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Investing in rural people

Report of the Chairperson on the first meeting of the Working Group on the Performance- based Allocation System

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For: Review

Report of the Chairperson on the first meeting of the Working Group on the Performance-based Allocation System

1. This report covers the deliberations of the Working Group on the Performance-based Allocation System (PBAS working group) during its first 2015 meeting on 16 July.
2. The meeting was attended by working group members from China, the Dominican Republic, France, Ireland, Japan, Nigeria and the Bolivarian Republic of Venezuela; and Italy as an observer.

Election of the Chairperson

3. The PBAS working group nominated and elected Nigeria for the third time as its Chair for the period until end April 2018, in accordance with rule 11.1 of the Rules of Procedure of the Executive Board. Dr Yaya O. Olaniran (representative of Nigeria) assumed the role of Chairperson of the group. He thanked members for electing him as chair once again, and welcomed new members to the group: China, the Dominican Republic, Ireland, Japan and Liberia.

Adoption of the agenda

4. The Chair invited members to review the provisional agenda: (i) opening of the session; (ii) election of the Chairperson; (iii) adoption of the agenda; (iv) overview of the performance-based allocation system (PBAS) at IFAD; and (v) other business.
5. The agenda (document PBAS 2015/1/W.P.1) was adopted by members, without amendment, but noting a comment from Ireland on a possible discussion of the working group's programme of work.

Overview of the performance-based allocation system at IFAD

6. Management presented an overview of the PBAS, including historical background, objectives of the system, decisions made and progress to date, countries included in allocation periods, from 2005 to date, as well as the allocation process and the variables that IFAD considers. Management brought the application of the PBAS formula and the methodology for PBAS calculations to the attention of the group.
7. Members held a productive discussion of the issues brought forward in the presentation. Notably, the working group sought clarification on:
 - Whether the PBAS considers the resources available to a given country to determine its needs;
 - Availability of information on effective use of allocations, and when this information is made public;
 - Actual measures for each of the aspects of rural-sector performance, as well as the actual measure of each of the variables considered in the PBAS;
 - Application of the PBAS to the 95 per cent of the programme of loans and grants (PoLG);
 - Variation in the number of countries included in each Replenishment from year to year and the implications of this variation;
 - Country scores and how the minimum or maximum allocations are determined.
8. Management provided the necessary information in response to members' queries and further explained IFAD's PBAS formula.

Terms of reference of the PBAS working group

9. The Secretary of IFAD clarified that the PBAS working group was convened to develop a broader understanding of evolving issues in the implementation of the PBAS, and briefly shared the group's terms of reference (TORs).

Next steps

10. Members were informed that the Independent Office of Evaluation of IFAD (IOE) was in the process of conducting a corporate-level evaluation (CLE) of the PBAS. Members thus agreed to avoid duplication of work with this review, scheduled for submission to the Executive Board in April 2016.
11. Management agreed to make a proposal to the Executive Management Committee on the possibility of holding an informal seminar to share updated information on IFAD10 and the related PBAS allocations sometime between the September and December 2015 Board sessions.
12. The working group would consider holding a meeting for further discussions, possibly back-to-back with the informal seminar.
13. The group further expressed interest in engaging with IOE in a discussion of the first drafts of the CLE on the PBAS once it was available.
14. In accordance with the TORs, members requested future discussions on PBAS practices in place at other international financial institutions, and how IFAD could benefit from these.
15. There being no other business, the Chairperson closed the meeting by thanking members for an engaging discussion and encouraged them to keep the debate alive.