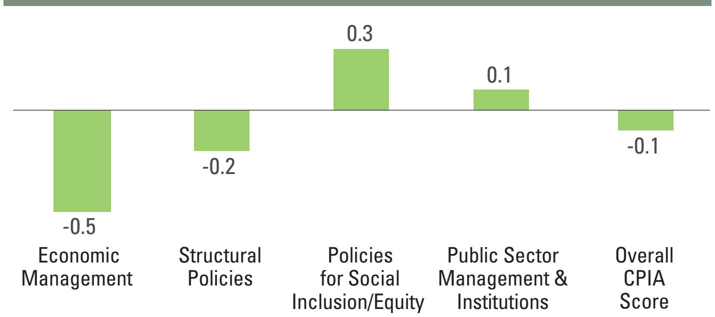
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
2.2	▲ 0.1	2.5	1.9
Below IDA Avg.	Increase	(Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	18.1
GDP (current US$, billions)	11.7
GDP per capita (current US$)	643.8
International poverty rate (US$2.15) (% of population)	72.7

Country Policy and Institutional Assessment 2023

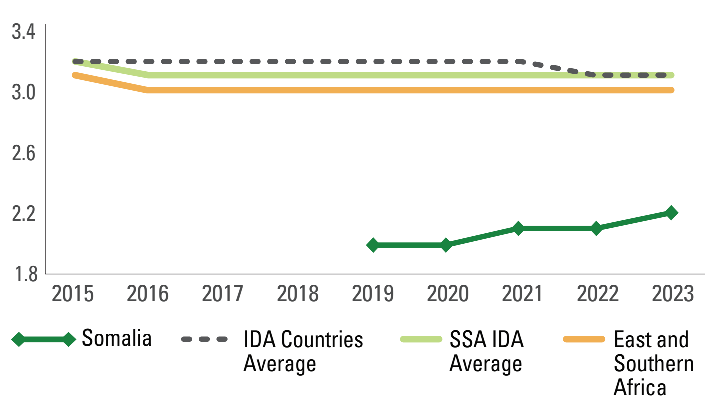
Indicator	Somalia	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.3**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.5	3.1	3.4	3.4
Fiscal Policy	2.5	2.8	3.1	3.0
Debt Policy and Management	2.0	2.8	3.1	3.1
Structural Policies	**2.2**	**3.1**	**3.2**	**3.2**
Trade	2.5	3.5	3.7	3.7
Financial Sector	2.0	2.7	2.7	2.8
Business Regulatory Environment	2.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**2.5**	**3.2**	**3.3**	**3.3**
Gender Equality	2.0	3.2	3.3	3.3
Equity of Public Resource Use	3.0	3.3	3.4	3.4
Building Human Resources	2.5	3.6	3.6	3.6
Social Protection and Labor	2.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.5	3.2	3.3	3.2
Public Sector Management and Institutions	**1.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	1.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	2.5	3.1	3.2	3.3
Quality of Public Administration	2.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.5	2.4	2.7	2.8
Overall CPIA Score	**2.2**	**3.0**	**3.1**	**3.1**

Highlights

- The country (i) implemented a poverty reduction strategy, (ii) maintained a track record of sound macroeconomic management, and (iii) reached the Heavily Indebted Poor Countries completion point and shifted to moderate risk of debt distress.
- A new online business registration system was launched in 2022, with improvements in 2023. The online system has reduced the lead times for business name reservation and business license issuance.
- There are weaknesses in judiciary reform, and lack of competition hinders business operations.
- Despite efforts to promote accountability and integrity in the public sector, overall institutional quality is weak.

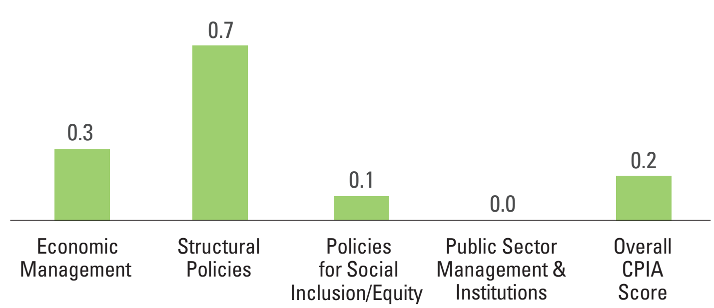
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2019 TO 2023



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Note: 2019 was the first year Somalia was included in the CPIA assessment and its ratings made public.

Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
1.7	▲ 0.1	2.0	1.3
Below IDA Avg.	Increase	(Structural Policies)	(Public Sector Management and Institutions)

Population (millions)	11.1
GDP (current US$, billions)	NA
GDP per capita (current US$)	NA
International poverty rate (US$2.15) (% of population)	69.5

Country Policy and Institutional Assessment 2023

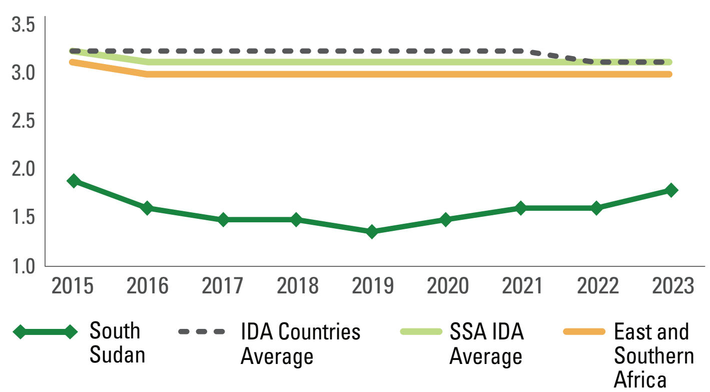
Indicator	South Sudan	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**1.7**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.0	3.1	3.4	3.4
Fiscal Policy	1.5	2.8	3.1	3.0
Debt Policy and Management	1.5	2.8	3.1	3.1
Structural Policies	**2.0**	**3.1**	**3.2**	**3.2**
Trade	2.5	3.5	3.7	3.7
Financial Sector	2.0	2.7	2.7	2.8
Business Regulatory Environment	1.5	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**1.7**	**3.2**	**3.3**	**3.3**
Gender Equality	1.5	3.2	3.3	3.3
Equity of Public Resource Use	2.0	3.3	3.4	3.4
Building Human Resources	2.5	3.6	3.6	3.6
Social Protection and Labor	1.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	1.0	3.2	3.3	3.2
Public Sector Management and Institutions	**1.3**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	1.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	1.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	2.0	3.1	3.2	3.3
Quality of Public Administration	1.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.0	2.4	2.7	2.8
Overall CPIA Score	**1.7**	**3.0**	**3.1**	**3.1**

Highlights

- The country's fiscal position was strengthened by improving budget preparation and execution, releasing timely budget reports, implementing tax reforms, and clearing past salary arrears while addressing ghost workers in the public sector.
- Positive developments in the education sector included a new strategy, better data collection, standardized learning assessments, and increased budget allocation.
- Broad-based weaknesses included weak economic and debt management, underdeveloped financial sector institutions, gender inequality, limited social protection programs, weak rule-based governance, and lack of transparency.

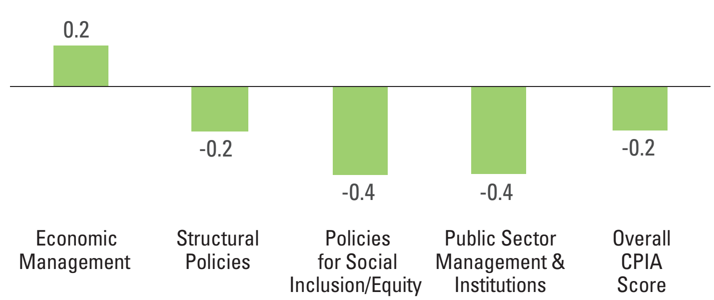
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing clusters	Lowest performing clusters
2.0	▼ 0.2	2.2	1.8
Below IDA Avg.	Decrease	(Structural Policies and Policies for Social Inclusion and Equity)	(Economic Management and Public Sector Management and Institutions)

Population (millions)	48.1
GDP (current US$, billions)	109.3
GDP per capita (current US$)	2,272.5
International poverty rate (US$2.15) (% of population)	34.5

Country Policy and Institutional Assessment 2023

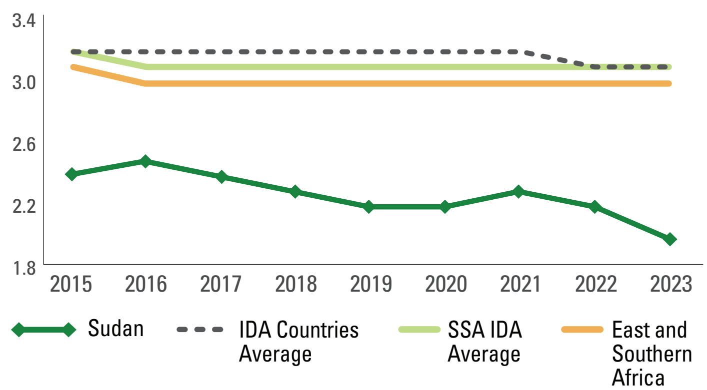
Indicator	Sudan	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**1.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.0	3.1	3.4	3.4
Fiscal Policy	2.0	2.8	3.1	3.0
Debt Policy and Management	1.5	2.8	3.1	3.1
Structural Policies	**2.2**	**3.1**	**3.2**	**3.2**
Trade	2.5	3.5	3.7	3.7
Financial Sector	2.0	2.7	2.7	2.8
Business Regulatory Environment	2.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**2.2**	**3.2**	**3.3**	**3.3**
Gender Equality	2.5	3.2	3.3	3.3
Equity of Public Resource Use	1.5	3.3	3.4	3.4
Building Human Resources	2.5	3.6	3.6	3.6
Social Protection and Labor	2.5	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	2.0	3.2	3.3	3.2
Public Sector Management and Institutions	**1.8**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	1.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	2.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	2.0	3.1	3.2	3.3
Quality of Public Administration	2.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	1.5	2.4	2.7	2.8
Overall CPIA Score	**2.0**	**3.0**	**3.1**	**3.1**

Highlights

- The conflict in the country has severely disrupted fiscal policy. Government spending is directed toward financing the fighting due to the ongoing war, which has severely impacted the country's small, bank-based financial industry.
- The country's health system has deteriorated, leading to the suspension of critical services and disruption of health care in conflict-affected states.
- The financial data system is not integrated and cannot be used, so that financial accounts must be produced manually.
- The policies for social inclusion and equity cluster exhibited relatively good performance.
- There are weaknesses in economic and debt management, financial sector institutions, and rule-based governance.

Trend

OVERALL CPIA SCORES



Progress

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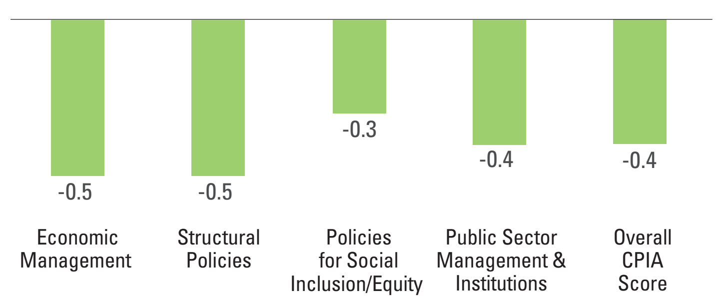

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- **East and Southern Africa**:19 SSA IDA countries with CPIA scores in 2023

Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.5	–	4.2	3.1
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	67.4
GDP (current US$, billions)	79.2
GDP per capita (current US$)	1,211.1
International poverty rate (US$2.15) (% of population)	43.5

Country Policy and Institutional Assessment 2023

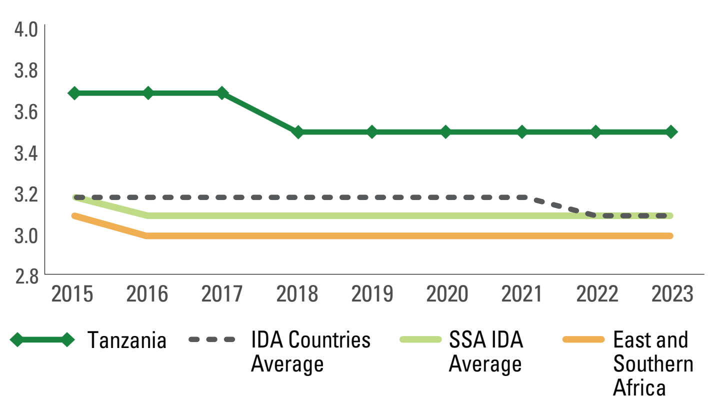
Indicator	Tanzania	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**4.2**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.5	3.1	3.4	3.4
Fiscal Policy	4.0	2.8	3.1	3.0
Debt Policy and Management	4.0	2.8	3.1	3.1
Structural Policies	**3.2**	**3.1**	**3.2**	**3.2**
Trade	3.5	3.5	3.7	3.7
Financial Sector	3.0	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.6**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	4.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.0	3.2	3.3	3.2
Public Sector Management and Institutions	**3.1**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.4	2.7	2.8
Overall CPIA Score	**3.5**	**3.0**	**3.1**	**3.1**

Highlights

- The country revised its banking law and published regulations to support financial stability and resilience, including guidelines on climate-related risk management.
- There was relatively strong performance on economic management owing to improvements in fiscal policy.The fiscal deficit was reduced through control of recurrent spending and increased tax revenues.
- Budgeting improved due to (i) improved aggregate expenditure deviations, (ii) increased adoption and use of the government integrated financial management system, and (iii) the Arrears Management Strategy for public finance management and risks.
- Governance is a weak area, particularly accountability of the executive and the legal and judicial system.

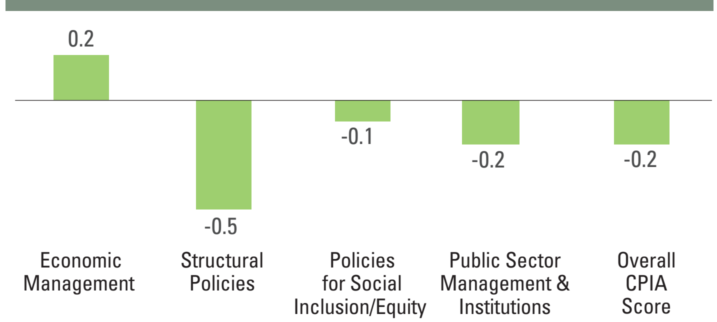
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.8	▲ 0.1	4.0	3.4
Above IDA Avg.	Increase	(Policies for Social Inclusion and Equity)	(Public Sector Management and Institutions)

Population (millions)	9.1
GDP (current US$, billions)	9.2
GDP per capita (current US$)	1,013.0
International poverty rate (US$2.15) (% of population)	25.8

Country Policy and Institutional Assessment 2023

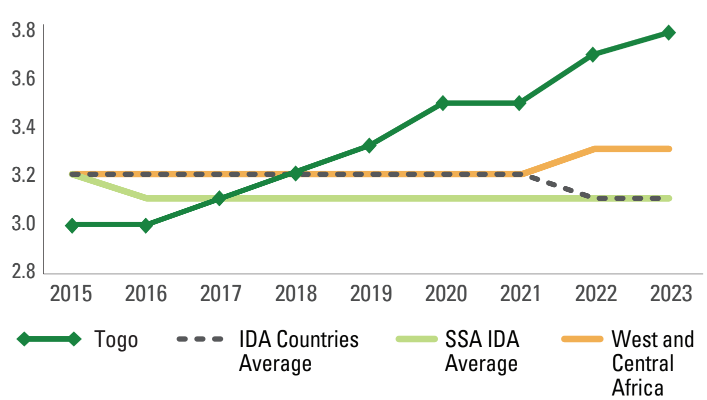
Indicator	Togo	West and Central Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**3.5**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.7	3.4	3.4
Fiscal Policy	4.0	3.3	3.1	3.0
Debt Policy and Management	3.5	3.3	3.1	3.1
Structural Policies	**3.8**	**3.3**	**3.2**	**3.2**
Trade	4.5	3.9	3.7	3.7
Financial Sector	3.0	2.8	2.7	2.8
Business Regulatory Environment	4.0	3.2	3.0	3.0
Policies for Social Inclusion and Equity	**4.0**	**3.4**	**3.3**	**3.3**
Gender Equality	4.0	3.3	3.3	3.3
Equity of Public Resource Use	4.5	3.6	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.5	3.2	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.5	3.4	3.3	3.2
Public Sector Management and Institutions	**3.4**	**3.1**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.9	2.7	2.8
Quality of Budgetary and Financial Management	3.5	3.2	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.4	3.2	3.3
Quality of Public Administration	3.0	3.0	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	3.0	2.9	2.7	2.8
Overall CPIA Score	**3.8**	**3.3**	**3.1**	**3.1**

Highlights

- Amendments to the Labor Code now prohibit the dismissal of female employees from pregnancy through breastfeeding and guarantee 100 percent salary during maternity leave.
- The social protection program was expanded to include cash transfers for beneficiaries and assist households coping with inflation.
- Domestic resource mobilization efforts increased tax revenues by about 0.7 percentage point to 14.7 percent of GDP.
- Improvements are needed in digital financial services and the microfinance sector, and challenges persist in achieving gender equality and obtaining accurate poverty measurement data.
- Priority areas for focus include public administration quality, transparency, accountability, and anti-corruption measures.

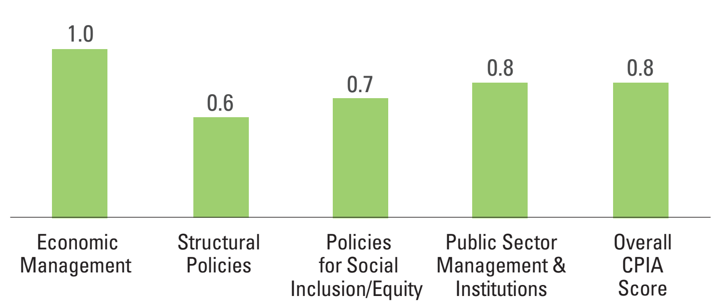
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.6	–	3.8	3.3
Above IDA Avg.	No change	(Economic Management)	(Public Sector Management and Institutions)

Population (millions)	48.6
GDP (current US$, billions)	49.3
GDP per capita (current US$)	1,014.2
International poverty rate (US$2.15) (% of population)	41.8

Country Policy and Institutional Assessment 2023

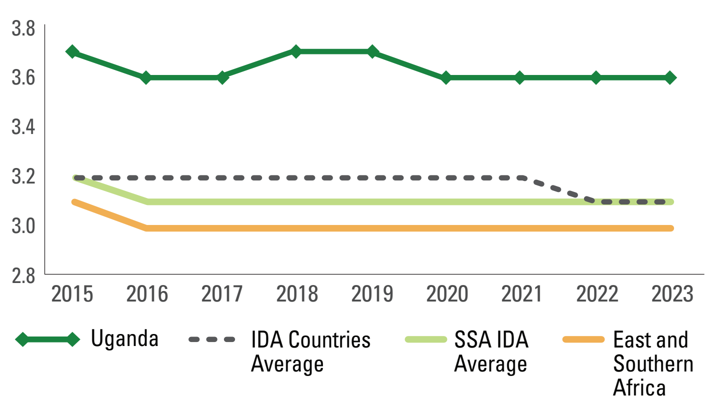
Indicator	Uganda	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**3.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	4.0	3.1	3.4	3.4
Fiscal Policy	3.5	2.8	3.1	3.0
Debt Policy and Management	4.0	2.8	3.1	3.1
Structural Policies	**3.7**	**3.1**	**3.2**	**3.2**
Trade	4.5	3.5	3.7	3.7
Financial Sector	3.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.4**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**3.3**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.5	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.5	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.5	3.1	3.2	3.3
Quality of Public Administration	3.5	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.4	2.7	2.8
Overall CPIA Score	**3.6**	**3.0**	**3.1**	**3.1**

Highlights

- The overall CPIA score remained unchanged with relatively strong performance in economic management, including prudent monetary and exchange rate policies and a reduced fiscal deficit.
- Local service delivery and participation worsened given the limited coverage of community-based approaches, gaps created by closure of the previous social protection program in June 2021, and gaps in implementation of the Parish Development Model.
- The weakest areas included public sector management and institutions, such as the quality of public administration and the level of transparency and accountability.

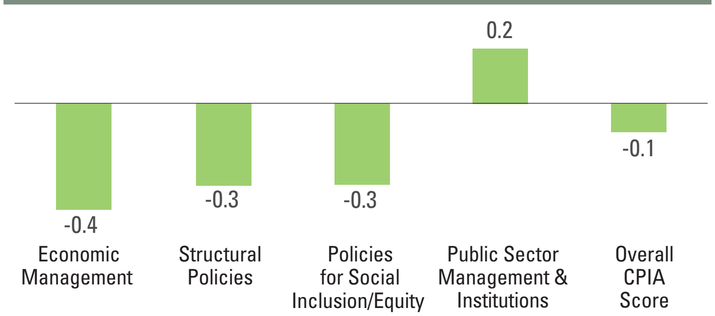
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.2	–	3.8	2.8
Above IDA Avg.	No change	(Structural Policies)	(Economic Management)

Population (millions)	20.6
GDP (current US$, billions)	28.2
GDP per capita (current US$)	1,369.1
International poverty rate (US$2.15) (% of population)	64

Country Policy and Institutional Assessment 2023

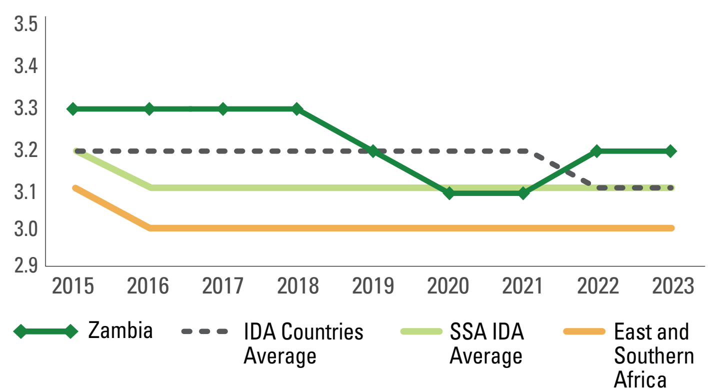
Indicator	Zambia	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.8**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	3.5	3.1	3.4	3.4
Fiscal Policy	2.5	2.8	3.1	3.0
Debt Policy and Management	2.5	2.8	3.1	3.1
Structural Policies	**3.8**	**3.1**	**3.2**	**3.2**
Trade	4.0	3.5	3.7	3.7
Financial Sector	3.5	2.7	2.7	2.8
Business Regulatory Environment	4.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.4**	**3.2**	**3.3**	**3.3**
Gender Equality	3.0	3.2	3.3	3.3
Equity of Public Resource Use	4.0	3.3	3.4	3.4
Building Human Resources	3.5	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	3.5	3.2	3.3	3.2
Public Sector Management and Institutions	**2.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	3.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	3.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.4	2.7	2.8
Overall CPIA Score	**3.2**	**3.0**	**3.1**	**3.1**

Highlights

- A new Bank of Zambia Law was enacted to safeguard the autonomy of the central bank. Reforms allowed the exchange rate to adjust more flexibly, and the monetary framework was adjusted to allow for more explicit response to the external balance.
- A supervisory and performance monitoring framework was approved for state-owned enterprises, which led to shutting down a state-owned, loss-making oil refinery and reconfiguring a state-owned pipeline to improve efficiency.
- Efforts to streamline land administration and management continued, including a digitalized land registration system.
- The country made reforms to improve the legal environment for land rights—including a new titling regime. However, the land registration process is highly centralized, inefficient, and leads to land disputes.

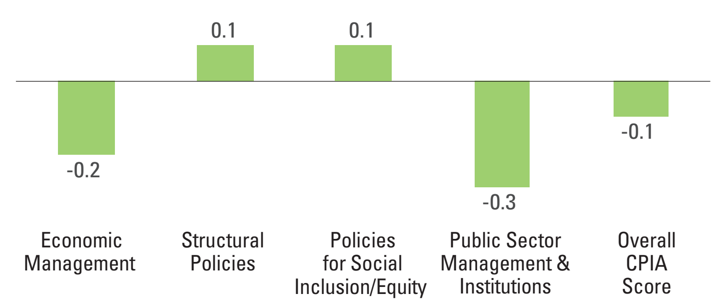
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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Quick Facts

CPIA Score	Change from previous year	Highest performing cluster	Lowest performing cluster
3.0	–	3.7	2.5
Below IDA Avg.	No change	(Policies for Social Inclusion and Equity)	(Economic Management)

Population (millions)	16.7
GDP (current US$, billions)	26.5
GDP per capita (current US$)	1,592.4
International poverty rate (US$2.15) (% of population)	38.1

Country Policy and Institutional Assessment 2023

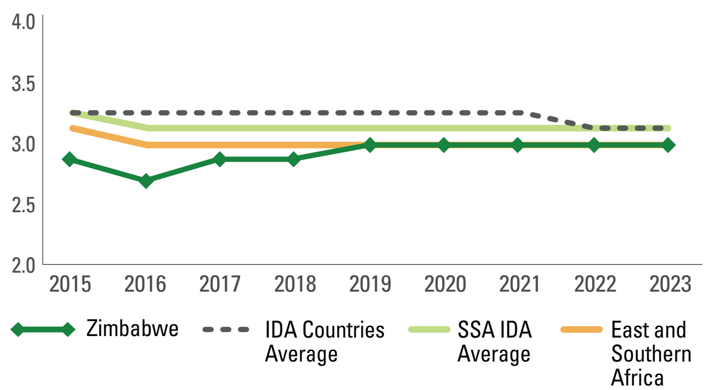
Indicator	Zimbabwe	East and Southern Africa	SSA IDA Average	IDA Borrowers Average
Economic Management	**2.5**	**2.9**	**3.2**	**3.2**
Monetary and Exchange Rate Policy	2.0	3.1	3.4	3.4
Fiscal Policy	3.0	2.8	3.1	3.0
Debt Policy and Management	2.5	2.8	3.1	3.1
Structural Policies	**2.8**	**3.1**	**3.2**	**3.2**
Trade	3.0	3.5	3.7	3.7
Financial Sector	2.5	2.7	2.7	2.8
Business Regulatory Environment	3.0	2.9	3.0	3.0
Policies for Social Inclusion and Equity	**3.7**	**3.2**	**3.3**	**3.3**
Gender Equality	4.0	3.2	3.3	3.3
Equity of Public Resource Use	3.5	3.3	3.4	3.4
Building Human Resources	4.0	3.6	3.6	3.6
Social Protection and Labor	3.0	2.9	3.1	3.0
Policies and Institutions for Environmental Sustainability	4.0	3.2	3.3	3.2
Public Sector Management and Institutions	**2.9**	**2.7**	**2.9**	**2.9**
Property Rights and Rule-Based Governance	2.0	2.5	2.7	2.8
Quality of Budgetary and Financial Management	3.0	2.7	2.9	3.0
Efficiency of Revenue Mobilization	4.0	3.1	3.2	3.3
Quality of Public Administration	3.0	2.7	2.8	2.8
Transparency, Accountability, and Corruption in the Public Sector	2.5	2.4	2.7	2.8
Overall CPIA Score	**3.0**	**3.0**	**3.1**	**3.1**

Highlights

- Gender equality and human resources (health and education) improved.
- Revisions to the banking law and published regulations aimed to support financial stability and resilience, including guidelines on climate-related risk management.
- The country approved the National Forest Policy, which seeks to manage, conserve, and sustainably utilize forest resources.
- Weakness in the economic management cluster included high inflation, currency depreciation, and slowing economic activity.
- Increasing transparency and accountability in the public sector is essential. Enhancements in public financial management and the quality of the judicial system are also necessary for progress in overall governance.

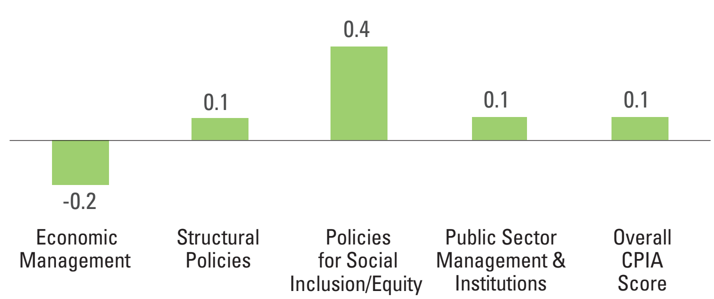
Trend

OVERALL CPIA SCORES



Progress

CHANGE IN CPIA SCORES FROM 2015 TO 2023



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CPIA Africa: Compare Your Country

Appendix A: CPIA Components

A. Economic Management

1. Monetary and Exchange Rate Policy: *The quality of monetary/exchange rate policies in a coherent macroeconomic policy framework.*
2. Fiscal Policy: *The quality of fiscal policy as regards stabilization (achieving macroeconomic policy objectives in conjunction with coherent monetary and exchange rate policies, smoothing business cycle fluctuations, and accommodating shocks) and resource allocation (appropriate provisioning of public goods).*
3. Debt Policy and Management: *The degree of appropriateness of the country's debt management strategy for ensuring medium-term debt sustainability and minimizing budgetary risks.*

B. Structural Policies

4. Trade: *The extent to which the policy framework fosters regional and global integration in goods and services, focusing on the trade policy regime (tariffs, non-tariff barriers, and barriers to trade in services) and trade facilitation.*
5. Financial Sector: *The quality of policies and regulations that affect financial sector development in three dimensions: (a) financial stability; (b) the sector's efficiency, depth, and resource mobilization strength; and (c) access to financial services.*
6. Business Regulatory Environment: *The extent to which the legal, regulatory, and policy environment helps or hinders private businesses in investing, creating jobs, and becoming more productive.*

C. Policies for Social Inclusion and Equity

7. Gender Equality: *The extent to which policies, laws, and institutions (a) promote equal access for men and women to human capital development, (b) promote equal access for men and women to productive and economic resources, and (c) give men and women equal status and protection under the law.*
8. Equity of Public Resource Use: *The extent to which the pattern of public expenditures and revenue collection affects the poor and is consistent with national poverty reduction priorities.*
9. Building Human Resources: *The quality of national policies and public and private sector delivery in health and education.*
10. Social Protection and Labor: *Policies promoting risk prevention by supporting savings and risk pooling through social insurance, protection against destitution through redistributive safety net programs, and promotion of human capital development and income generation, including labor market programs.*
11. Policies and Institutions for Environmental Sustainability: *The extent to which environmental policies and institutions foster the protection and sustainable use of natural resources and the management of pollution.*

D. Public Sector Management and Institutions

12. Property Rights and Rule-Based Governance: *The extent to which economic activity is facilitated by an effective legal system and rule-based governance structure in which property and contract rights are reliably respected and enforced.*
13. Quality of Budgetary and Financial Management: *The extent to which there is (a) a comprehensive and credible budget, linked to policy priorities; (b) effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and (c) timely and accurate accounting and fiscal reporting, including timely audits of public accounts and effective arrangements for follow-up.*
14. Efficiency of Revenue Mobilization: *Assesses the overall pattern of revenue mobilization, not only the tax structure as it exists on paper, but revenues from all sources as they are actually collected.*
15. Quality of Public Administration: *The core administration defined as the civilian central government (and subnational governments, to the extent that their size or policy responsibilities are significant), excluding health and education personnel and police.*
16. Transparency, Accountability, and Corruption in the Public Sector: *The extent to which the executive, legislators, and other high-level officials can be held accountable for their use of funds, administrative decisions, and results obtained.*

Appendix B: Country Groups and Classification

TABLE B.1: Country Grouping by Fragility

Sub-Saharan Africa IDA countries		Non-Sub-Saharan Africa IDA countries	
Fragile and conflict affected	Non-fragile	Fragile and conflict affected	Non-fragile
Burkina Faso	Benin	Afghanistan	Bangladesh
Burundi	Cabo Verde	Haiti	Bhutan
Cameroon	Côte d'Ivoire	Iraq*	Cambodia
Central African Republic	Gambia, The	Kiribati	Djibouti
Chad	Ghana	Kosovo	Dominica
Comoros	Guinea	Lebanon*	Fiji
Congo, Dem. Rep.	Kenya	Libya*	Grenada
Congo, Rep.	Lesotho	Marshall Islands	Guyana
Ertirea	Liberia	Micronesia, Fed. Sts.	Honduras
Ethiopia	Madagascar	Myanmar	Kyrgyz Republic
Guinea-Bissau	Malawi	Papua New Guinea	Lao PDR
Mali	Mauritania	Solomon Islands	Maldives
Mozambique	Rwanda	Syrian Arab Republic*	Nepal
Niger	Senegal	Timor-Leste	Nicaragua
Nigeria	Sierra Leone	Tuvalu	Pakistan
São Tomé and Príncipe	Tanzania	Ukraine*	Samoa
Somalia	Togo	Venezuela, RB*	Sri Lanka
South Sudan	Uganda	West Bank and Gaza*	St. Lucia
Sudan	Zambia	Yemen, Rep.	St. Vincent and the Grenadines
Zimbabwe			Tajikistan
			Tonga
			Uzbekistan
			Vanuatu

Note for fragile countries: This country group classification is based on the Fragile and Conflict-affected Situations List for fiscal year 2024. It classifies countries based on the nature and severity of the issues they face. Fragile countries are defined as those with one or more of the following: (a) the weakest institutional and policy environment, based on a revised, harmonized CPIA score for IDA countries (for which CPIA scores are disclosed) that is below 3.0; or (b) the presence of a United Nations peacekeeping operation, because this reflects a decision by the international community that a significant investment is needed to maintain peace and stability; or (c) flight across borders of 2,000 or more per 100,000 population, who are internationally regarded as refugees in need of international protection, as this signals a major political or security crisis. The classification uses the following categories:

1. Countries with high levels of institutional and social fragility, identified based on publicly available indicators that measure the quality of policies and institutions and manifestations of fragility.
2. Countries affected by violent conflict, identified based on a threshold number of conflict-related deaths relative to the population.

* The analysis does not include Iraq, Lebanon, Libya, the República Bolivariana de Venezuela, the Syrian Arab Republic, Ukraine, and the West Bank and Gaza. These economies do not have CPIA data.

TABLE B.2: Western and Central Africa Country Classification

Resource-rich countries		Non-resource-rich countries	
Oil	Metals & minerals		
Chad Congo, Rep. Nigeria	Guinea Liberia Mauritania Niger Sierra Leone	Benin Burkina Faso Cabo Verde Cameroon Central African Republic Côte d'Ivoire	Gambia, The Ghana Guinea-Bissau Mali Senegal Togo

Note: Since July 2020, for operational purposes, the World Bank Africa Region has been split into two subregions—Western and Central Africa and Eastern and Southern Africa. The analysis in this report reflects this setup. IBRD countries are excluded from the analysis. Resource-rich countries are those with rents from natural resources (excluding forests) that exceed 10 percent of gross domestic product.

TABLE B.3: Eastern and Southern Africa Country Classification

Resource-rich countries		Non-resource-rich countries	
Oil	Metals & minerals		
South Sudan	Congo, Dem. Rep. Zambia	Burundi Comoros Eritrea Ethiopia Kenya Lesotho Madagascar Malawi	Mozambique Rwanda São Tomé and Príncipe Somalia Sudan Tanzania Uganda Zimbabwe

Note: Since July 2020, for operational purposes, the World Bank Africa Region has been split into two subregions—Western and Central Africa and Eastern and Southern Africa. The analysis in this report reflects this setup. IBRD countries are excluded from the analysis. Resource-rich countries are those with rents from natural resources (excluding forests) that exceed 10 percent of gross domestic product.

Appendix C: Guide to the CPIA

The Country Policy and Institutional Assessment (CPIA) is a diagnostic tool that is intended to capture the quality of a country's policies and institutional arrangements—that is, its focus is on the key elements that are within a country's control, rather than on outcomes (such as growth rates) that are influenced by elements outside the country's control. More specifically, the CPIA measures the extent to which a country's policy and institutional framework supports sustainable growth and poverty reduction, and consequently the effective use of development assistance. The outcome of the exercise yields an overall score and scores for the 16 criteria that compose the CPIA. The CPIA tool was developed and first employed in the mid-1970s. Over the years, the World Bank has periodically updated and improved it to reflect the lessons of experience and evolution of thinking about development.

In June 2006, the World Bank publicly disclosed for the first time the numerical scores of its 2005 CPIA. The CPIA exercise covers country performance during a given calendar year, with the results for the International Development Association (IDA)–eligible countries disclosed in June the following year.

The CPIA has undergone periodic reviews to update and refine the content of the criteria. The most recent revision of the criteria was first applied to the 2016 CPIA exercise. The revisions were guided by the conclusions of an Independent Evaluation Group evaluation, relevant findings in the literature, and lessons learned in carrying out the annual CPIA exercise in the past few years. In undertaking the revisions, special attention was given to ensuring that the content of the revisions was commensurate with the availability of information and the ability to assess country performance, and that some degree of continuity was preserved in the criteria. The revisions have not resulted in significant changes in country scores. Among the revisions are the following:

- In Q4 (Trade), trade policy and trade facilitation are now equally weighted; more emphasis is placed on the trade regime, not just imports; services are explicitly introduced; and the trade facilitation subcomponent is elaborated.
- The coverage of social assistance programs, including coordination, reach, and targeting issues in Q10 (Social Protection and Labor), was strengthened.
- Q15 (Quality of Public Administration) was revised to include a stronger focus on the core public administration and, when relevant, a more explicit treatment of subnational governments.
- Q16 (Transparency, Accountability, and Corruption in the Public Sector) was revised to include a new dimension to cover aspects of financial corruption that had not been treated consistently. Coverage of fiscal information is now more explicit, and capture and conflicts of interest as distinct forms of corruption are treated more consistently.

CPIA scores help to determine IDA allocations—concessional lending and grants—to low-income countries.

Details are available at: **www.worldbank.org/africa/CPIA**.

Appendix D: CPIA Process

The Country Policy and Institutional Assessment (CPIA) is an annual country assessment exercise that generally starts in October and ends by June of the following year. This exercise is carried out in stages.

In the *first stage*, country teams prepare the CPIA assessment drafts for their respective countries and propose preliminary ratings, including written justification for these proposed ratings. The initial CPIA rating proposals by the country teams are based on well-informed judgment. The country teams are very familiar with the country, and often draw on their own knowledge of the country's performance. More importantly, they also use relevant diagnostic studies—for example, country economic reports, a public expenditure review, or a poverty assessment—that the World Bank, the country itself, or other stakeholders may have conducted. In addition, over the past several years, the World Bank has assembled economic and institutional data on its member countries, which staff utilize when making their judgments on the respective country's performance. These data are listed in the CPIA criteria under guidepost.

To ensure that the scores are consistent across countries and regions, the country teams' proposals undergo a series of checks and balances. In the *second stage*, the country teams' proposals are first reviewed within each operational region of the World Bank by the respective Office of the Chief Economist, and then they are submitted to a World Bank–wide review by experts in the Global Practices, Global Themes, and central departments. This review process is managed by the World Bank's Operations Policy and Country Services (OPCS) Vice Presidency. The assessment exercise is centrally managed to ensure a clear separation between the resource allocation function and the operations for which the allocations are used.

In the *final stage*, following the World Bank–wide review, the country team proposals are adjusted to ensure the consistency of the proposed ratings across countries. Country teams are requested to revise their qualitative and quantitative assessments, reflecting concerns raised by peer and World Bank–wide reviewers. In cases where differences of views between a country team and OPCS persist, clear mechanisms are in place to reach closure.

The World Bank's consultation with country authorities during the assessment exercise

Country authorities are consulted in two stages.

Stage 1. Early in the assessment process, the World Bank's country team meets with country authorities to discuss progress made in addressing the issues identified in the previous year's assessment. This consultation helps identify areas in which the World Bank's assessments might differ from those of the country authorities. It also provides the authorities an opportunity to bring additional information to the attention of World Bank staff. The objective of the first-stage consultation is to ensure that country teams have taken into account all the relevant available information when preparing their write-ups and the associated rating proposals. The guidance provided to the teams makes clear that these interactions with country authorities are part of a process of consultation, not a negotiation over the ratings.

Stage 2. The second stage of interaction with the authorities occurs at the end of the assessment process. After the completion of the World Bank–wide review process and final CPIA scores, country teams communicate to the authorities the results of the assessment, discuss implications for the World Bank's engagement with the country, and explore ways to address identified weaknesses.

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www.worldbank.org/africa/cpia

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