



Review of IFAD's Performance Based Allocation System

121st Executive Board session

Today's presentation

Formula

slide: 3 - 6

Alocations

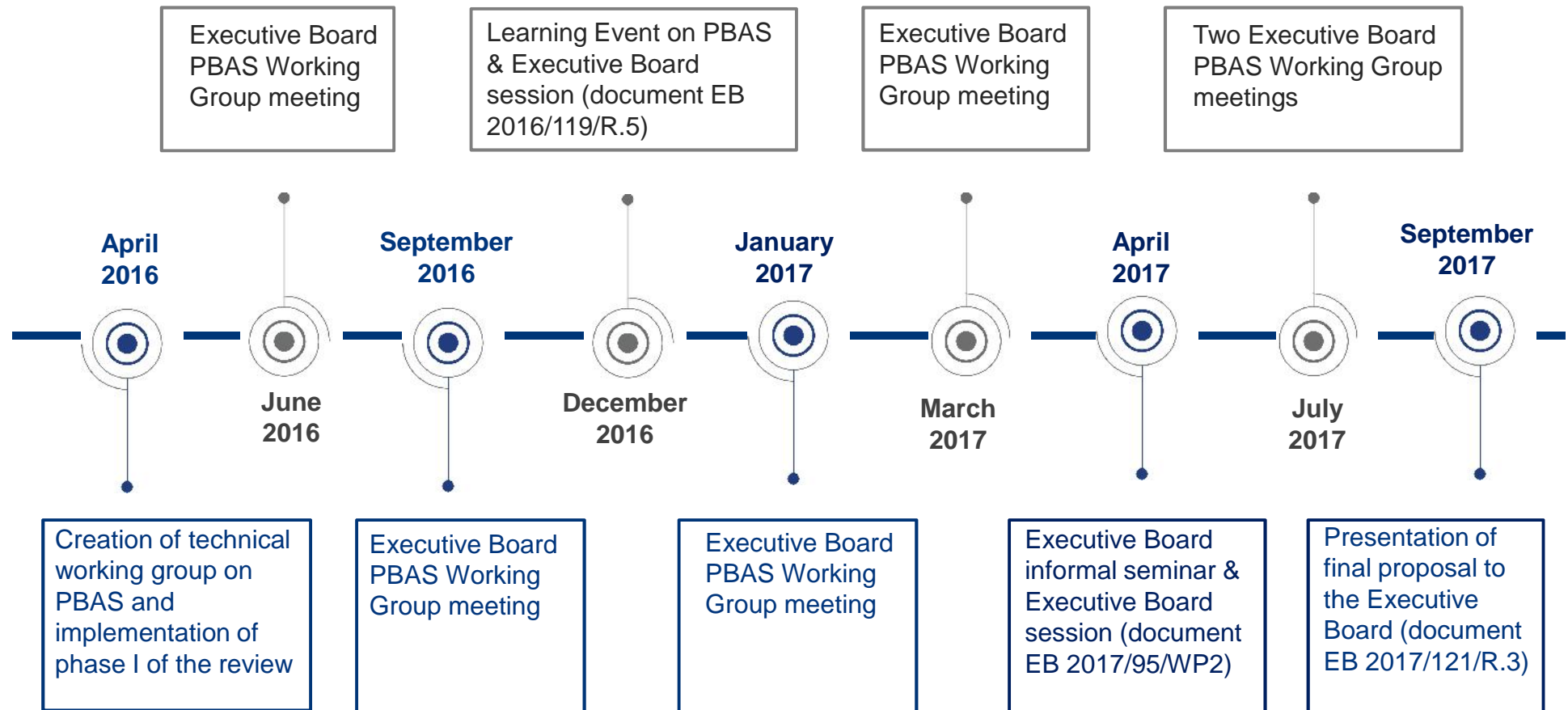
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Moving forward

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Timeline of PBAS review process



Consultation with MDBs WG on PBAS

Management actions in response to IOE recommendations



Actions taken

Enhancing rural poverty focus

Strengthening the performance component

Rebalancing the needs and performance components

Streamlining PBAS management process for better effectiveness and transparency



The PBAS formula

Reduce the range of variation

Maintain and reduce the weight

Add a vulnerability measure

$$\left[\left(\text{Rural Pop}^{0.405} \times \text{GNIpc}^{-0.265} \right) \times \text{(IVI)}^{0.95} \right] \times$$

NEEDS

$$\left[(0.35 \times \text{RSP}) + (0.65 \times \text{PAD}) \right]$$

PERFORMANCE

Fold CPIA into RSP

Simplify and add disbursements: from PAR to PAD

Both needs and performance are actionable and meaningful



IVI

Most influential needs variable

Largest elasticity to ensure high relevance in country scores

High reaction to new situations of fragility

Considers multi-dimensional poverty aspects

PAD

Most influential performance variable

Second-largest elasticity to capture changes in performance

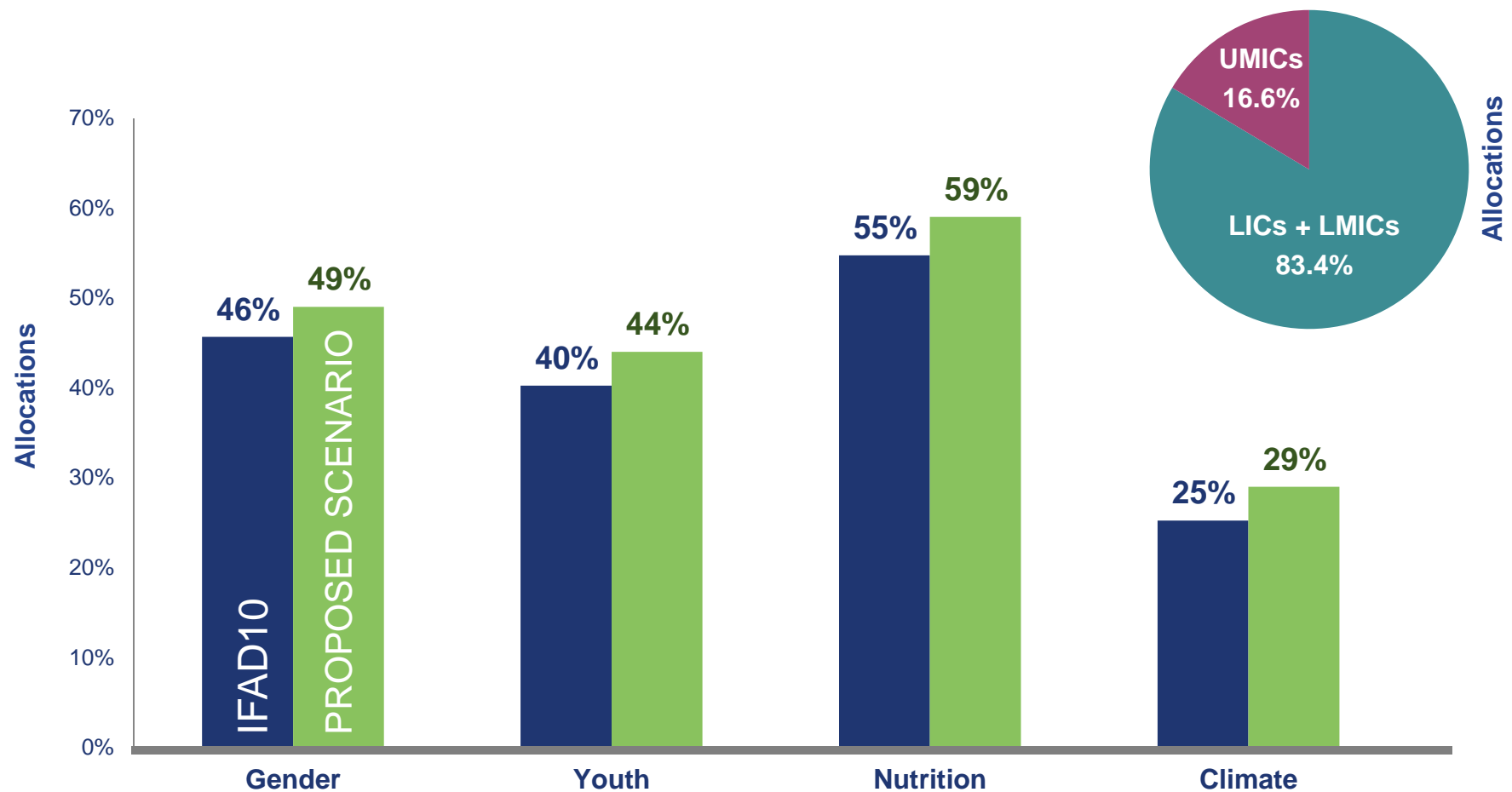
Computation accounts for portfolio and country-related dynamics

Creates virtuous incentives

IFAD11 proposed focus and priorities are adequately captured



Share of allocation to countries with greatest needs by two top quintiles (Total resources)





Outstanding replenishment decision do not directly affect the PBAS formula



Business Model



IFAD11 country selectivity criteria preserve the formula's macro-stability



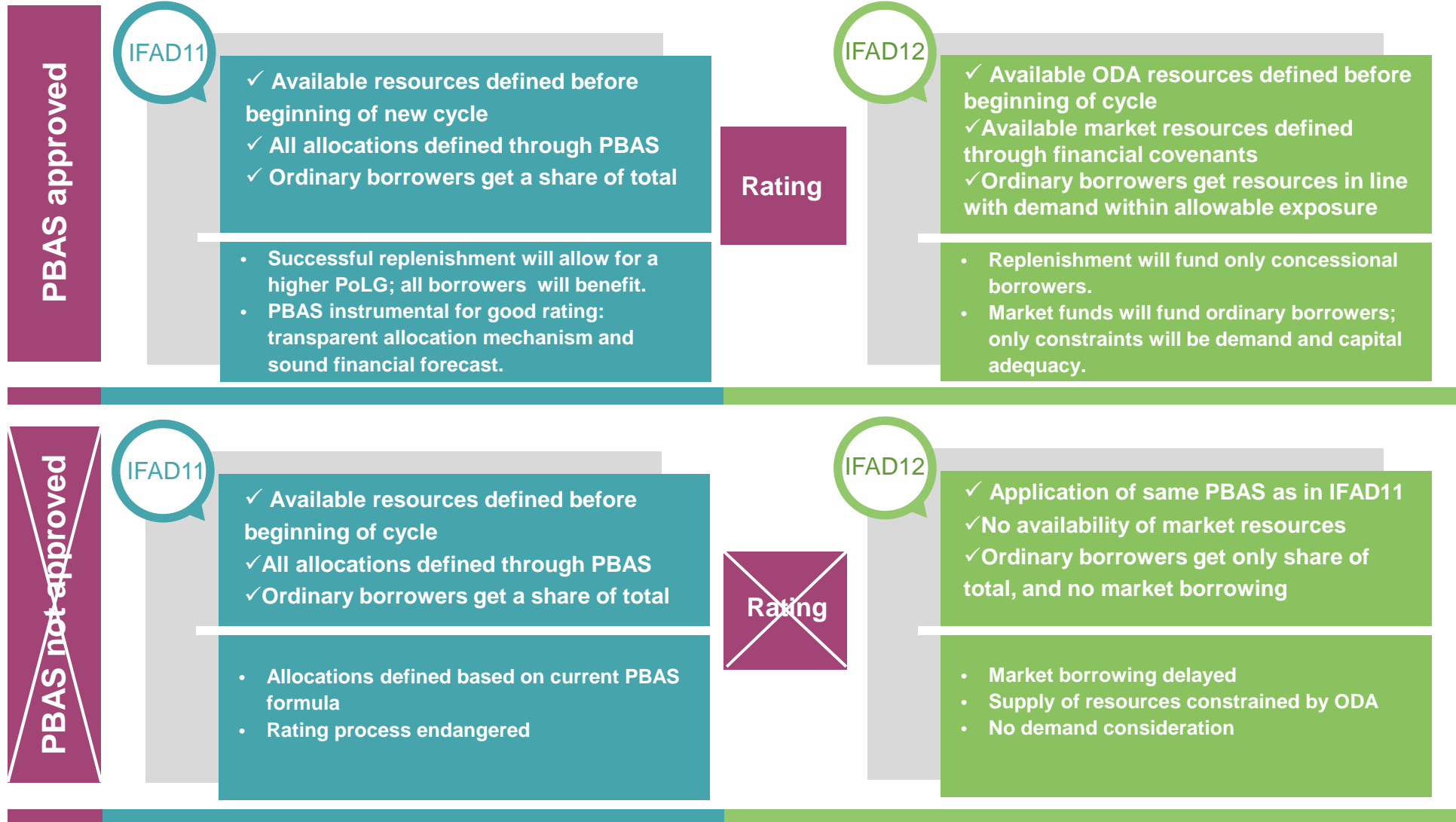
The projected allocations are compatible with the proposal on shares of allocations of core resources (90% to LICs and LMICs, 10% to UMICs)



The size of the PoLG does not influence the PBAS allocation shares by income level, lending term or any other breakdown



Alternative timelines





Any questions?

Thank you for your attention
