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IFAD
Investing in rural people

PBAS formula enhancements

Note to Executive Board representatives

Focal points:

Technical questions:

Périn Saint-Ange
Associate Vice-President
Programme Management Department
Tel. +39 06 5459 2448
e-mail: p.saintange@ifad.org

Lisandro Martin
Chief
Operational Programming and Effectiveness Unit
Tel.: +39 06 5459 2388
e-mail: lisandro.martin@ifad.org

Dispatch of documentation:

William Skinner
Chief
Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

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Note to PBAS Working Group members

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Périn Saint-Ange
Associate Vice-President
Programme Management Department
Tel. +39 06 5459 2448
e-mail: p.saintange@ifad.org

Lisandro Martin
Chief
Operational Programming and Effectiveness Unit
Tel.: +39 06 5459 2388
e-mail: lisandro.martin@ifad.org

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William Skinner
Chief
Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

Working Group on the Performance-Based Allocation System — Eighth Meeting

Rome, 24 July 2017

For: Review

Contents

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Abbreviations and acronyms

CLE	corporate-level evaluation
CPIA	Country Policy and Institutional Assessment
GNIpc	gross national income per capita
IVI	IFAD Vulnerability Index
LIC	low-income country
LMIC	lower-middle-income country
MDB	multilateral development bank
MFS	most fragile situations
PAD	portfolio performance and disbursement
PAR	portfolio-at-risk
PoLG	programme of loans and grants
PPP	potential problem projects
RSP	rural sector performance
RSPA	rural sector performance assessment
UMIC	upper-middle-income country

Executive summary

1. At the Executive Board session in April 2017, Management presented a revised formula for scenario 3 (SC3) of the performance-based allocation system (PBAS),[1] which incorporated several enhancements resulting from the corporate-level evaluation undertaken by the Independent Office of Evaluation of IFAD (IOE). Board representatives requested Management to further fine-tune the proposal to: (i) increase the outward-looking characteristics of the formula; and (ii) increase the formula's rural poverty focus.

2. The formula hereby presented retains the positive features of scenario 3, with increased weight to the country performance component when compared to IFAD10, and including the enhancements requested by the Board. It also addresses issues raised at the seventh meeting of the PBAS Working Group which took place on 11 July 2017. Specifically, the proposed formula: (i) rebalances the weights of the rural sector performance variable and the portfolio performance and disbursement variable within the country performance component, favouring the former, which represents the performance of the sector and is therefore more outward-looking; and (ii) increases the elasticity of the IFAD Vulnerability Index to ensure that new situations of fragility are captured in a timely manner when updates are undertaken. It also results in a higher allocation to low-income countries (LICs) than in IFAD10.

3. Management presents for approval the adjusted SC3-D. With respect to the SC3-D presented to the Working Group in July, the weights and exponents of all variables are moderately changed. These adjustments bring more stability and predictability to the formula by reducing the average standard deviation or variability of each variable. This is a more targeted scenario that increases the allocation to countries that need the most and perform the best.

4. At the second session of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), Management presented the document "Business model for IFAD11", which proposes strategic directions for the Fund during the next replenishment cycle, and the "Financial strategy for IFAD11 and beyond", which proposes a leveraging strategy for the medium-to-long term.

5. These documents and the discussions with members illustrate that IFAD is entering an unprecedented transformation phase to pursue its ultimate goal, which is to increase its support to all clients. To reach this goal, during the IFAD11 period, IFAD will start making the necessary preparations to access capital markets in the following cycle. Management is cognizant of the fact that, should this direction be pursued, resources borrowed from capital markets will require a different allocation mechanism than the PBAS, and will be based on the criteria of risk management and capital adequacy.

6. The PBAS formula hereby presented is to be applied for the IFAD11 period only. During IFAD11, all resources will continue to be allocated through PBAS and a strong and transparent allocation mechanism will be an important building block for a successful rating process, to support the implementation of the proposed leveraging strategy.

[1] Document EB 2017/120/R.2.

7. The current proposal for PBAS is therefore only valid for IFAD11, and will need to be revised ahead of IFAD12. Further feedback resulting from the IOE evaluation on IFAD's financial architecture, to be undertaken in IFAD11, will be taken on board by Management. For the IFAD11 cycle, this proposal aims for alignment with the strategic direction of the Fund as described in the business model for the IFAD11 cycle, should this be agreed upon at the end of the Replenishment Consultation. This includes allowing for the channelling of 90 per cent of IFAD's core resources to LICs and LMICs and allocating approximately 50 per cent of its core resources to Africa, and between 25 and 30 per cent of core resources to the most fragile situations (MFS).

Recommendation for approval

The Executive Board is invited to approve:

- The proposed changes to the PBAS formula associated with scenario 3-D adjusted as they appear in paragraph 36; and
- The proposed increase in minimum allocations from the current US$3 million to US$4.5 million per cycle, as explained in paragraph 18.

PBAS formula enhancements

Background

1. At its 120th session in April 2017, the Executive Board reviewed the document "PBAS formula and procedures" (EB 2017/120/R.2), which included a proposal for a revised formula. The proposal was the result of the two-phase review process undertaken by Management under the guidance of the Executive Board's Working Group on the Performance-Based Allocation System (PBAS Working Group). At the same session, the Executive Board approved that the PBAS Working Group continue its review and revision of the PBAS framework, building on the feedback received, and that the final conclusions and recommendations be presented to the session in September 2017 for approval.[2]

2. The second phase of the PBAS review process has evolved in parallel with discussions on IFAD's business model and financial strategy for the Eleventh Replenishment of IFAD's Resources (IFAD11) as proposed in "Enhancing the IFAD11 business model to deliver impact at scale" (IFAD11/2/R.3), and the "Financial strategy for IFAD11 and beyond" (IFAD11/2/R.5), which were presented to the second session of the Consultation.

3. Both the documents and the discussions that took place at that session highlighted that IFAD is at a crossroads. The institution is in a transformation phase, in response to the need to enhance its business model to deliver impact at a larger scale, in line with the ambitions of its borrowing Member States' to reach the Sustainable Development Goals (SDGs). This will require IFAD to grow in size, so as to increase its financial support to all its borrowing Members. This can only be achieved by making the best possible use of scarce official development assistance (ODA) and providing the most suitable combination with borrowed funds. The leveraging strategy proposed in the document "Financial strategy for IFAD11 and beyond" is aimed at increasing IFAD's financing to all income levels, through a more tailored use of resources. The business model for IFAD11 aims to ensure that resources are allocated, utilized and transformed in the most effective way.

4. To pursue this strategic direction, during the IFAD11 period the Fund will explore the conditions for accessing market borrowing to further diversify its funding base. A rating assessment process will be initiated and, especially in this context, the coherence of the resource allocation mechanism with the types of funding IFAD can access is of paramount importance. A transparent allocation mechanism is crucial

[2] Since April 2016, seven meetings of the PBAS Working Group have taken place (in June and September 2016, and in January and March 2017). Management has also presented the findings of the analysis undertaken under the Working Group's guidance at the Executive Board sessions in April 2017 (EB 2017/120/R.2) and December 2016 (EB 2016/119/R.5), and at the Evaluation Committee session in March 2017 (EC 2016/95/W.P.2). In addition, Management has organised two Executive Board informal seminars (November 2015 and April 2017), and the first ever learning event on PBAS for IFAD staff (December 2016). Management has also engaged in dialogue on the PBAS with the Executive Board at Convenors and Friends meetings, and has held bilateral meetings with Executive Board representatives who manifested specific interest or concerns.

for sound financial projections and for liquidity and capital assessments. It also forms the basis for financial risk management, one of the most important pillars for obtaining a favourable rating.

5. The PBAS formula recommended in this paper for IFAD11 is therefore coherent with the strategic direction that the Fund is proposing for IFAD11, bearing in mind the further review of the formula to be undertaken for IFAD12. After that period, the formula will be revised as needed and will eventually be limited to the allocation of concessional resources in line with best practice of other international financial institutions. Funds borrowed from financial markets should not be allocated through the PBAS, as other mechanisms based on borrower concentration, borrower rating and capital adequacy (for IFAD) would govern the demand and supply of loans financed through bond issuance.

6. This document has five sections. The first (paragraphs 7-11) provides an overview of the features and rationale of the PBAS formula, the progress made on the formula review up to April 2017, and the conceptual evolution that has taken place since then in order to ensure alignment with the proposed IFAD11 business model. The second section (paragraphs 12-18) focuses on the policy relevance of the formula with regard to the changes to the business model proposed for IFAD11. The third section (paragraphs 19-32) focuses on the formula's enhancements, its stability at the macro level and variability at the micro (or country) level, its sustainability over time, and the role that each variable plays in determining country scores. Section four provides a description of the formula proposed for approval. Section five highlights the steps needed to implement the revised PBAS in the IFAD11 cycle.

I. Enhancements to the PBAS

A. Concept

7. The performance-based allocation system is based on a simple concept: among the Member States with a clear need for IFAD support, resources should be given proportionally according to a country's track record in using those resources effectively. This system therefore combines measures of both country needs and country performance to ensure that IFAD resources are allocated where the expected returns on development effectiveness are the greatest.

8. While the country needs component represents the stock component given that country poverty and vulnerability do not change rapidly, the performance component is more dynamic, representing the flow. In other words, as described in the Corporate-level evaluation (CLE) on IFAD's PBAS (EB 2016/117/R.5), needs represent a static component and performance a dynamic one. Understanding their relative weight in the equation is therefore a complex endeavour: notwithstanding its coefficients and exponents, over time the country performance component has a higher incidence in determining the marginal change in allocations.

9. Similar to the allocation systems of other agencies, IFAD's system helps to make interventions more effective at the country level by: (i) providing a check on excessive resource allocations to poorly performing countries, and directing resources to better-performing ones; (ii) improving the stability and predictability of resource flows where most needed, i.e. to those countries with a stable or improving performance; and (iii) helping to provide a standard, through the use of performance ratings, which identifies the exogenous factors that make development more or less challenging in different countries or regions.

B. Assessment

10. The CLE confirmed that the system ensures greater fairness in the allocation of IFAD's resources across developing Member States; that it is generally well tailored to IFAD; and that it has aligned IFAD's resource allocation system with those of

similar organizations. Importantly, the CLE confirmed that the PBAS has consistently enabled IFAD to provide at least 50 per cent of its resources to Africa, and 45 per cent to sub-Saharan Africa. It has also ensured the provision of two thirds of its resources on highly concessional terms, as envisaged in the Policies and Criteria for IFAD Financing. Quantitatively, the CLE provided an overall rating of 4.3, which is above the moderately satisfactory threshold, and found the PBAS to be relevant (rated 4.6), effective (rated 4.2) and efficient (rated 4.1).

11. Acknowledging the opportunity for improvements to further align the PBAS with the evolution of IFAD's operations, especially for IFAD11, Management has fully embraced IOE's recommendations in the proposal presented herein. In particular, it has: (i) improved the governance of the process by adopting a more corporate approach to the PBAS in general, improving transparency and promoting learning; (ii) strengthened the rural poverty focus of the country needs component, in particular by including measures of vulnerability and non-income poverty; and (iii) rebalanced the distribution of weight between the country needs and country performance components with the intention of strengthening the incentive for better performance when compared to the current formula. Points (i) and (ii) were already discussed and agreed by the Executive Board in December 2016. Therefore, this paper focuses on point (iii), that is, it proposes a revised mathematical formula that provides a more balanced account than the current needs/performance distribution split of 65 per cent to 35 per cent acknowledged by the CLE.

II. Policy relevance

A. Ensuring universality

12. One of IFAD's main characteristics is that of universality. IFAD should capitalize on the diversity of its Member-based foundation, beginning with the premise that each of its beneficiary Members is eligible for the Fund's services to eradicate poverty and eliminate hunger, wherever they exist. IFAD's Strategic Framework and operational policies apply to all countries irrespective of their income level, geography or degree of fragility. What do change, however, are the conditions and needs associated with countries with pervasive poverty as opposed to those with pockets of poverty, including their capacity to finance their own development efforts. As detailed in the proposed business model for IFAD11, IFAD will increasingly differentiate the type of services it provides and offer a selection of activities that are effective in low-income countries (LICs), lower-middle-income countries (LMICs), upper-middle-income countries (UMICs), fragile situations and small island developing states (SIDS). This will make the Fund more effective in addressing development challenges and transforming rural areas while maintaining its comparative advantage and sector-wide focus.

13. For IFAD11, Management puts forward the proposal to introduce a degree of country selectivity in order to allocate resources more effectively. This differs from current practices whereby the decision to include or exclude countries is based on indication of demand by Member States through dialogue with IFAD's country teams. This practice has led to a pervasive shortcoming in IFAD's PBAS: in a given PBAS cycle, close to 20 per cent of countries that express their willingness to avail themselves of resources at the beginning of each cycle do not transform these pledges into operations due to later changes in country conditions and priorities. This practice cuts across the whole spectrum of country groupings. Ensuring country readiness to prepare new projects is essential to linking PBAS allocations to pipeline planning and delivery. It also improves the efficiency of the system by reducing the need for large reallocations later in the cycle that contribute to bunching in project delivery.

14. These criteria respect the principle of universality, as embedded in IFAD's mission. As such, they build on the tenet that no criterion that penalizes upfront a specific

subset of countries – whether it be because of income or fragility or region – would, nor should, be applied. These criteria are also actionable: each country can choose to change its behaviour to become eligible for fresh support.

15. Doing this in a way that respects IFAD's universality and the fairness of the system requires the establishment of transparent criteria that provide incentives to prospective borrowers for a better use of IFAD resources. In the context of the IFAD11 Consultation, the following criteria have been proposed for discussion and feedback from Members: (i) *strategic focus*: this is to be measured by the existence of a valid country strategy (country strategic opportunities programme [COSOP] or country strategy note [CSN]) early in the PBAS cycle. This would ensure that qualifying countries have a mature strategic vision of how to use IFAD resources and are therefore ready to engage in concrete operational discussions. This is particularly important for countries that have not borrowed from IFAD before; (ii) *absorptive capacity*: all operations in a country that have been effective for more than one year must have disbursed funds at least once in the previous 18 months. This would provide a practical check on resource absorption capacity, and allow the Fund to sequence new designs more closely with implementation support and non-lending activities; and (iii) *ownership*: no approved loans are pending signature for more than 12 months. This proxy ensures that adequate ownership and commitment are in place to facilitate the use of IFAD's resources.

16. These criteria would be applied with a degree of flexibility to ensure that all LICs have the possibility of accessing fresh resources if needed. The list of eligible countries would have to be compiled ahead of the IFAD11 cycle to account for changes in the eligibility over time with respect to one or more of these criteria.

B. Leaving no one behind

17. In IFAD11, the majority of IFAD core resources, which remain the bedrock of IFAD's financing, will be directed to operations in LICs and LMICs. Management is proposing to channel 90 per cent of IFAD core resources to LICS and LMICs at the most concessional terms and the remaining 10 per cent to UMICs. Borrowed resources will be used to finance the remaining portion of the programme of loans and grants (PoLG), primarily for UMICs that borrow on ordinary terms, in line with a sustainable financial strategy. The recommended PBAS formula allows for this proposed commitment to be respected.

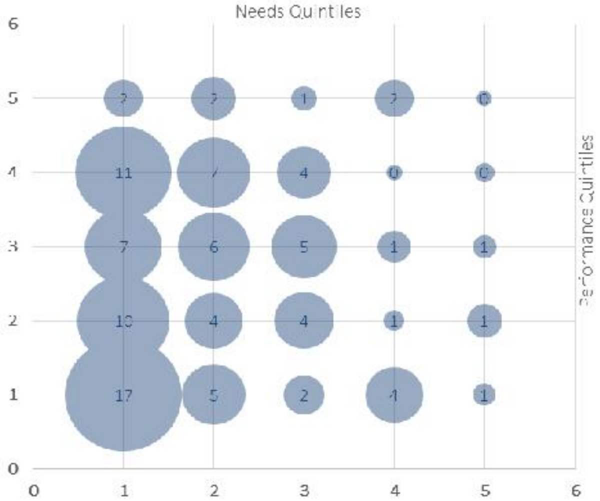
18. Moreover, the formula allows IFAD to allocate approximately 50 per cent of its core resources to Africa, and 25 to 30 per cent of core resources to MFS. The overall allocation to fragile states, using the harmonized list of fragile states of the IFIs and the Organisation for Economic Co-operation and Development (OECD), would be 61 per cent, increased by 6 per cent when compared to IFAD10. Within this group, applying the more stringent criterion for fragility used for the category of most fragile situations as approved by the Executive Board in December 2016, allocations would increase by approximately 4 per cent when compared to the current formula. Please refer to annex II for the two country classification lists. With the proposed formula, 10 countries receive minimum allocations, compared to the seven that currently do. However, these countries see their overall allocation in absolute terms increase substantially, from the current US$3.0 million to US$4.5 million. This new threshold for minimum allocation benefits small countries. Vulnerability is taken into due account through the inclusion of the IFAD Vulnerability Index (IVI). Sub-Saharan African countries, LICs and small island developing states are almost entirely placed within the first three quintiles of the IVI, that is, they are among the most vulnerable countries. Lastly, in order to ensure that IFAD financing is allocated only to countries with the capacity to use it within each PBAS cycle, Management will continue to apply capping to specific country allocations to further ensure that country absorptive capacity is taken into due account.

III. Features

A. Balancing the needs and performance components

19. The scenario proposed for approval shows a concentration of allocations towards the intersection of the highest needs (quintiles 1 and 2) and the highest performance (quintiles 1 and 2), as shown in figure 1, confirming that the countries with high needs and high performance receive more resources. Annex VI provides details of the analysis undertaken, and the alternative scenarios taken into consideration in order to identify the scenario proposed for approval.

Figure 1
Allocations distribution by needs and performance quintiles (% of total)



20. Moreover, this new balance allows Management to account for two technicalities of the formula. First, the fact that a higher weight to the performance component tends to polarize allocations, significantly increasing the number of countries with minimum allocations. Second, that, as explained in paragraph 8, the influence of the performance component over time is higher than the static estimation of weights; therefore, this version assigns a more moderate weight to the country performance component with regard to the scenario proposed to the Board in April 2017. This is in line with recent enhancements undertaken by other multilateral development banks (MDBs) to their PBAS formulas in order to allocate a higher volume of resources to poorer countries.

21. It is noteworthy that the preconception that increasing the weight given to the country performance component, with respect to the current PBAS formula that was applied in IFAD10, may skew allocations towards LMICs and UMICs is proved wrong by the analysis. Table 1 shows that with the proposed scenario, in spite of the increase in the weight of the performance component, the allocation to LICs sees a 4.4 per cent increase.

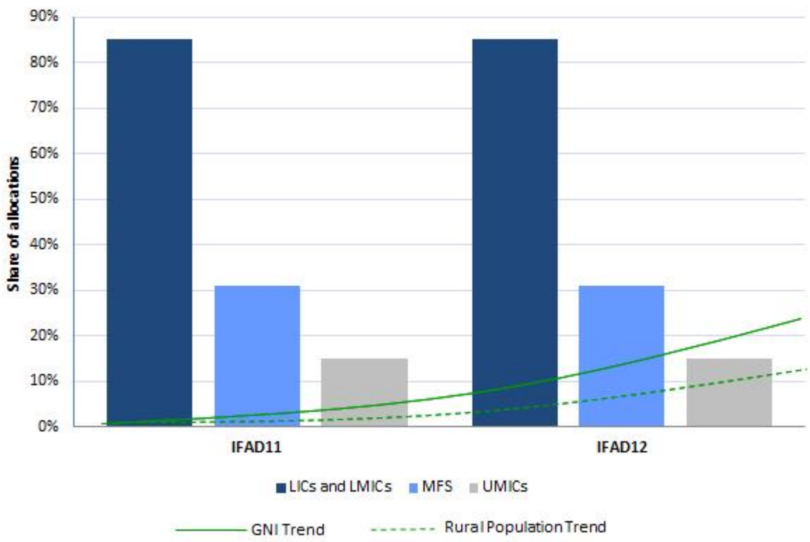
Table 1
Balance between components and distribution of allocations by country grouping – current and proposed PBAS formula (total resources)

	Current IFAD10 percentage	*Proposed scenario (SC3-D adjusted) percentage*
Needs component	65	59
Performance component	35	41
MFS	22.4	26.1
LICs	32.0	36.4
LMICs	49.3	46.9
UMICs	18.7	16.6

B. Macrostability and microsensitivity

22. In the context of the PBAS review, the sensitivity analysis[3] aims to provide an understanding of how allocations may change when changes to individual variables within the PBAS formula occur. The sensitivity analysis performed on the formula demonstrated that even when changes to the individual formula variables are applied, the formula is robust and remains stable. In practical terms, this means that regardless of variations in the inputs to the formula (for example changes to some or all of the values of the variables, such as a sharp decrease in all countries' GNIpc due to a global recession), or the presence of outliers (a sharp increase or decrease in the value of an individual variable), the results of the formula remain within a reduced range. This is demonstrated by the fact that the distribution of allocations across income groupings remains relatively constant.[4] Figure 2 shows this conclusion graphically. It illustrates how the distribution of allocations by country group behaves if an estimate of the expected future values of the gross national income per capita (GNIpc) and rural population variables is made, and such values are used in the allocations calculation.[5] This relationship also holds in the longer run and beyond the parameters shown in the figure.

Figure 2
Sensitivity analysis: share of allocations across country groups when applying changes to income (GNIpc) and rural population (total resources)



23. One key factor that determines this result is the heterogeneous nature of IFAD's Member States. The values of all individual variables in the PBAS formula for these countries vary significantly. This heterogeneity therefore is key to the stability of allocations distribution across income groups.

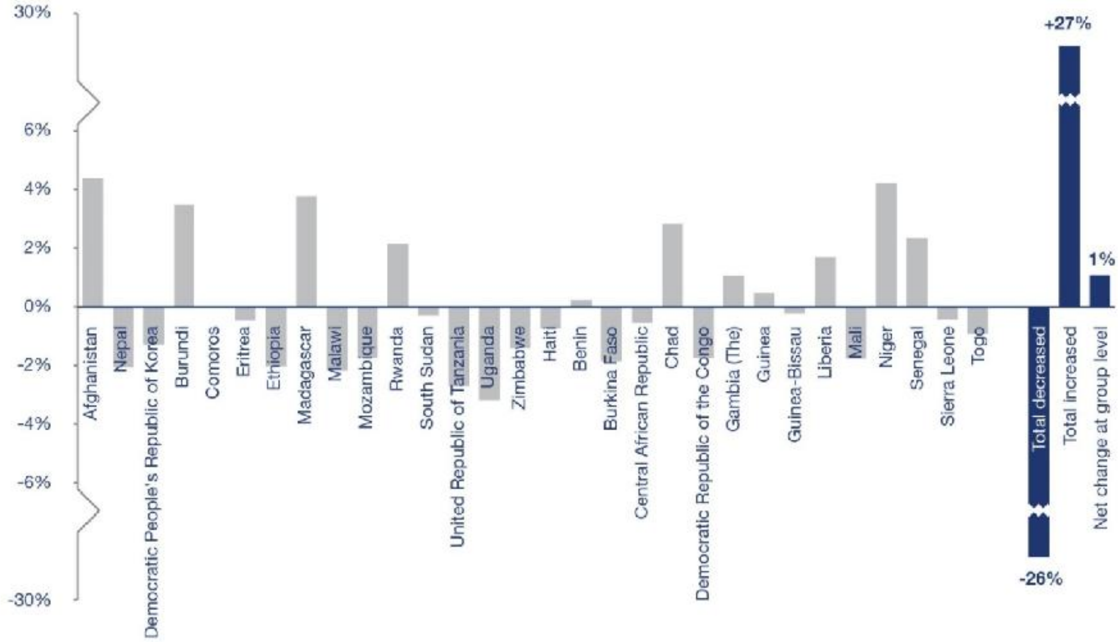
24. The sensitivity analysis also shows that while allocations across income groups are stable, the allocations to individual countries change in the different scenarios. Therefore the macro level (income groups) remains stable, while the micro level (the allocations to individual countries in each income group) varies. This is

[3] A sensitivity analysis is a technique used to determine how different values of an independent variable impact a particular dependent variable under a given set of assumptions. Also referred to as a "what-if" analysis, the sensitivity analysis is a way to predict the outcome of a decision given a certain range of variables. It allows analysts to determine how changes in one variable impact the outcome.
[4] See EB 2017/120/R.2, section IV, for details of the changes to the value of variables applied for the sensitivity analysis, and their respective results.
[5] The estimation was done through a trend analysis. In order to understand how the distribution of allocations would change over time as different countries experienced a change in the size of their rural population or their income levels, it was assumed that their populations and income over the next few years would continue to increase or decrease at the same pace as the past few years.

because countries' allocations are the result of: (i) the value of the individual variables of the formula for each country; and (ii) how the value of the formula variables for each country relates to the value of the variables of each other country included in the PBAS calculations.[6]

25. In other words, there is evidence of a netting-off effect of allocation changes at income-group level. As shown in figure 3, when the allocations to LICs produced using two different PBAS scenarios are compared, the relative changes by country almost net each other off, with the net change within the group being only +1 per cent. This not only reiterates that allocations by country income group are stable; it also means, for individual countries, that increasing allocations are counterbalanced by decreasing allocations within the same country income group.

Figure 3
Proportional change in allocations to LICs, by country, using two different PBAS scenarios



[6] Although counterintuitive, the combination of (i) and (ii) means that an increase in the value for one variable (or component) does not necessarily imply that countries with better scores in that variable receive more resources, even if that variable is lower for all other countries under consideration. This is an intrinsic characteristic of multiplicative formulas such as the PBAS formula.

26. Figures 4 and 5 show that this behaviour is consistent also for other income groups: the proportional changes of allocations within the LMICs and UMICs income groups, respectively, almost net each other off. This means that an increase in the allocation to a country is balanced by a decrease in allocation to another country within the same income group.

Figure 4
Proportional change in allocations to LMICs, by country, using two different PBAS scenarios

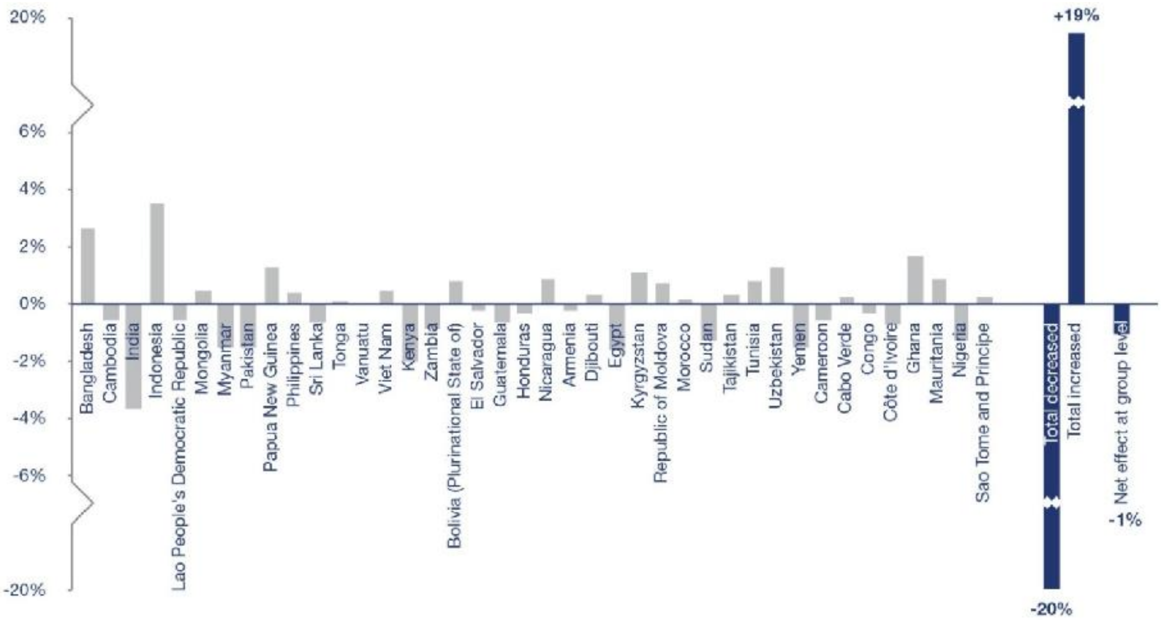
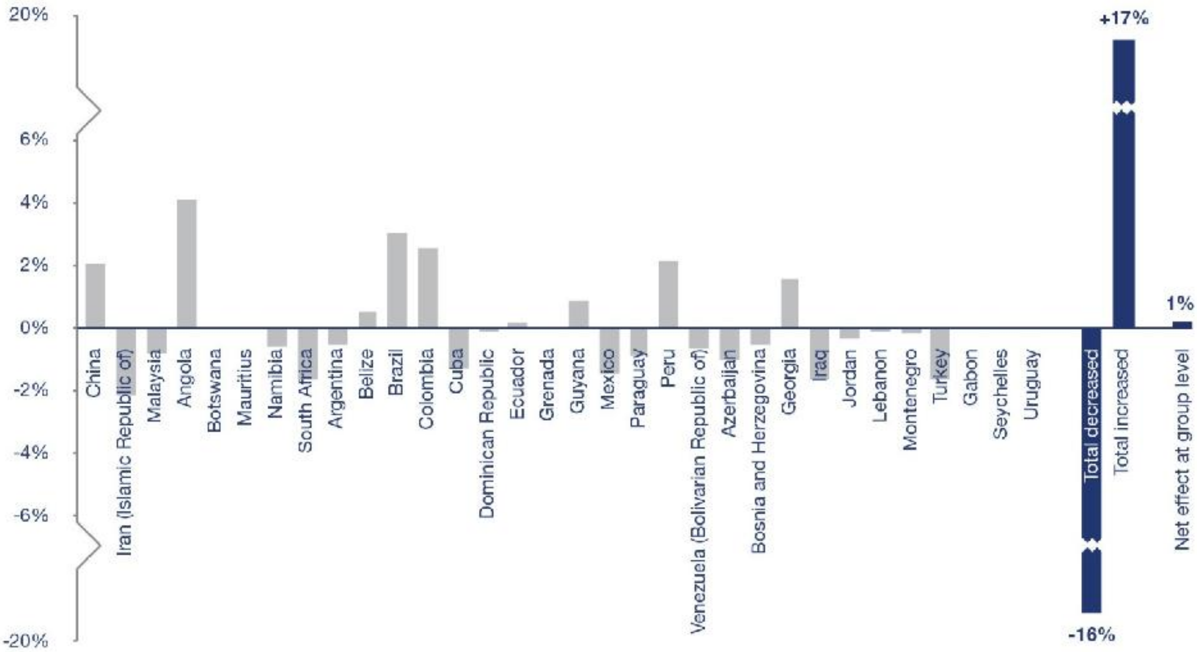


Figure 5
Proportional change in allocations to UMICs, by country, using two different PBAS scenarios



27. The corollary of this is that once a mathematical variation of the formula is adopted to respond to Members' priorities and sense of fairness, the resulting distribution will be maintained over time.

28. This stability, coupled with the balanced distribution of country groupings ensured by the country selectivity criteria discussed in section III.A, provides an assurance that the proposals made in the IFAD11 business model paper with regard to allocations to LICs and LMICs on the one hand, and UMICs on the other, would be honoured. In practice, it is equivalent to running the PBAS twice, on two separate groups of countries (divided either by lending terms or by income group). However, if Management were to adopt such a practice, the process of refining the PBAS formula would have to be reinitiated, including the search for meaningful variables. The main reason for this is the fact that, as explained above, the formula is stable because of the heterogeneity of the countries involved. Running the PBAS twice would separate countries into two, more homogeneous, groups, each needing a revised formula.

29. As IFAD prepares itself to access market borrowing, possibly in IFAD12, the PBAS system will need to be revisited. Allocating resources that are accessed through capital markets requires more careful consideration of risk and debt management, as well as matching allocations with specific lending terms, an aspect that is not guaranteed in the current PBAS system. Following the practice in other international financial institutions (IFIs), it is likely that the PBAS will eventually be limited to the allocation of concessional resources, and that separate allocation procedures would need to be established for ordinary lending. One important lesson learned from other MDBs is that given the centrality of the PBAS for advancing an institution's goals and priorities, continuous adjustments should be considered in successive replenishment cycles.

30. Furthermore, during the IFAD11 cycle IOE will be undertaking an evaluation on IFAD's financial architecture. Additional considerations resulting from this evaluation will be included in the discussion about the revision of the PBAS for the IFAD12 cycle.

Box 1
Features of the PBAS formula

Similarly to the PBAS formulas of other MDBs, IFAD's formula is multiplicative. The country score, on which the allocations are based, is therefore an output. Because of this, even small changes to a single variable (one of the numbers multiplied) may have a significant impact on the overall distribution of allocations across countries. This is because allocations are the result of: (i) the product of the individual variables of the formula by country; and (ii) how the results of such multiplication (the country score) relate to the country scores of every other country included in the PBAS calculations. This latter point is important because the country score determines the share of the total PoLG that a given country will receive as its allocation (country score/total country scores = percentage share of allocation for that country out of the total PoLG).

This leads to a counterintuitive conclusion. The combination of (i) and (ii) above means that an increase in the value for one variable (or component) does not necessarily imply that a country with better scores in that variable receives more resources, even if that variable is worse for all other countries under consideration. This is because allocations are not only influenced by the value of the variables in the formula for each country (and the resulting country score), but also by the value of the variables for all countries (hence all other country scores). This is an intrinsic characteristic of the PBAS process, in which countries compete with one another for the available resources.

To provide a practical example of how the formula works,* table A shows what happens when the RSP score of one of the countries (country A) included in the PBAS increases, all things being equal for the other variables and for all other countries. The table shows that the allocation for country A increases substantially, while the allocations for countries B, C and all other countries included in the PBAS cycle decrease by 0.1 per cent as a result of country's A increased allocation. Importantly, this is a purely hypothetical case, because when the PBAS is run, all the variables for all countries are updated at the same time. Therefore, in reality, such a direct link between changes to the value of variables (either increase or decrease in value) and the resulting allocations cannot be made.

Table A
Hypothetical case: impact on allocations of an increase in the RSP score of a single country

Country	*Current RSP score*	*Hypothetical RSP increase*	*Original allocation (US$ million)*	*Allocation change in response to RSP increase (US$ million)*
A	2.7	5.4	8.2	12.2 (+50%)
B	3.7	-	71.7	71.6 (-0.1%)
C	3.8	-	77.3	77.2 (-0.1%

Table B illustrates what happens to the allocations for countries D, E, and F as a result of random shocks to three formula variables (GNIpc, RSP and portfolio performance and disbursement [PAD]) in order to simulate actual changes to allocations when the PBAS formula variables are updated during the cycle. Looking at the RSP score for each of the countries in table B, one can observe an increase in the value of the RSP of country D and an increase in its allocation. In country E, there is an increase in the value of the RSP, but the country's allocation decreases. In country F, the allocation increases in spite of a sharp reduction in the RSP. Such diverse – and at times counterintuitive – outcomes are the result of the interplay between the individual variables associated with each country, and the variables associated with each of the countries included in the PBAS cycle.

Table B
Realistic case: impact on allocations of random shocks to GNIpc, RSP and PAD for all countries

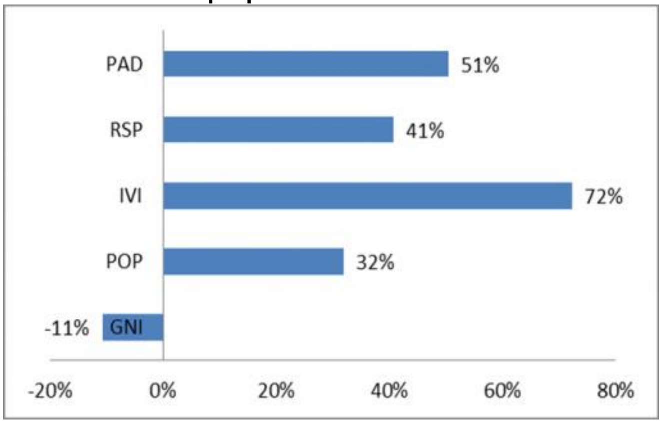
Country	*Variable*	*Current value*	*Variable value after shock*	*Original allocation (US$ million)*	*Allocation after shock (US$ million)*
D	RSP	3.7	5	71.7	74
	GNI	670	663		
	PAD	5.8	4.9		
E	RSP	3.8	4.9	77.3	74.1
	GNI	1 710	1 727		
	PAD	5.7	4.4		
F	RSP	5	2.9	24.9	29.4
	GNI	10 840	10 732		
	PAD	5.1	6.0		

* The analysis for tables A and B has been produced using the PBAS formula that is proposed for approval in this paper.

C. Enhanced elasticity for key variables

31. Figure 6 shows the elasticity (or influence) of each variable for the proposed scenario in determining countries' allocations. The concept of elasticity is at least as relevant as the balance of the weights of needs and performance. While the latter represents a static feature of the formula, the elasticity represents the reactivity of the formula to changes in the variables and it ensures that the formula well reflects dynamics in the country needs and performances.

Figure 6
Elasticities of the proposed PBAS scenario



32. The IVI, which is part of the country needs component, is the variable with the greatest elasticity. This feature allows the formula to react to changes in vulnerability and to ensure that new situations of fragility are captured in a timely manner when the formula is re-run. At the same time, the high elasticity of the PAD and RSP variables allows the formula to also be reactive to changes in performance.

IV. The formula

Scenario 3: recommended at the sixth meeting of the Working Group

33. Of the four scenarios contained in the paper “PBAS formula and procedures” presented to the Board at its 120th session, Management recommended scenario 3 (SC3) as it incorporated several features that responded to the feedback received during the process of revising the PBAS criteria. Particularly, the Board had indicated the need to ensure: a good balance between country needs and performance by increasing the weight of the latter; alignment with IFAD’s mandate by catering for the poorest people in rural areas and fragile situations; and greater incentives to improve portfolio performance. Accordingly, SC3 shifted the weight between the components of the formula towards country performance, while maintaining a good balance between the two. At that session, Management was requested to: (i) increase the outward-looking characteristics of the formula by rebalancing the weight of the rural sector performance (RSP) and the PAD variables in the country performance component; and (ii) increase the weight of the GNIpc and IVI variables, with the corollary of slightly reducing the proposed overall weight for the country performance component.

34. To this end, Management tested almost 20 variations of SC3 that would maintain its main features. Moreover, as most of the formula variables see little change in value year-on-year (rural population), or are updated once per PBAS cycle (RSP), Management also tested ways to enhance the formula’s reactivity to yearly changes in its variables, by exploring changes to the variables that change the most within a PBAS cycle: the GNIpc and PAD. In addition, by working on the GNIpc exponent, Management tested options for increasing the likelihood that poorer countries would receive higher allocations in line with the strategic direction of the business model.

Scenario 3-D: recommended at the seventh meeting of the Working Group

35. The formula presented at the meeting in July and recommended by Management was a variation of SC3 – identified as SC3-D – which addressed all the major issues raised by members in April. With respect to SC3, in SC3-D the rural population variable remained unchanged, with a 0.4 exponent. Other variables were adjusted as follows to address Members’ concerns: (i) the GNIpc exponent was increased in

absolute value by 0.05 in order to increase poverty influence within the formula; (ii) the IVI exponent was increased by 0.5 for the same reason; (iii) the RSP coefficient was increased by 0.05, in order to increase the weight of the sector policies and institutional assessment within the formula; and (iv) the coefficient associated with the PAD was reduced by 0.05, for the same reason.

Scenario 3-D-adjusted: recommended at the eighth meeting of the working group

36. After testing more than 40 variations, Management now proposes a revision of scenario 3-D, which maintains all the good features of SC3-D. The revision is aimed at addressing the remaining concerns of Members. The formula reads as below:

$$(\boldsymbol{RuralPop}^{0.405} \times \boldsymbol{GNIpc}^{-0.265}) \times \mathbf{IVI}^{0.95} \times (\mathbf{0.35}\boldsymbol{RSP} + \mathbf{0.65}\boldsymbol{PAD})^{1}$$

37. With respect to the SC3-D presented to the seventh meeting of the Working Group in July, the weights and exponents of all variables are only slightly changed. The exponent of the rural population variable was increased by 0.005, and the exponent of GNIpc was reduced in absolute amounts by 0.035. The IVI remains a powerful variable in the formula with an exponent of 0.95 which, combined with the fact that it has the greatest elasticity, ensures that it has a leading influence on country scores. The weight of the RSP variable was increased by 0.1 to ensure that the formula is more outward-looking. PAD has been updated to include the new calculation of disbursement ratio, which was approved by Management in June 2017 and aligns IFAD’s calculation method with that of other IFIs. Capping of allocations by Management – as per IFAD10 – was incorporated to provide more realistic assumptions and better comparisons with IFAD10. Overall, these adjustments bring more stability and predictability to the formula by reducing the average standard deviation of each variable.

V. Moving forward

38. The implementation of the new PBAS formula for IFAD11 will require swift action by Management on a number of fronts. Should the introduction of country selectivity be endorsed by the IFAD11 Consultation, then the list of eligible countries would have to be compiled ahead of the IFAD11 cycle to account for changes in the eligibility over time with respect to the criteria established in the IFAD11 business model and described in section II.A. The RSP assessment questionnaire and quality assurance system will need to be finalized and tested in 2017. The first scoring exercise will need to take place before the end of the year to allow for any necessary adjustments to be made to the methodology before the second scoring exercise – to be undertaken in 2018 – is used for the IFAD11 allocations. To allow for delivery of projects during the first year of IFAD11, allocations must be calculated at least 6 months before the beginning of IFAD11 to confirm allocation amounts per country, in particular for those projects to be presented to the Executive Board in April 2019.

39. Management will continue working to automate the calculation process and facilitate simulations. It will also produce a PBAS manual, which will describe the calculation process and managerial rules in order to increase consistency and transparency.

40. The approval of the PBAS formula is a needed step to ensure that a solid and predictable resource allocation mechanism is in place. Such a mechanism is of paramount importance to construct reliable financial projections and scenarios of sources and uses of funds, and of the impact on the Fund of diversifying its funding sources for IFAD11. Sound financial planning is a prerequisite for the positive outcome of a rating exercise that IFAD might undertake as part of its preparations for a full assessment of its potential to tap into financial markets.

41. In light of the above, the Executive Board is hereby invited to approve the PBAS formula associated with scenario 3-D adjusted, as described in paragraph 36 and the increase in minimum allocations as described in paragraph 18.

Portfolio performance and disbursement (PAD) variable

I. Background

1. The current measure of the performance of the IFAD portfolio takes into account diverse aspects/criteria in order to rate projects:

   (i) "Actual problem project" (APP) status;

   (ii) "Potential problem project" (PPP) status;

   (iii) "Not at risk" status;

   (iv) Time persistence of the status;

   (v) Sensitivity to the portfolio size, in terms of number of projects.

2. In order to factor the performance of IFAD-financed ongoing operations into the PBAS, IFAD uses a transformation matrix for the diverse possible performance statuses, as shown in table 1, and translates this into a 1-6-scale rating.

Table 1
Transformation matrix used to score PAR before the review

	Number of active projects held by borrower		
Portfolio performance rating	*1 project*	*2 projects*	*3 projects or more*
6	Project rated "not at risk" for two or more consecutive years	Both projects rated "not at risk" for two or more consecutive years	PAR proportion 0% for two or more consecutive years
5	Project rated "not at risk"	Both projects rated "not at risk" (N+N)	PAR proportion 0%
4	Project rated "potential problem project", but with a sum of implementation progress/development objective scores < 4	One project rated "not at risk" and one rated "potential problem project" (N+P)	PAR proportion 0-34%
3	Project rated "potential problem project" and a sum of implementation progress/likelihood of achieving the development objective scores = 4 (2+2)	Both projects rated "potential problem projects" or one project rated "not at risk" and one rated "actual problem project" (P+P or N+A)	PAR proportion 35-67%
2	Project rated "actual problem project"	One project rated "potential problem project" and one rated "actual problem project" or both projects rated "actual problem project" (P+A or A+A)	PAR proportion 68-100%
1	Project rated "actual problem project" for two or more consecutive years	One project rated "potential problem project" and one rated "actual problem project" or both projects rated "actual problem project" for two or more consecutive years	PAR proportion 100% for two or more consecutive years

3. The proposed new PAR calculation represents a shift from the qualitative approach based on the transformation matrix in table 1, to a formula, which is simpler and based on quantitative measures.

II. The proposed formula

4. The proposed methodology introduces two main changes:

   (i) It excludes PPPs, so as not to penalize the early identification of potential challenges and to incentivize the mobilization of additional operational support before projects become an actual risk;

   (ii) It introduces a measure of the disbursement ratio, since the ability to disburse resources promptly and efficiently to finance project implementation is considered a predictor of project success.

III. Calculation of the components of the PAD measure

APPs

5. Given the exclusion of PPPs, the performance of a given country's active portfolio is measured accounting only for APPs, calculated as follows:

- Assuming that k is the number of APPs in an active portfolio composed of p country projects (p = portfolio size);
- The APPs ratio is then defined as k/p;
- The rating of the APPs variable is calculated as (1-k/p), so that the highest performance value is 1 (when none of the projects is labelled as an "APP") and the lowest is 0 (when all projects are "APPs").

$$A = \left(1 - \frac{k}{p}\right)$$

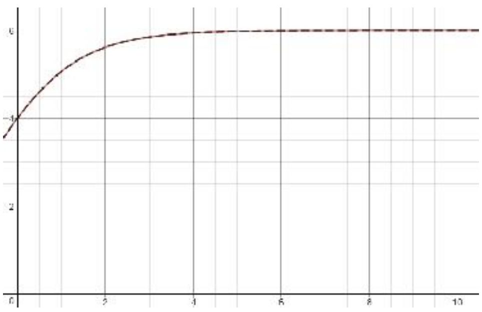
Portfolio size

6. The suggested PAD rating methodology differentiates between small and large portfolios, so that the PAD reflects the varying sizes through a logistic function. The function provides a smooth differentiation of the maximum ratings a country can get according to the size of its active portfolio. Thus the function gradually increases the PAD rating with respect to the number of active projects in a given country portfolio, rewarding bigger portfolio sizes, but without penalizing small portfolios.

Graph 1
The PAD logistic function

$$Portfolio\ size = \left(\frac{6}{1 + 0.5e^{-p}}\right)$$

y: PAD value



x: portfolio size

Disbursement ratio

7. The opportunity to weigh the ability to fund the implementation of projects promptly and efficiently led to the inclusion of a disbursement measure, i.e. the disbursement ratio (DR). It is measured as a ratio between the actual disbursement value to date and the available disbursement for the ongoing year of implementation:

$$DR = \frac{Total\ disbursed\ amount\ at\ date}{Disbursable\ amount\ at\ the\ beginning\ of\ the\ year} \in [0,100]$$

8. The DR ranges from 0 to 100 per cent for each country; once it has been computed, it enters the formula, in combination with the portfolio age, as a discounting factor. Its range goes from 0 to 1 through a normalization.

Portfolio age

9. As in the old PAR calculation, the new formula takes into consideration the age of each project included in the portfolio. In order not to penalize new projects, the more recent the project, the higher the tolerance on the country disbursement ratio.

Inclusion of disbursement ratio and portfolio age in the formula

$$x = (1 - DR)\frac{\sum_i^N Age\ of\ project_i}{\sum_i^N Project_i}$$

Where DR is the disbursement ratio of the country and N is the number of projects in the country portfolio. In order to achieve a range [0;1], a normalization is applied, obtaining the following discount factor:

$$z = \frac{x - min_x}{max_x - min_x} + 1$$

The final PAD formula

10. The final formula suggested for the calculation of the PAD rating is:

$$\boldsymbol{PAD = \left(\frac{6}{1 + 0.5e^{-p}}\right)\left(1 - \frac{k}{p}\right) - z}$$

- Where p is the total number of active projects in the country portfolio (the portfolio size);
- k is the number of APPs;
- z is the discount resulting from the disbursement ratio combined with the portfolio age.

Status persistence

11. Once the PAD has been calculated, it is further scored taking into consideration the persistence of each project's status: if in the two previous years the PAD has been lower than 3, it is considered equal to 1; if, conversely, in the two previous years the PAD has been higher than 4, it is considered equal to 6.

12. Finally, in order to prevent missing values and high year-by-year fluctuations, a three-year rolling average of the PAD is used in the PBAS calculation.

Countries with most fragile situations (MFS) and the revised PBAS formula

I. Overview

1. At its 119th session in December 2016, the Executive Board approved the IFAD Strategy for Engagement in Countries with Fragile Situations.[7] The strategy proposes a new definition of fragility, and a new approach to identify countries with the most fragile situations. The new definition is as follows:

> "Fragility is a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict. Weak governance structures along with low-capacity institutions are a common driver and consequence of fragile situations. Fragile situations typically provide a weaker enabling environment for inclusive and sustainable rural transformation and are characterized by protracted and/or periodic crises, often with implications for smallholder agriculture and food security."

2. In order to identify countries with fragile situations, the strategy uses indicators related to institutional capacity and conflict:

   (i) Institutional capacity: countries with the lowest IFAD rural sector performance (RSP) scores (approximately the bottom quintile);

   (ii) Conflict: (a) countries in which United Nations/regional peacekeeping forces are present; and (b) countries classified as "very high alert" or "high alert" by the Fund for Peace Fragile States Index.

3. To be classified as most fragile, countries need to comply with one of those three indicators. IFAD's list of countries with the most fragile situations (MFS) for 2016, building on the methodology outlined in the strategy, comprises 30 countries and is reflected in table 1 below.

4. As part of its review of the current PBAS formula and process, Management committed to explore ways to allocate additional resources to MFS countries. The RSP is the only common element between the PBAS variables and the MFS-defining indicators. Seventeen countries, or 63 per cent of countries with MFS, are classified as such because of their low RSP score. The remaining countries are classified as MFS because they are in line with at least one of the other two indicators.

5. Because RSP is the only common element between the PBAS formula and the MFS-defining indicators, it would seem intuitive to explore how to provide additional resources through the PBAS to MFS through modifications to the RSP variable. However, the RSP variable is part of the performance component of the PBAS formula. Because the formula aims to reward good performers, and by definition countries with MFS have a low RSP score, countries with MFS cannot receive additional resources through an increase in the weight of the RSP variable within the formula. Conversely, reducing the RSP variable weight would achieve the desired effect, but would be contrary to the performance-based nature of the PBAS.

6. As part of the PBAS review, Management has included a measure of vulnerability, the IFAD Vulnerability Index, in the country needs component of the formula. Through this addition, the more vulnerable the country, the higher the IVI score and thus the greater the impact of the IVI on country scores. There is a partial overlap between the most vulnerable countries and MFS. As a result of this overlap and the other changes introduced to the PBAS formula, about half of MFS countries receive additional resources under the proposed adjusted version of scenario 3 (SC3). Overall, MFS receive an allocation increase of 4.2 per cent due to the introduction of the IVI.

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[7] Document EB 2016/119/R.4.

Table 1
Harmonized list of Fragile States (IFIs and OECD)

Country	
Afghanistan[a]	Madagascar
Angola	Malawi
Bangladesh	Mali
Burkina Faso	Marshall Islands[b]
Burundi	Mauritania
Cambodia	Micronesia (Federated States of) [b]
Cameroon	Mozambique
Central African Republic	Myanmar
Chad	Niger
Comoros	Nigeria[a]
Congo	Pakistan
Côte d'Ivoire	Papua New Guinea
Democratic Republic of the Congo[a]	Rwanda
Djibouti	Sierra Leone
Egypt	Solomon Islands[b]
Eritrea	Somalia[b]
Ethiopia	South Sudan
Gambia (The) [b]	Sudan
Guatemala	Swaziland[b]
Guinea	Syrian Arab Republic[b]
Guinea-Bissau [b]	Tajikistan
Haiti	Tanzania (United Republic of)
Honduras	Timor Leste[b]
Iraq	Togo
Kenya	Tuvalu[b]
Kiribati[b]	Uganda
Democratic People's Republic of Korea[a]	Venezuela (Bolivarian Republic of)
Kosovo[b]	West Bank and Gaza[b]
Lao People's Democratic Republic[a]	Yemen
Lebanon[b]	Zambia
Lesotho[b]	Zimbabwe
Liberia	
Libya[b]	

[a] These countries have been capped for IFAD10, therefore they remain capped in the proposed scenario.
[b] IFAD currently has no operations in these countries.

Most fragile situations (MFS) as at December 2016

Country	*RSP quintiles*	*Alert status*	*Peacekeeping or peace-building mission*
Afghanistan[a]		High alert	Yes
Bosnia and Herzegovina			Yes
Burundi	Lowest quintile	High alert	Yes
Central African Republic	Lowest quintile	Very high alert	Yes
Chad	Lowest quintile	Very high alert	
Democratic Republic of the Congo[a]	Lowest quintile	Very high alert	Yes
Côte d'Ivoire	Lowest quintile		Yes
Guinea	Lowest quintile	High alert	
Guinea-Bissau	Lowest quintile		Yes
Haiti	Lowest quintile	High alert	Yes
Iraq		High alert	Yes
Democratic People's Republic of Korea[a]	Lowest quintile		
Lebanon			Yes
Liberia	Lowest quintile		Yes
Mali			Yes
Myanmar	Lowest quintile		
Niger			
Pakistan		High alert	
Papua New Guinea	Lowest quintile		
Sao Tome and Principe	Lowest quintile		
Sierra Leone			Yes
Somalia[b]			Yes
South Sudan	Lowest quintile	Very high alert	Yes
Sudan		Very high alert	Yes
Syrian Arab Republic[b]			Yes
Tajikistan	Lowest quintile		
Togo	Lowest quintile		
Uzbekistan	Lowest quintile		
West Bank and Gaza[b]			Yes
Yemen		Very high alert	

[a] These countries have been capped for IFAD10, therefore they remain capped in the proposed scenario. They would otherwise have received higher allocations.
[b] IFAD currently has no operations in these countries.

Rural Population in the PBAS formula

I. Overview

1. Since the introduction of a performance-based allocation system in 2003 and the first cycle of allocations driven by the PBAS formula in 2005, the most important change to the PBAS formula happened in 2006. This relates to the change of the “total population” variable in the country needs component of the formula to “rural population”. This was done, inter alia, to ensure that the formula has a closer fit with IFAD’s rural mandate. The exponent of the variable was also changed from 0.74 to 0.45.

2. The CLE on the PBAS,[8] presented in 2016, found that this change has contributed to a reduction in the number of countries that received maximum and minimum allocations. In particular, reducing the number of countries with minimum allocations has increased efficiency in project development, supervision and implementation support, and in country programme management across the regions generally.

3. The CLE’s analysis also found that some countries define “rural population” differently, making the data less reliable across countries than the data for national population. Nevertheless, on balance, the CLE concluded that the change to rural population was correct in order to align the allocation formula more closely with IFAD’s mandate.

4. However, the CLE evidenced the high correlation of the rural population variable to the final country score (0.7062), showing how rural population is still the variable that has the greatest influence on final country scores, and as a result, on country allocations.

5. The CLE also noted that the current weight of this variable results in allocations to the largest Member States that are greater than the established maximum allocation. This leads to the application of maximum capping, whereby no country can receive more than 5 per cent of IFAD’s total yearly resources available for commitment, which introduces a degree of arbitrariness into the formula.

6. In 2016, Management agreed with the CLE recommendation to further reassess the balance between the country needs and country performance components of the PBAS formula.[9]

7. For this purpose, Management tested two methods for normalizing the rural population variable, i.e. smoothening the effect of large differences within the rural population variable on country scores.

8. *Its logarithmic measure*. The logarithmic measure has the advantage of reducing the variability of the variable it is applied to. Applying the logarithmic measure instead of rural population therefore attenuates the effect of population values within the formula. It further makes the outcome of the formula less sensitive to absolute changes in rural population and high absolute scores.

9. This amendment therefore reduces the range of variation of country scores, all else being equal, and can bring the allocations for the largest countries sufficiently in line with the smallest to avoid the need for an artificial cap at the maximum allocation level. While this achieves the result of reducing minimum and maximum allocations, it flattens all allocations, resulting in small allocation differences between countries with small and large rural populations. This concept is shown in figure one: the dots represent single countries and the vertical position of the dots is proportionate to their allocations. A higher dot, like China’s, means a higher allocation. A lower dot, like Tonga’s, represents a lower allocation. So, while there

[8] Document EB 2016/117/R.5.
[9] Document EB 2016/117/R.5/Add.1.

is dispersion within allocations, the distance between the top and bottom receivers and the rest of the group is limited. The distance is not very marked. This is to show that the allocations are “flattened” with no clear outlier.

Figure 1
Normalization through logarithmic measure not rural population

10. Management therefore tested normalizing this variable by modifying its exponent, which currently stands at 0.45. Tests were carried out by gradually reducing the exponent by 0.05 points, reaching a minimum exponent of 0.20. The results of the testing show that the best performing scenario is that in which a 0.40 exponent is applied to the rural population variable.

11. The advantages of this solution are:

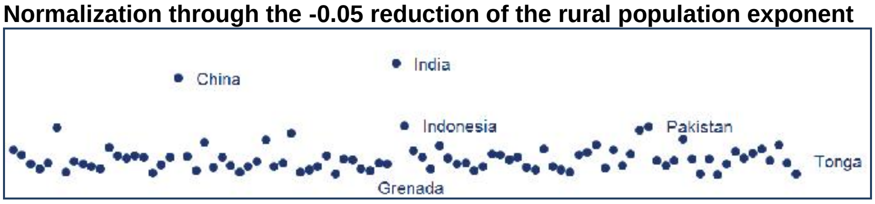
(a) Maximum allocations become aligned to about 5 per cent of the total resource envelope, which eliminates the need to apply the 5 per cent maximum cap;

(b) The lowest allocations reach US$1.5 million per year, i.e. to the desired minimum, without the need to increase them as is currently the case to reach the present minimum allocation;

(c) The formula remains simple.

12. Figure 2 shows the resulting allocations. As can be seen, this formula provides the right level of dispersions, in that countries with capped allocations "naturally" reach allocations close to the ceiling. Comparing this figure with figure 1, it is notable that the distance between the top allocations and the rest of the group is larger.

Figure 2
Normalization through the -0.05 reduction of the rural population exponent



13. The Independent Office of Evaluation of IFAD (IOE) provided comments on the proposed PBAS formulas and procedures at the Executive Board session in April 2017[10] and highlighted that the revised formula introduces several improvements, but the “dominance of the rural population factor persists”. The correlation coefficient between the total projected country allocation for 2016-2018 and the rural population variable is 0.697, which, although reduced from 0.706 is still the highest among the variables.

[10] EB 2017/120/R.2/Add.1.

Sensitivity analysis

1. The analysis of the sensitivity of the PBAS formula looks at the impact that changing the structures or the values of the variables within the formula has on the final allocation by country. In other words, it answers the question "what if?’’.

2. Due to the multiplicative aspect of the PBAS formula, even small changes to a single variable may have a significant impact on the overall distribution of allocations across countries. Testing the impact of changing the parameters and/or “shocking” the formula’s variables is therefore very important in order to evaluate the stability and the robustness of the formula over the time.[11]

3. There is a wide range of approaches to performing a sensitivity analysis. Thus, Management has tested different hypotheses on how allocations vary in relation to changes applied to all the variables, selected variables, or the programme of loans and grants (PoLG).[12]

4. The conclusions derived from the hypotheses tested on the PBAS formula are explained in table 1. The different analyses done to test the robustness of the formula over time and to different type of shocks, confirm the overall stability of the system. Country groupings (LICs, LMICs, MFS countries, sub-Saharan African countries and countries borrowing on ordinary terms) have maintained the same level of allocations. Nonetheless, looking at the country level fluctuations occur. This macro level stability can be explained by two factors: (i) the changes are neutralized within the same group of countries; and (ii) from a mathematical point of view, all the changes done so far are a monotonic transformation of the current formula.

Table 1
Sensitivity analysis of the proposed new PBAS formula

Test no.	*Change applied*	*Aim of test*	*Methodology*	*Results*
i	Shocks on all the variables at the same time	Assess stability in terms of allocations of the PBAS over time and its responsiveness to realistic changes	All variables have been shocked by an amount proportionate to their historical 15 year trend (GNIpc and rural population) or to their actual range (1-2 for IVI, 1-6 for RSP and PAD), in both directions (±)	The distribution of resources across country income groups remains constant
ii	Shocks on one variable at a time	Assess elasticity of single variables, i.e. how each individual variable impacts allocations to country grouping	Variables have been shocked, one at a time, by: GNIpc and rural population: 3 times the annual growth rate for each country IVI: ± 0.3 RSP: ± 0.9 PAD: ± 1.7	Shocks to single variables do not affect the distribution of allocations across country groupings
iii	Shocks to PoLG size	Assess the implications of increases or decreases of the PoLG envelope for the overall allocations’ distribution	IFAD10 PoLG has been shocked by ± 13 per cent and 25 per cent.	The distribution of resources across country income groups remains, but there are considerable changes at the country level
iv	Shocks to rural population and GNIpc variables	Assess the stability of the formula over time	A trend analysis has been conducted to forecast their future values in the next two replenishment cycles. The estimated values were tested within the proposed formula, *ceteris paribus*	The formula shows stability over time as a system, while fluctuations are foreseeable at the country level.

[11] "Modelers may conduct sensitivity analyses for a number of reasons including the need to determine: (1) which parameters require additional research for strengthening the knowledge base, thereby reducing output uncertainty, (2) which parameters are insignificant and can be eliminated from the final model, (3) which inputs contribute most to output variability, (4) which parameters are most highly correlated with the output, (5) once the model is in production use, what consequence results from changing a given input parameter." D. M. Hamby, “A review of techniques for parameter sensitivity analysis of environmental models”, *Environmental Monitoring and Assessment*, University of Michigan School of Public Health (1994).
[12] For the sensitivity analysis, shocks were applied to: (i) the whole PBAS system; (ii) single variables; (iii) the size of the PoLG; and (iv) a combined set of variables, namely rural population and GNIpc.

Finalizing enhancements to the PBAS management process

I. Background

1. As regards the PBAS management process, Executive Board representatives requested Management to provide further insights into the further refining of the rural sector performance assessment (RSPA) (questionnaire, quality assurance mechanism, performance reward system) and the process underpinning early reallocations. The sections below address this request.

II. Options

Rural sector performance assessment

2. The RSPA is designed to provide a measure of the performance of countries' policy frameworks in areas applicable to the rural poor. The changes are in line with the recommendation of the CLE of IFAD's PBAS to revisit RSP indicators and questions, so as to "reflect emerging priorities, opportunities and challenges in the rural sector". This has been done by refining and revisiting RSP indicators and questions to ensure that they reflect priorities consistent with the IFAD Strategic Framework 2016-2025. The RSPA review also reflects the decision to eliminate the Country Policy and Institutional Assessment (CPIA) variable from the formula, given that the unavailability of the CPIA score for numerous countries currently leads to distortions in the formula, and that a strong correlation exists between the ratings associated with the questions within the RSPA and CPIA.

3. The enhanced RSPA: (i) maintains the focus on rural people, policies and institutions that was present in the previous version; (ii) maintains all categories of questions in the current RSPA, albeit in a more condensed fashion to reduce repetition; (iii) improves questions to eliminate the high degree of correlation between questions and subquestions present in the current version; (iv) updates questions to reflect current best practice, new metrics and indicators (e.g. on rural financial inclusion and policies for gender equality); and (v) adds new questions responding to key areas of thematic focus of IFAD's strategic objectives on the environment, climate change and nutrition, while reducing the number and overlap of the questions.

4. These changes are described in appendix I, which also provides guidance to assessors on how to score responses to each of the questions. For each question one or two core indicators are suggested as the basis for increasing the degree of objectivity in scoring and to increase the comparability of country scores within and across regions. For some questions, scores from other assessments form the basis of scoring but with appropriate adjustment to reflect priorities relating to rural poverty.

5. Appendix I draws upon IFAD's current experience and the best practices of comparable organizations and describes further steps to strengthen the quality assurance process. These include clearly documented guidance to assessors, embedding the RSPA in a broader country dialogue, engagement of a wider range of expertise and peer review, and a regular process of review and adjustment to capture lessons learned and changing priorities.

6. Given that the RSPA will no longer be prepared annually there are opportunities for greater in-country consultation and feedback in preparing the RSPA. The proposed scoring process foresees strengthening the engagement of technical staff across IFAD departments and divisions and to increase the use of evidence-based scoring to ensure greater consistency in scores. Country programme managers (CPMs) will remain key players in discussions with technical experts and partners within countries. They will be responsible for assigning the initial scores, which will be accompanied by a short statement that explains the basis of the scoring and any

changes in the score since the previous RSPA. Regional economists will then draw upon expertise of the CPMs and that of peer reviewers to check the consistency of scoring within their region and between regions. Management will ensure that RSPA findings have a more far-reaching operational usefulness, such as offering robust analytics for the formulation of IFAD country strategies, and providing an input for conducting more evidence-based country-level policy engagement.

7. The PBAS Working Group also requested Management to explore ways to reward countries that are significantly improving their RSP scores. Appendix I explains the proposed options to reward both improvements in performance from one PBAS cycle to the next, and consistently good performance across cycles. In light of the significant change in the priorities, structure and content of the RSPA that will take place during IFAD11, the first RSPA in 2018 will be used as the baseline for future analysis, and the reward system will be implemented as of IFAD12.

Early reallocations

8. The CLE on the PBAS recommended that reallocations should be formally made earlier than under the current practice, which foresees reallocations only in the third and final year of the PBAS cycle. In line with this, IOE also recommended that "efforts are needed to ensure a better spread of the total annual commitments across the three years of any allocation cycle. This will require tightening forward planning processes, in particular by ensuring better linkages among project pipeline development … [and] country allocations…."[13]

9. In order to address this recommendation, in 2016 Management tested – for the first time – redistributing unused allocated resources that were less likely to translate into operations early in the IFAD10 cycle using the current PBAS reallocation methodology. While reallocating resources earlier in the cycle enables better forward planning, the existing methodology has proved unsuitable, as it was conceived for final year redistributions, when most of the allocations had already been invested.

10. In 2017, Management undertook further methodological testing and devised a methodology for early reallocations which was discussed with and endorsed by the PBAS Working Group, as described below.

11. The methodology establishes two main elements of the early reallocation process:

(a) The identification of countries that may or may not benefit from early reallocations; and

(b) The identification of unused resources that will constitute the "reallocation pot".

12. As regards the first group of countries, Management proposes that countries that may benefit from early reallocations are:

(a) Countries for which a financing gap has been identified, either for projects still under design that were approved during IFAD10 or for ongoing operations approved in previous replenishment cycles; and

(b) Countries with additional resource absorption capacity, as confirmed by regional divisions.

13. Countries that may not benefit from early reallocations are the following:

(a) Countries whose allocations had been capped by regional divisions at the beginning of IFAD10;

(b) Countries that regional divisions have confirmed as being unable to absorb further resources, and are therefore capped at their current approvals and/or pipeline level (partial capping); and

[13] Document EB 2016/117/R.5.

(c) Countries that were dropped from the PBAS cycle either in the previous or current year.

14. The resources to be reallocated (the reallocation pot) will be made up of:

(a) The unutilized amount of a country's allocation where the total planned or approved financing during the PBAS cycle is lower than its current allocation; and

(b) The full allocation of countries that were dropped from the PBAS cycle in either the previous or the current year.

15. The resources in the reallocation pot are distributed to the countries that may benefit from early reallocations based on their respective country scores, in line with the overall PBAS methodology.

16. This methodology enables Management to address the recommendation on this matter made in the CLE. Moreover, resources that are unlikely to be used can be redistributed earlier, allowing for better planning and to better spread the delivery of the PoLG. This is especially useful for IFAD, as its individual projects tend to absorb a country's total PBAS allocation, making it harder for countries to absorb additional resources in the third year of the cycle, by which time most projects have been already approved or designed. Reallocations will therefore take place both in the second and third year of the cycle.

17. Other MDBs do not undertake reallocations before the last year of the cycle. This is partly due to: (i) the fact that most other MDBs have similar or larger-sized PoLGs distributed across a more limited number of countries, and therefore design and approve more than one project per country per PBAS cycle. This enables them to absorb any additional resource allocation due to yearly variations in allocations, while in IFAD this leads to a "leftover" amount of resources; (ii) the complexity of the early reallocation calculation, as reallocations are a yearly exercise while the reallocation pot is made up of three years' worth of resources.

III. Future updates

18. Management will keep the Executive Board informed about the reallocation exercise through the established method of issuing an annual progress report on implementation of the performance-based allocation system, explaining the rationale for individual countries that are either being excluded or are benefiting from additional resources.

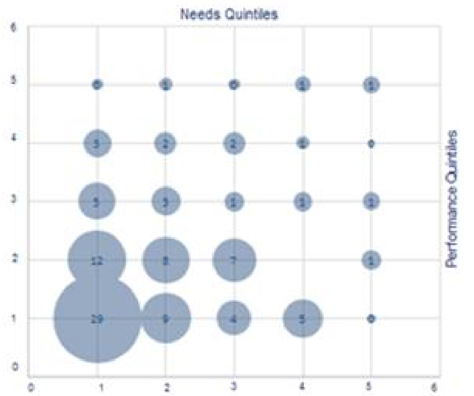
Alternative scenarios considered in the analysis

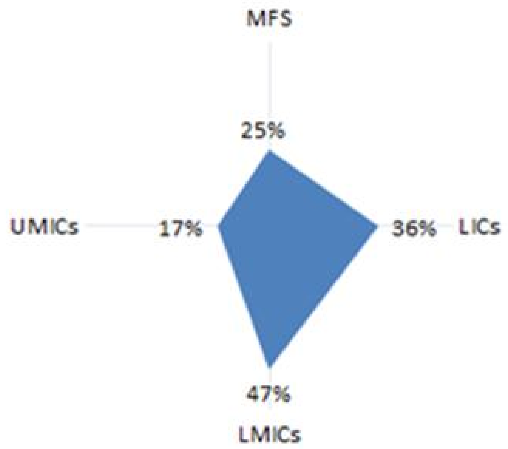
I. Background

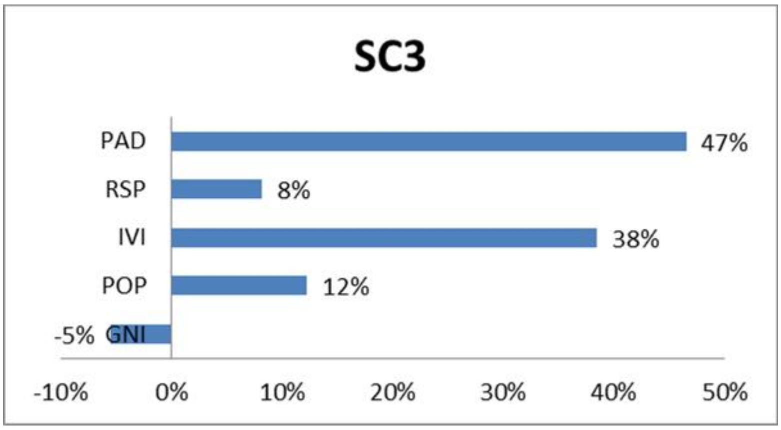
1. At the 120th session of the Executive Board in April 2017 Management presented four scenarios for Board consideration.[14] They were developed by gradually increasing the weight of the country performance component, which was at the core of the recommendations of the CLE on PBAS. The purpose of this was to increase the elasticity of the performance component in all proposed scenarios. For each scenario, the impact on allocations distribution was assessed based on country income categories. The share of allocations to countries with MFS was also assessed. Moreover, all four scenarios proposed complied with IFAD's commitments in terms of financing on highly concessional terms, and resource allocation to sub-Saharan Africa.

2. Among the four proposed scenarios, Management recommended scenario 3 for approval. Among those proposed, scenario 3 provided the best distribution of resources to those countries that are, simultaneously, the neediest and the best performers. This is shown in the chart below. On the left, the chart shows the distribution of allocations (in percentage terms) by needs and performance quintiles. The needs quintiles (1 = neediest) are mapped horizontally and the performance quintiles (1 = best performers) vertically. On its right side, the chart shows the distribution of resources to LICs, LMICs, UMICs and MFS.

Scenario 3: needs, performance, income and MFS allocations distribution (% of total)







[14] Similarly to the scenarios presented in this annex, all scenarios presented to the Board in April used the 2015 RSP assessment scores, and the new PAD.

3. In terms of the balance between components, scenario 3 tended towards performance, while taking needs in due account (48 per cent needs and 52 per cent performance). In the formula, this was reflected through an increase in the PAD and a substantial increase in the exponent of the performance component, as follows:

$$[RurPop^{0.4} \text{ X } GNIpc^{-0.25} \text{ X } (IVI)] \text{ x } (0.20 \text{ X } RSP + 0.80 \text{ X } PAD)^{4}$$

4. Because of the increased weight of the PAD, Management considered that this scenario provided a clear incentive to country and project teams to improve the performance of the IFAD-financed portfolio by enhancing project implementation.

5. At the session, the Board expressed appreciation for Mangement's efforts to revise the formula and the recommendation of scenario 3 (SC3). The Board requested Management to continue working on the PBAS formula. Specifically, Management was asked to focus on the following aspects: (i) increasing the likelihood that poorer countries would receive higher allocations;[15] (ii) assessing the relative weight of the IVI; and (iii) reassess the balance between RSP and PAD within the performance component. To this end, Management tested variations of SC3 (SC3-A, SC3-B, SC3-C, SC3-D), which are presented in the sections below.

II. Scenarios

6. Management developed and analysed 20 additional scenarios in order to assess how best to achieve the three goals described above. Management also took into consideration the additional factor of the number of countries that would receive minimum allocations, as in some cases this increased substantially. Management deems this as being worth of attention as a high number of countries with minimum allocations may hamper IFAD's capacity to effectively support these countries at the right scale. With the current formula, as applied in IFAD10, seven countries receive minimum allocations.

7. This section presents four selected variations on SC3. It includes distribution data for allocations obtained using the current formula as applied in IFAD10. It also describes the changes compared to the original SC3 presented in April, and explains how these changes address the Board's requests. Table 1 presents a summary of these scenario variations, highlighting the criteria identified by the Board at the April session. A more detailed description is provided below.

[15] Given that this is a multiplicative formula, the final allocations are determined by a complex interplay of the ratios of each variable with regard to other variables for the same country, and those same ratios with regard to the ratios of other countries. Therefore the increase or decrease in allocations cannot be attributed to changes in a single variable.

Table 1
Scenario comparison

Income category	*IFAD10*	*SC3*	*SC3 variation*				
			SC3-A	*SC3-B*	*SC3-C*	*SC3-D*	*SC3-D adj.*
LICs	32.0%	36.1%	38.7%	37.9%	60.6%	40.9%	36.4%
LMICs	49.3%	46.6%	45.5%	45.7%	33.6%	44.2%	46.9%
UMICs	18.7%	17.4%	15.8%	16.5%	5.8%	14.9%	16.6%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Weights of variables in the needs component							
Rural population	0.45	0.4	0.4	0.4	0.4	0.4	0.405
GNIpc	-0.25	-0.25	-0.325	-0.325	-1.25	-0.30	-0.265
IVI	-	1	1.75	0.75	1.25	1.5	0.95
Weights of variables in the performance component							
RSP	0.45	0.2	0.3	0.25	0.2	0.25	0.35
PAD	0.35	0.8	0.7	0.75	0.8	0.75	0.65
CPIA	0.2	-	-	-	-	-	-
Balance needs/performance							
Needs	65%	48%	49%	49%	54%	55%	59%
Performance	35%	52%	51%	51%	46%	45%	41%
Number of countries receiving minimum allocations	**7**	**28**	**28**	**27**	**45**	**10**	**10**

Scenario 3-A

The formula associated with SC3-A is as follows:

$$Ruralpop^{0.4} \times GNIpc^{-0.325} \times (IVI)^{1.75} \times (0.3\ RSP + 0.7\ PAD)^{4}$$

8. In SC3-A, compared to SC3, the exponent of GNIpc was increased by 0.075 in absolute terms from -0.25 to -0.325. This provides for a slightly higher elasticity for GNIpc within the formula, thereby increasing the formula's focus on poverty. With the same intention, the exponent of the IVI was increased by 0.75, from 1 to 1.75. The combined effect of these two changes is a marginal increase in the weight of the needs component in the formula from, 48 to 49 per cent. Within the performance component, the balance between the RSP and the PAD variables was changed: the former was increased by 0.1 and the latter was decreased by the same amount. This maintains the focus on the performance of IFAD-financed projects but provides a slightly higher weight to the performance of the rural sector in terms of policies and institutions.

9. The changes in percentage allocations resulting from this formula change are described in table 1 above and charts 1 and 2 below. The share of allocations to LICs increases from 36.1 per cent in SC3 to 38.7 per cent in SC3-A of total allocations. The allocation to MFS also increases from 25.3 per cent to 27.4 per cent. The number of countries with minimum allocations increases from the current level of seven to 28 countries.

Chart 1
Scenario 3-A: Allocations distribution by needs and performance quintiles (% of total) and country groupings

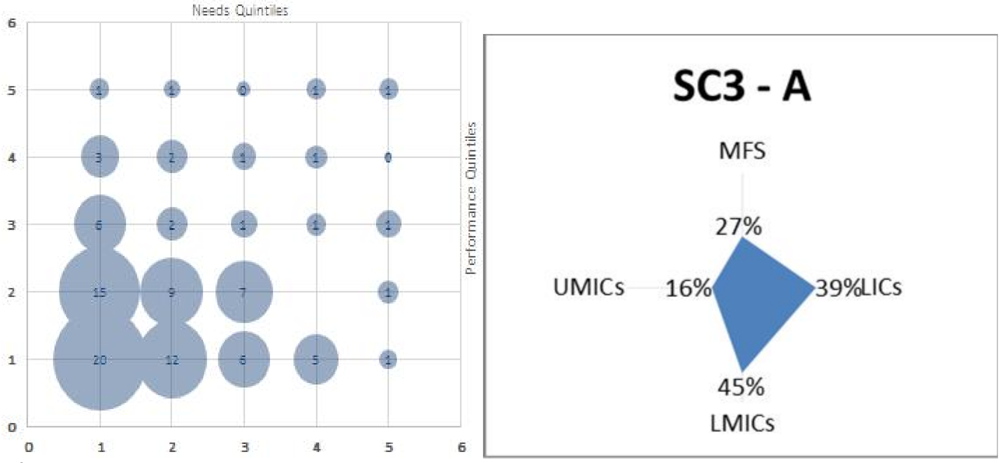
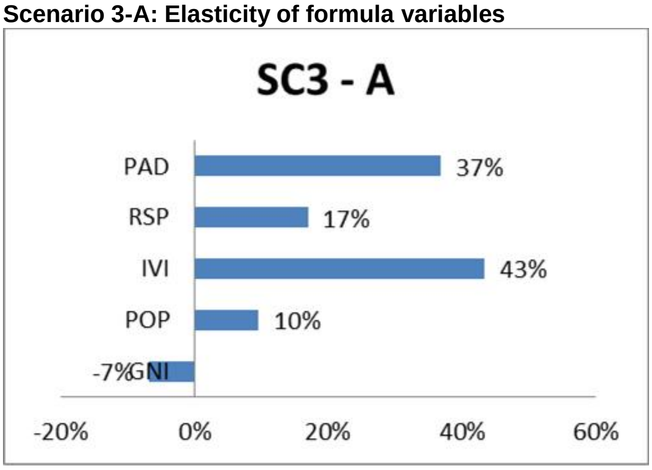


Chart 2
Scenario 3-A: Elasticity of formula variables



Scenario 3-B

10. SC3-B is a variation of SC3-A. While it maintains the same balance between the needs and performance components (49 per cent and 51 per cent respectively), this is achieved by decreasing the IVI from 1.75 in SC3-A to 0.75, and rebalancing by 0.5 the weights between the RSP and the PAD, bringing them to 0.25 and 0.75 respectively. This increases the focus on IFAD-financed operations. The formula for SC3-B is the following:

$$Ruralpop^{0.4} \times GNIpc^{-0.325} \times (IVI)^{0.75} \times (0.25\,RSP + 0.75\,PAD)^{4}$$

11. This provides a very similar amount of resources to LICS and LMICs as compared to SC3-A. The number of countries with minimum allocations increases from the current 7 to 27, as with the previous scenario, which is not a desired outcome. Notably, in SC3-B the PAD becomes the variable with the highest elasticity (43 per cent) within the formula, making it disproportionately inward-looking.

Chart 3
Scenario 3-B: Elasticity of formula variables

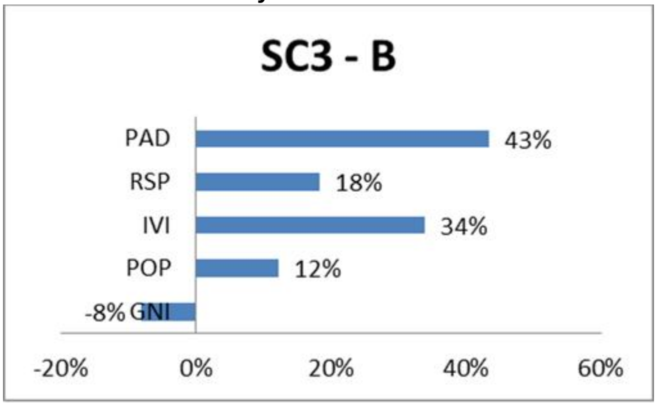
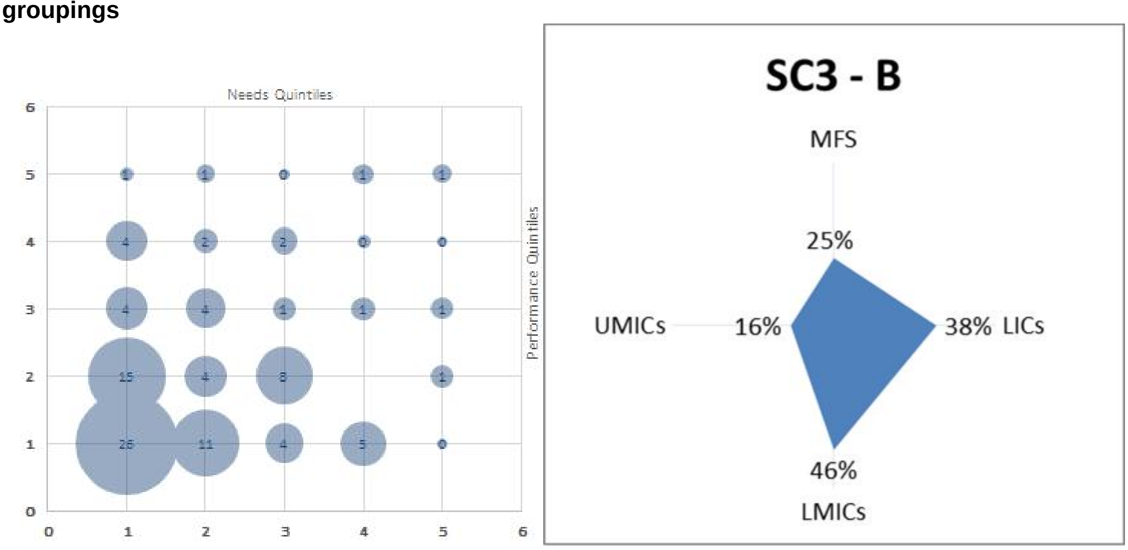


Chart 4
Scenario 3-B: Allocations distribution by needs and performance quintiles (% of total) and country groupings



Scenario 3-C

12. In response to the Board’s wish to see an increased focus on poverty in the formula, Management proposes two scenario variations which reverse the balance between needs and performance, leading to a higher weight for the needs component when compared to the SC3 proposed at the April session. Option SC3-C achieves this by increasing the exponent of the GNIpc by 1.0 in absolute terms, therefore moving from -0.25 to -1.25 and, at the same time, increasing the exponent of the IVI by 0.25, from 1 to 1.25. In this scenario, the weight of the needs component is 54 per cent and the weight of the performance component is 46 per cent. In this option, the weights of the RSP and PAD variables are 0.2 and 0.8 respectively, therefore maintaining a strong focus on the performance of IFAD-financed operations. The formula for SC3-C is the following:

$$Ruralpop^{0.4} \times GNIpc^{-1.25} \times (IVI)^{1.25} \times (0.2\ RSP + 0.8\ PAD)^{4}$$

13. With this formula, the elasticity of the GNIpc increases significantly (54 per cent). The allocation to LICs also increases to 61 per cent. The number of countries with minimum allocations increases to 45. Therefore, while this option indeed shifts a higher share of resources to poorer countries, it also leads to the dispersion of small amounts of resources (minimum allocations) to a large number of countries. In addition, given the high elasticity of the GNIpc, this formula would be very vulnerable to fluctuations in GNIpc.

Chart 5
Scenario 3-C: Allocations distribution by needs and performance quintiles (% of total) and country groupings

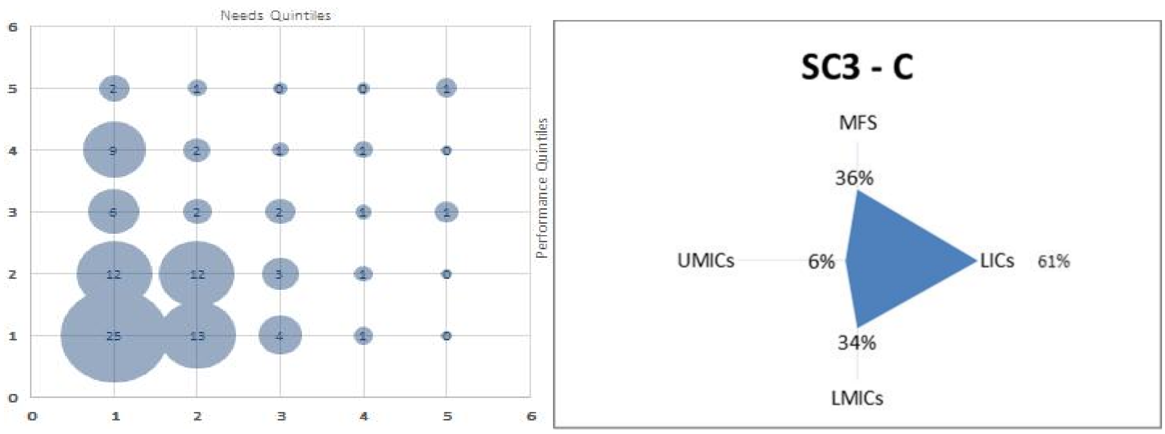
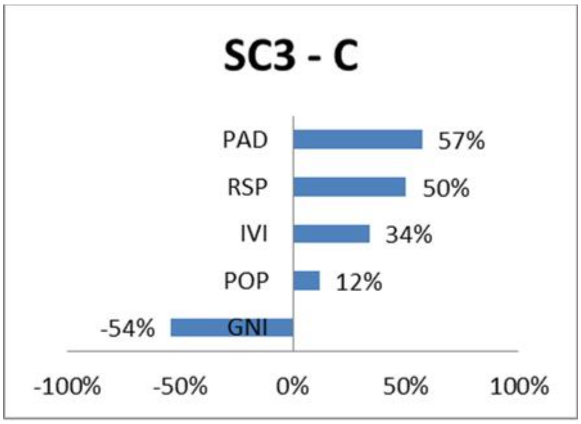


Chart 6
Scenario 3-C: Elasticity of formula variables



Scenario 3-D

14. SC3-D is a variation of SC3-C. It aims to allow for more balanced allocations across country income categories. Under this option, the number of countries receiving minimum allocations is lowered, which reduces the dispersion of results while at the same time ensuring an increased focus on poverty when compared to SC3.

15. SC3-D achieves this by increasing the exponent of the GNIpc by 0.05 in absolute terms from -0.25 to -0.30 and at the same time increases the exponent of the IVI by 0.5 from 1 to 1.5. Within the performance component, the weight of the RSP is increased from 0.2 in SC3 to 0.25, counterbalanced by a decrease in the PAD, thereby providing an increased outward-looking focus to the formula. In this scenario, the weight of the needs component increases from 48 to 55 per cent and the weight of the performance component decreases accordingly from 52 to 45 per cent. The formula for scenario 3-D is as follows:

$$Ruralpop^{0.4} \times GNIpc^{-0.3} \times (IVI)^{1.5} \times (0.25\ RSP + 0.75\ PAD)^{1}$$

16. With a higher elasticity of GNIpc and the IVI when compared to SC3, this formula better responds to the need to better react to changes in country needs. The allocation to LICs increases from the current 32.0 per cent in IFAD10 and from the 36 per cent of SC3, to 41 per cent of resources in SC3-D. The number of countries with minimum allocations increases from the current seven to 10 – which is considerably lower than the 28 countries under SC3-A – thereby remaining aligned with the current situation. This option is therefore brought forward as the preferred option for approval.

Chart 7
Scenario 3-D: Allocations distribution by needs and performance quintiles (% of total) and country groupings

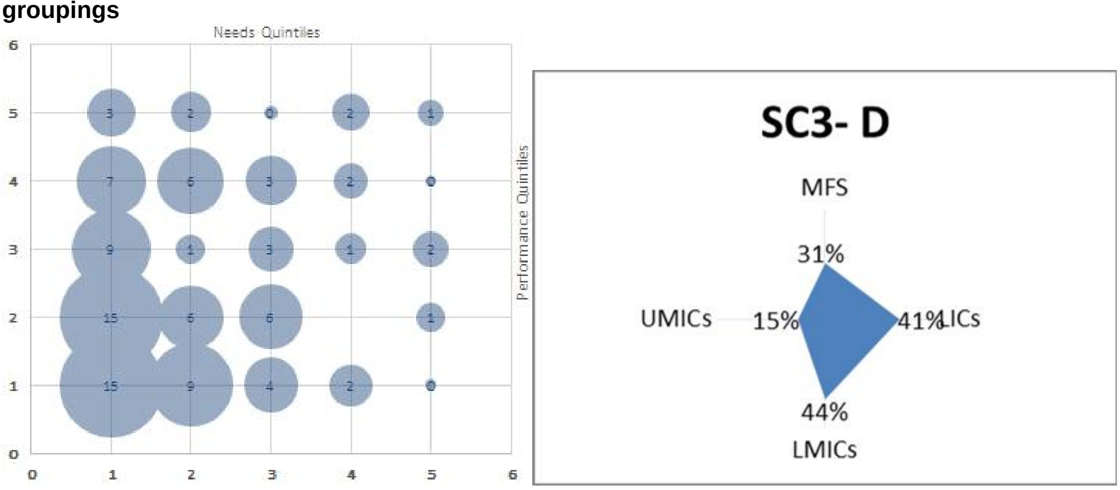
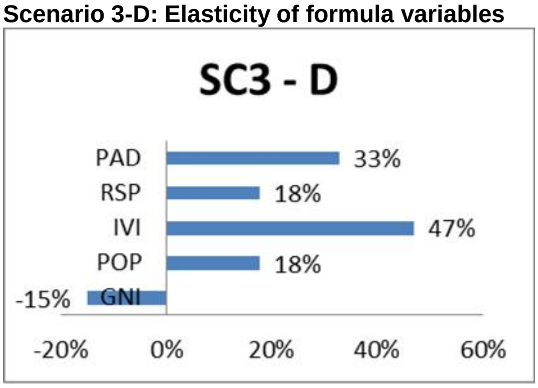


Chart 8
Scenario 3-D: Elasticity of formula variables



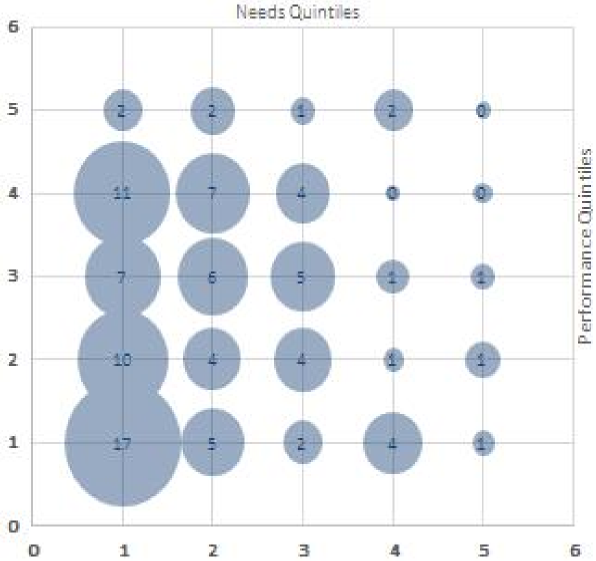
Scenario 3-D adjusted

17. With respect to the SC3-D presented to the Working Group in July, the weights and exponents of all variables are moderately changed. The exponent of the rural population variable was increased by 0.005, and the exponent of the GNIpc was reduced in absolute amounts by 0.035. The IVI remains a powerful variable in the formula with an exponent of 0.95 which, combined with the fact that it has the greatest elasticity, ensures that it has a leading influence on country scores. The weight of the RSP variable was increased by 0.1 to ensure that the formula is more outward-looking. The PAD variable has been updated to include the new calculation of disbursement ratio, which was approved by Management in June 2017 and aligns IFAD's calculation method with that of other IFIs. Capping of allocations by Management – as per IFAD10 – was incorporated to provide more realistic assumptions and better comparisons with IFAD10. Overall, these adjustments bring more stability and predictability to the formula by reducing the average standard deviation or variability of each variable.

18. This scenario keeps the good features of scenario 3-D in terms of (i) enhanced poverty focus, as evidenced by the allocation to LICS that increased from the current 32.0 per cent to 36.4 per cent; (ii) enhanced weight of performance from the current 35 per cent to 41 per cent; and (iii) the overall allocation to fragile states, using the harmonized list of fragile states of the IFIs and the Organisation for Economic Co-operation and Development (OECD), would be 61 per cent, increased by 6 per cent when compared to IFAD10. Within this group, applying the more stringent criterion for fragility used for the category of most fragile situations (MFS) as approved by the Executive Board in December 2016, allocations would increase by approximately 4 per cent when compared to the current formula. Furthermore, it is a more targeted scenario in that it increases the allocation of resources to the top two quantiles of neediest and best preforming countries from the current 31 per cent to 36 per cent. The number of countries with minimum allocations drops back to 10.

$$(\boldsymbol{RuralPop}^{0.405} \times \boldsymbol{GNIpc}^{-0.265}) \times \mathbf{IVI}^{0.95} \times (\mathbf{0.35}\boldsymbol{RSP} + \mathbf{0.65}\boldsymbol{PAD})^{1}$$

Chart 9
Scenario 3-D adjusted: Allocations distribution by needs and performance quintiles (% of total) and country groupings



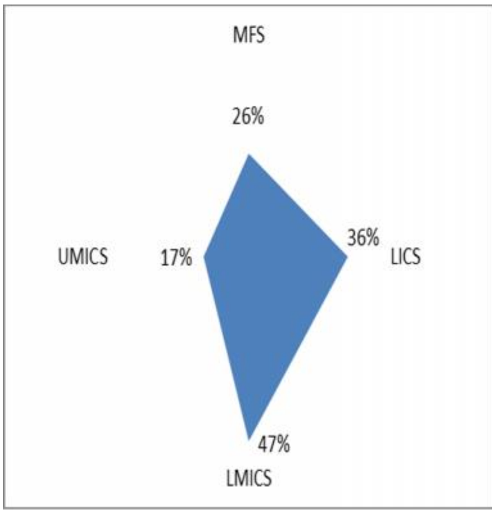
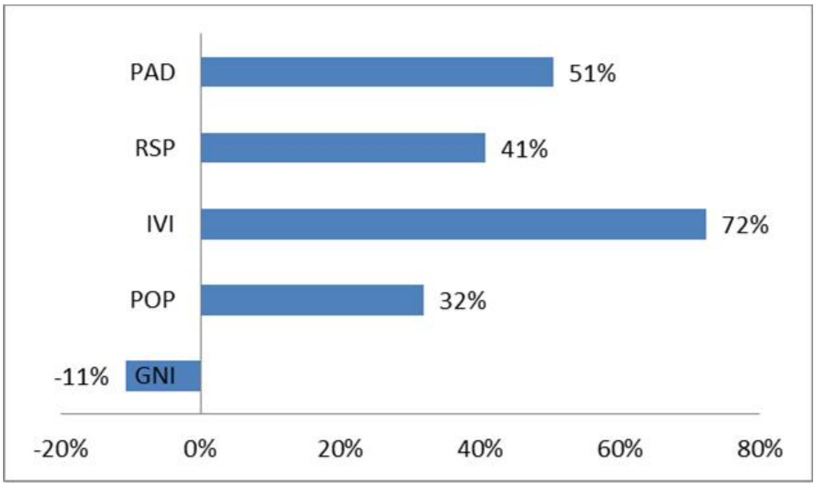


Chart 10
Scenario 3-D: Elasticity of formula variables



Enhanced Rural Sector Performance Assessment

Rationale and process for the review of the Rural Sector Performance Assessment

IFAD's Rural Sector Performance assessment (RSPA) measures the quality of policies and institutions in the rural sector for achieving rural development and rural transformation benefitting the poor. The Corporate Level Evaluation (CLE) of IFAD's Performance-based Allocation System[16] recommended that IFAD refine the RSPA by revisiting the indicators and questions in order to "reflect emerging priorities, opportunities and challenges in the rural sector", as well as strengthen and make more uniform the process through which RSPA scores are determined.[17]

In line with this recommendation, Management has revised the RSPA through an inter-divisional consultative process involving technical specialists in the Policy and Technical Advisory division (PTA), country programme managers, lead regional economists (LREs), lead portfolio advisors and other resource persons to understand content and procedural related challenges when undertaking a RSPA. Additionally, extensive discussions were held with the Executive Board Working Group on PBAS. The revised RSPA is hereby presented to the Executive Board for approval. The revised RSPA as portrayed in this Appendix will be tested in 2017. The testing will regard the questionnaire and related scoring, and the peer review mechanism. Improvements will be identified during the testing in order to make changes as and when necessary before RSPA scores are produced in 2018 to feed into the production of IFAD11 PBAS allocations.

Review and Changes to the RSPA

In line with the CLE recommendation, Management has revised the RSPA in order to capture robust information about the policy framework of a country, both on paper and in practice, and to focus on areas specific to the rural sector (e.g. the quality and quantity of attention placed on rural development by the government). It also focuses on areas which impact on a country's rural sector (e.g. the macroeconomic setting, including the exchange rate, debt and trade rate regimes). Moreover, the questions included in the RSPA have been updated in order to be consistent with IFAD Strategic Framework 2016-2025, including prioritized cross-cutting issues such as nutrition and climate change.

The revised RSPA has been streamlined into 6 (rather than 12) categories, with a more limited set of sub-questions in order to limit unnecessary repetition and strong correlation between questions / indicators. The new questionnaire (see below) utilizes a similar methodology to that used by the World Bank's Country Policy and Institutional Assessment (CPIA), and the previous version of IFAD's RSPA. It identifies data sources for various topics, in order to guide country teams making the assessment. Countries will continue to be scored on a 6-point scale, where scores can be given as whole numbers (1, 2, 3, etc.) or in intervals of half points (1.5, 2.5, 3.5, etc.). In an attempt to minimize the possible subjectivity when assessing the country scores, IFAD staff will be required to provide a short justification and supporting data.

The revised RSPA shares many similarities with the previous RSPA: no topic has been eliminated, even if the indicators have been aggregated in many cases. Additionally, preliminary analysis[18] shows that there is a relatively uniform impact of the changed questionnaire, and the change to scores has no statistically significant impact on

[16] EB 2016/117/R.5.
[17] EB 2016/117/R.5., page ix.
[18] The preliminary analysis was done by producing new RSP ratings using current RSP data. In practice, the 2015 RSP data was used to answer the new questionnaire.

allocations as a whole.[19] However, inter-indicator correlation has been significantly reduced.[20]

The country scoring process

The new RSPA will be firstly scored in 2017, to create a baseline. In following years, country teams should utilize the attached questionnaire and data guide to gather and structure data in support of their answers. Supporting explanations should be kept relatively short (e.g. two short paragraphs) and should cite specific data. CS are reviewed once every three years in advance of the first year of each PBAS cycle. However, the assessment may be used to support country policy engagement/dialogue during other periods, notably during the design and revision of results-based country strategic opportunities programme and Country Strategy Notes.

Once completed, country teams and LREs can benchmark outcomes against IFAD's previous RSPA and other well-known metrics, such as the World Governance Indicators, elements of the Doing Business Index, the Business of Agriculture Index and other specific indexes available per topic. Guidance is provided for each specific question as to appropriate benchmarks.

Benchmarked indicators and accompanying assessments should be shared among a peer review group, which operates in two phases. First, LREs conduct a review exercise to ensure that there is a consistent application of the criteria across all countries within their region. Second, selected countries (approximately 25% of total countries) are then benchmarked through a peer review system across regions, staffed by PTA, the Operational Programming and Effectiveness Unit (OPE) within the Programme Management Department, and LREs.

Incentive for improved performance over time

In line with the requests from IFAD's Executive Board, the RSPA team is considering incorporating an incentive for countries whose performance improves significantly over time. This incentive will not be introduced into the scoring system until IFAD12, as the scores for IFAD11 will be used to create a baseline for assessing how performance evolves.

The incentive mechanism will utilize the first question of the new RSPA, which asks the scoring team to comment on the commitment of the government to rural development and rural transformation. This question is, by design, highly correlated to other indicators in the index, and should be utilized as a check for the overall scoring of the mechanism. As such, the performance incentive will be triggered when there is a 1 point improvement in Question 1 between two RSPA cycles. Such an increase will trigger an increase to the overall RSP average score.[21] IFAD management will consider the implications of:

1) A 2.5% increase to the average score when there is a 1 point improvement in Question 1;

[19] The correlation between the new and old indexes using a "mapping" mechanism whereby old scores and the CPIA scores were transferred into new questions, and data was sought to compliment on questions which previously did not exist, is 0.95.

[20] The exception is the first question, on the priority the government places on rural development more broadly. This question is highly correlated to an array of the following indicators, and therefore serves as a check to the index as a whole. In fact, the correlation coefficient between the mock new RSP and the 2015 RSP is 0.88 in both cases.

[21] Though the maximum score for any country will remain 6.

2) A 5% increase to the average score when there is a 1 point improvement in Question 1;
3) A 10% increase to the average score when there is a 1 point improvement in Question 1.

Management notes that, as this indicator reflects the outcome of all questions in the RSP, it lends itself to easier peer review than other individual questions, which may require more detailed and sector specific knowledge on the part of the peer review team.

RSPA criteria

The RSPA is grouped into six clusters and includes a total of 19 questions (see box below). Scores are provided on a scale of 1 (low) to 6 (high). They are defined at each level for each question. Country scores should reflect a variety of indicators and observations based on country knowledge generated by IFAD, available indicators, specific analytical work, policy discussions, or work done by other agencies, development partners or researchers. Specific sources of data and benchmarks are provided for each question.

Box 1: RSPA clusters and questions

Cluster 1: Policies and legal framework for ROs and rural people
- Policies and framework for rural development and rural poverty alleviation
- Legal frameworks for and autonomy of rural people's organizations
- Representation and influence of ROs and rural people

Cluster 2: Rural governance, transparency and public administration
- Quality and transparency of public resources for rural development
- Accountability, transparency and corruption

Cluster 3: Environmental policies and practice
- Environmental assessment policies and grievances
- National climate change adaptation policies and cross-governmental coordination
- Access to land
- Access to water

Cluster 4: Financial policy, access to services & markets
- Access to rural financial services
- Investment climate for rural business
- Access to agricultural input and produce markets
- Access to extension services

Cluster 5: Nutrition and gender equality
- Application of nutrition policy
- Application of gender equality

Cluster 6: Macroeconomic management, policies and conditions for rural development
- Monetary and exchange rate policies
- Fiscal and tax policy
- Debt policy

Rural Sector Performance Assessment Questionnaire

Cluster 1: Policies and Legal Frameworks for rural women and men and their organizations

Question 1.1 Policies and framework for rural development and rural poverty alleviation[22,23]

To what extent does the government prioritize strategies for and investment in the rural poor, including smallholder farmers, landless peoples and other rural poor? Core indicators are 1) the focus of national development strategies and rural development strategies, and their application in practice; 2) the presence and application of specific strategies for rural transformation and the development of the rural non-farm economy (RNFE).

Key Sources:

- National development strategies and more specific policies / strategies related to rural development;
- IFAD documents (project documents, COSOPs) providing trends on rural poverty and qualitative assessment of development priorities;
- Analysis of budgetary allocations for rural development;
- National statistics on rural poverty, including 5-10 year trends in rural poverty[24];
- Write ups by various agencies, think tanks, academics.

Ratings

1. The prioritization of the rural poor and of rural development more broadly is highly unsatisfactory.

2. The prioritization of the rural poor and rural development in the policy framework is unsatisfactory.

3. The prioritization of the rural poor and rural development in the policy framework is moderately unsatisfactory.

4. The prioritization of the rural poor and rural development in the policy framework is moderately satisfactory.

5. The prioritization of the rural poor and rural development in the policy framework is satisfactory.

6. The prioritization of the rural poor and rural development in the policy framework is highly satisfactory.

[22] This question should be highly correlated to the countries overall scoring. As such, it can serve as a check on the overall scoring for a country and given both this correlation and the forthcoming use of the question for the performance incentive, should be thoroughly investigated by the peer review team.
[23] See for reference IFAD's Previous RSP questions A(i)a & E(ii)a; and World Bank CPIA questions 8a and 8b.
[24] Justification should look at 5-10 year trends in rural poverty and deprivation and cite them in addition to a qualitative judgement about policies.

Score

Question 1.2 Legal frameworks for and autonomy of rural people's organizations[25]

Please determine to what extent rural people can organize into autonomous groups. Core indicators are: 1) facilitation of formation and registration of formalized groups; and 2) autonomy from interference in their ownership, management and financing.

Key Sources:

- National legislation;
- IFAD documentation (project / COSOP documentation, previous RSPA);
- Research assessments by international organizations or academic partners.

* Justification should provide qualitative evidence about registration and autonomy, complemented with data (e.g. days to register) where available.*

Ratings

1. Policy and legal frameworks prevent the formation and registration of grass roots organizations.

2. Policy and legal frameworks allow for the formation and registration of grass roots organizations with significant difficulty and delays; such organizations have heavily restricted autonomy and independence in their ownership, management and financing.

3. Policy and legal frameworks allow for the formation and registration of grass roots organizations with moderate delays and difficulties; such organizations have restricted autonomy and independence in their ownership, management and financing.

4. Policy and legal frameworks allow for the formation and registration of grass roots organizations with minor delays and difficulties, generating incentives to formalization. Such organizations have moderate autonomy and independence in their ownership, management and financing.

5. Policy and legal frameworks allow for the formation and registration of grass roots organizations and set incentives for doing so. Such organizations usually have autonomy and independence in their ownership, management and financing.

6. Policy and legal frameworks allow for the efficient formation and registration of grass roots organizations and set incentives for doing so. Such organizations have full autonomy and independence in their ownership, management and financing.

Score

[25] See for reference IFAD's Previous RSP questions A(i) b & A(i)c.

Question 1.3 Representation and influence of ROs and rural people[26]

Please determine to how well poor rural women and men are represented and have power in local and national policy making processes. Core indicators include: 1) the extent to which poor rural women and men are represented in rural organizations; 2) the existence of effective mechanisms for ROs to have a voice in policy making and implementation; 3) the influence of rural organizations on governmental decision-making processes.

Key Sources:

- National legislation;
- IFAD documentation (project / COSOP documentation, previous RSPA);
- Research assessments by international organizations or academic partners.

* Justification should provide qualitative evidence about representation and influence, complemented with data where available.*

Ratings

1. Poor rural women and men are not represented in rural organizations or few ROs exist. ROs have no influence on governmental decision making.

2. Poor rural women and men are unrepresented in rural organizations. ROs have almost no influence on governmental decision making. There are no effective channels of communication between ROs and government decision making.

3. Poor rural women and men are seldom represented in rural organizations and rarely have influence on decision making. Even if channels of communication exist, ROs have little influence on governmental decision making.

4. Poor rural women and men are represented to some extent in rural organizations and have some influence on decision making. ROs have some influence on governmental decision making.

5. Poor rural women and men are well represented in rural organizations and have influence on decision making. ROs have influence on governmental decision making.

6. Poor rural women and men are equitably represented in rural organizations and have the same influence on decision making. ROs have substantial influence on governmental decision making.

Score

[26] See for reference IFAD's previous RSP questions A(i)d and A(ii)a, b, c, d.

Cluster 2: Rural governance, transparency and public administration

Question 2.1 Quality and transparency of allocation of resources for rural development[27]

Please determine the both the adequacy and quality of public resources available for rural development, and the transparency of their allocation. Core indicators are: 1) whether allocated resources for rural areas (agricultural and non-agricultural) are pro-poor; 2) whether resources are allocated transparently / in a participatory fashion; 3) whether budgeted resources are spent as expected.

Key Data Sources

- National laws on budgetary process, including level of decentralization;
- Analysis of national budgetary data – allocations vs. spend via available public expenditure reviews / surveys or other sources;
- PRSP / National development strategy;
- Data from FAO on the share of public expenditure being allocated to R&D;
- IMF Article IV consultation reports, where applicable;
- Data from the World Bank (e.g. agricultural value added, or work force in agriculture) vs. budgetary allocations or other comparisons (e.g. percentage of national budget allocated to agriculture and rural development);
- Teams may seek external papers and analysis on public spending in the rural and agricultural sector done by academics, IMF, World Bank, regional MDBs, other institutions.

Justification paragraph should include quantitative data table with 5-10 year trend on budgetary allocations and spending and qualitative assessment with citations.

Ratings

1. The quality and transparency of public spending on the rural sector is highly unsatisfactory in prioritizing the rural poor. Budget allocations are arbitrary and disregard local policy priorities. There are major deviations and reallocation of budget decisions with very unclear rules.

2. The quality and transparency of public spending on the rural sector is unsatisfactory in prioritizing the rural poor. Local priorities are not well reflected in budgetary allocations. There are important deviations and reallocation of budget with unclear rules.

3. The quality of public spending on the rural sector is moderately unsatisfactory in prioritizing the rural poor. Local priorities are weakly reflected in budgetary allocations. There are some deviations from allocations.

[27] See for reference IFAD's Previous RSP questions E(i)d & b; E(ii)b.

4. The quality of public spending on the rural sector is moderately satisfactory in prioritizing the rural poor. Local priorities are partially reflected in budgetary allocations. There are few deviations to allocations.

5. The quality of public spending on the rural sector is satisfactory in prioritizing the rural poor. Local priorities are reflected in budgetary allocations, and these allocations are transparent. Allocations are largely respected, with deviations undertaken in a transparent manner.

6. The quality of public spending on the rural sector is highly satisfactory in prioritizing the rural poor. Local priorities are strongly and consistently reflected in budgetary allocations. There is full transparency about any minor deviations to cover emergency type funding as needed.

Score

Question 2.2 Accountability, transparency and corruption[28]

Please determine the extent to which government is accountable, and transparent by assessing the quality of democracy and other well-known indicators of corruption. Core indicators include: 1) the extent to which there are effective checks and balances on power, and 2) the extent to which there is corruption and sanctions for that corruption. Where it is possible to distinguish between the quality of democracy, accountability and corruption at the rural level (rather than at the national level more broadly) and provide justification, this should be done.

Key Sources

- National policies on rural development and agriculture and other national specific information about consultation processes and responsiveness to rural smallholder interests;
- Metrics of democracy, checks and balances and government stability, notably: Freedom House Political Rights index, Polity IV index on democracy and rights, World Bank Database of Political Institutions for variables in the category "Stability and Checks & Balances", especially for legal checks and balances and comparative scores, Transparency International reports;
- Measures of transparency and corruption, notably Transparency International's (TI) Corruption Perception Index;
- Specific policy and research papers on issues related to democracy, governance, accountability and corruption at the local level produced by international organizations or research bodies.

Justification paragraph should include quantitative data on governance, democracy, checks and balances and corruption, plus qualitative assessment with citations that may provide more specificities about rural conditions or IFAD specific conditions (e.g. procurement, access to information) on these topics. TI should be used as the key source for corruption.

Ratings

1. There are no checks and balances on executive power and rural poor women and men have no influence on executive's power and decisions – there is neither responsiveness nor accountability. There is no transparency mechanism in place. Corruption of public resources and bribery is common – there are no sanctions.

2. There are ineffective checks and balances on executive power and the government is almost never responsive or accountable to rural poor women and men. There is no transparency and information that reaches local levels is minimal. Corruption of public resources and bribery is widespread, not recognized as a problem and sanctions are almost inexistent.

3. There are somewhat effective checks and balances on executive power but the public sector is rarely responsive and accountable to rural poor women and men. There is limited transparency and the information that reaches local levels is of poor

[28] See for reference IFAD's Previous RSP questions E(ii)d and World Bank CPIA question 16.

quality. Corruption of public resources and bribery often occurs and sanctions are weakly implemented.

4. There are largely effective checks and balances on executive power and the government is sometimes responsive and accountable to rural poor women and men. There is partial transparency and information that reaches local levels is mostly satisfactory. Corruption of public resources and bribery sometimes occurs and sanctions are implemented in most cases.

5. There is an effective system of checks and balances on executive power and the government is mostly responsive and accountable to rural poor women and men. There is transparency and information that reaches local levels is satisfactory. Corruption of public resources and bribery seldom occurs and sanctions are implemented.

6. There is an effective system of checks and balances on executive power and the government is fully responsive and accountably to rural poor women and men. There is a high degree of transparency and information of high quality researches local levels. Corruption of public resources and bribery is absent and sanctions are systematically applied when occurring.

Score

Cluster 3: Natural Resources and Environmental Policies and Practices

Question 3.1 Environmental assessment policies and grievance mechanisms[29]

Please determine the extent to which environmental assessment legislation and policies exist and are applied[30], as well as the extent to which there are ways to bring grievances about environmental policies. Core Indicators include: 1) the extent of environmental assessment legislation; 2) grievance mechanisms for such legislation.

Key Sources

- National policies and regulations;
- Assessment of Borrowers environmental and social frameworks (MDBs);
- Research assessments on environmental policies from international institutions or research community.

Ratings

1. Environmental Assessment (EA) policies and legislation are lacking. There is no grievance and/or judicial system to handle environment concerns.

2. EA policies and legislation exist, but are not applied. There is no grievance and/or judicial system and capacity to handle environment concerns.

3. EA policies and legislation exist, but are often not applied. A grievance and/or judicial system exists, but suffers significant gaps in reach and effectiveness.

4. EA policies and legislation are applied regularly in selected areas, but gaps exist. A grievance and/or judicial system exists, but suffers some gaps in reach and effectiveness.

5. EA policies and legislation are comprehensive and applied consistently, but many findings are not acted upon. There is a grievance and/or judicial system to handle environment concerns, with some gaps in reach and effectiveness.

6. EA policies and legislation are comprehensive, effectively implemented and findings are acted upon. The grievance and/or judicial system effectively resolve complaints in a fair and timely manner.

Score

[29] See for reference World Bank CPIA question 11.
[30] This includes both Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA).

Question 3.2 National climate change policies[31]

Please determine the extent to which the government has a strategy for dealing with climate change, and whether this strategy has been integrated into sectoral planning processes within public planning. Core indicators include 1) the existence and detail of a national strategy that takes into account the social, economic and environmental risks that might arise from CC; 2) the existence of sectoral plans; 3) evidence of implementation of actions flowing from the plans, such as budgetary allocations, applications to sources of international financial aid (e.g. The GEF, the Adaptation Fund, Green Climate Fund or bilateral assistance programs [add and LULUCF source]); and 4) whether the needs of the rural poor have been considered and prioritised in the strategy and implementation

Key sources:

- National legislation and strategies on climate change;
- Reporting to international bodies, such as the UNFCCC, on national progress under the conventions and other treaty like obligations. This includes National Communications and Nationally Determined Contributions (NDCs) to the UNFCCC, as well as National Adaptation Plans (NAPs, NAPAs);
- Interactions with International Funding Institutions (including the Green Climate Fund, the GEF, the Adaptation Fund, and the MDBs) over support for climate change actions;
- Research assessments on environmental and climate change policies from international institutions or research community.

Ratings

1. There is no consideration of climate related impacts on development plans and investments. Consideration and incorporation of environmental, social and economic risks that might arise from climate change by the national government and sectoral ministries is highly unsatisfactory.

2. A national climate change strategy or policy has been prepared and cost-effective measures to address climate-related risks are being explored. Consideration and incorporation of the measures by individual sector ministries is limited.

3. Building on national climate change plans, vulnerable sectors are starting to consider climate –related risks in plans and projects. The country is taking action to improve the capacity of leaders in government, private sector and communities, including the rural poor, to consider climate change within their responsibilities.

4. Building on national climate change plans, vulnerable sectors are incorporating climate risks in plans and projects and adjusting budgets to support climate-related activities. The national government is actively engaged in seeking international support for their climate related activities, and especially those affecting the rural poor.

[31] See for reference German Watch Climate Change Performance Index – Climate Policy rating.

5. Building on national climate change plans, vulnerable sectors are incorporating climate risks in plans and projects and assigning corresponding budgets to support climate-related activities. A nationally appropriate inter-ministerial coordination process is in place.

6. Building on national climate change plans, vulnerable sectors consistently incorporate climate risks in plans and projects, and cost-effective mitigation measures are being implemented. Inter-ministerial coordination is effective and is being extended to other levels of government and coordinates with communities and civil society organisations (CSOs).

Score

Question 3.3 Access to land[32]

Please determine the access afforded to rural people via the policy framework to land, which is key to their capacity to undergo rural transformation. To determine the score consider factors affecting the quality of policies affecting the governance of land and the effectiveness of their implementation, including (i) the effectiveness of the land tenure system, (ii) market effectiveness, (iii) the equitable management of communal lands, and (iv) the existence of gender-based impediments to access.

Key sources

- National, policies legislation and statistics;
- National development plans / PRSP;
- Gender and land rights database http://www.fao.org/gender-landrights-database/en/;
- World Bank indicators on land tenure and water / irrigation;
- Land Governance Assessment Framework (LGAF) at country level;
- USAID Land Links Country Profiles;
- Research prepared by international and/or academic organizations on land tenure / land use.

1. The policy framework for land tenure provides highly unequal access to land and no security (especially for women, youth, minorities and indigenous people). Land administration is highly inefficient and non-transparent, does not consider customary access systems when relevant, and land markets are exclusively informal. There is no regulation regarding the management and use of common property resources.

2. The policy framework for land tenure provides unequal access to land and very limited security (especially for women, youth, minorities and indigenous people). Land administration is inefficient with little transparency and weak capacity to address conflicts, does not consider customary systems when relevant, and land markets are mostly informal. There is unclear regulation regarding the management and use of common property resources.

3. The policy framework for land tenure infrequently provides equal access to land and is seldom secure (especially for women, youth, minorities and indigenous people). Land administration shows major weaknesses and informal land markets are very important. There is unclear regulation and poor enforcement of regulation regarding the management and use of common property resources.

4. The policy framework for land tenure sometimes provides equal access to land and is sometimes secure (especially for women, youth minorities and indigenous people). Land administration shows minor weaknesses, recognizing to some extent customary systems when relevant, and formal land markets exist. There is regulation and enforcement regarding the management and use of common property resources using to some extent customary rules when relevant, but these regulations and enforcement mechanisms are open to interpretation and not always consistent.

[32] See for reference IFAD's previous RSPA questions B(i) a, b, c & d; and World Bank Enabling Business of Agriculture Index (Indicator: Land assessment).

5. The policy framework for land tenure largely provides equal access to land and is mostly secure (especially for women, youth, minorities and indigenous people). Land administration is generally efficient and transparent, recognises customary systems when relevant and land markets provide good access for rural poor. There is clear and routinely enforced regulation regarding the management and use of common property resources using customary systems when relevant.

6. The policy framework for land tenure provides equal access to land and is secure (especially for women, youth, minorities and indigenous people). Land administration is efficient and transparent, recognises customary systems when relevant, and rural poor have full access to land markets. There is fully transparent and systematically enforced regulation regarding the management and use of common property resources using customary systems when relevant.

Score

Question 3.4 Access to water[33]

Please determine the access afforded to rural people via the policy framework to both surface and ground water. Core indicators are: 1) whether the policy framework takes a comprehensive view of water access / use for rural livelihoods (such as Integrated Water Resources Management, IWRM); 2) whether water resources are managed through representative mechanisms.

Key Sources

- National statistics, policies and legislation;
- National development plans / PRSP;
- UN Water indicators;
- Research prepared by international or academic organizations on water access and use.

1. No specific mention of water access and use in the development or rural policy framework. No policy or legal framework to govern water allocation and its uses nor the conservation of water resources exist.

2. Development or rural policy framework makes passing mention of water access and use. Policy and legal framework to govern water allocation and its uses or the conservation of water resources in a representative manner are inadequate[34].

3. Development or rural policy framework covers water access and use but is inconsistent or incomplete. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative manner[35] are incomplete.

4. Development or rural policy framework partially covers water access and use. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative manner exist but have weaknesses.

5. Development or rural policy framework covers water access and use adequately and relevantly. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative fashion are adequate.

6. Development or rural policy framework covers water access comprehensively and effectively. Policy and legal frameworks to govern water allocation and uses / conservation of water resources in a representative fashion exist and their use is strongly encouraged by the government.

Score

[33] See for reference IFAD previous RSPA questions RSP B(ii) a & c; and World Bank EBAI (Indicator: water resource management).
[34] This may include rigid legal allocation rules (such as ‘prior appropriation’), arbitrary or non-transparent short term allocation rules, lack of a legal and managed water trading system, and the limitation of access to water based on gender, ethnicity etc.
[35] This can include local, community or catchment associations for water management.

Cluster 4: Financial policy, access to services & markets

Question 4.1 Access to and use of rural financial services[36]

Please assess the extent to which the policy and legal framework creates an enabling environment for the provision of inclusive rural financial services. Core indicators include: 1) the extent and quality of the policy framework for rural micro-finance; 2) rural financial inclusion (access and use); 3) the quality of regulation.

Key sources

- National policies, regulations and legislation;
- IFAD project and supervision reports when related to rural finance;
- Metrics and data on access and usage of financial services (Data sources: WB Global Findex; IMF Financial Access Surveys; WB Payment Systems Survey);
- Metrics on number and scale of financial service providers (Data sources: WB Global Findex, CGAP, IMF Financial Access Surveys; WB Global Payment System Survey);
- Data on access to informal financial services outreach of rural women and men (Data sources: Microfinance Associations; MIX market; Savix ; Finlab; FinScope);
- Metrics on financial capacity of enterprises and households (Data sources: WB Enterprise Surveys; WB Financial Capability Surveys and OECD National Financial Literacy and inclusion Surveys; OECD SME scoreboard);
- Signatory and implementation status of the Maya Declaration (Data source: Alliance for Financial Inclusion);
- Other sources: MIX Market, FinScope (14 countries in SSA plus Pakistan and India)
- Research reports from international institutions, private sector providers and academic institutions.

Justification paragraph should include quantitative data table with 5-10 year trend if available and qualitative assessment with citations.

Ranking

1. No specific policy or legal framework in place and/or financial inclusion and rural financial services is highly unsatisfactory, i.e. not recognized as a development priority. Framework to promote and regulate rural finance non-existent.

2. Policy and legal framework for rural finance is unsatisfactory and does not encourage the development of sustainable rural financial services (access and usage is very low). Framework to promote and regulate rural finance weak in design and enforcement.

3. Policy and legal framework for financial inclusion and rural finance is moderately unsatisfactory and access and usage is low. Framework to promote and regulate rural finance shows significant weaknesses in design and / or enforcement.

[36] See for reference IFAD's previous RSPA questions C(i) a, b, c; WB EBAI index (Indicator: Finance, part C)

4. Policy and legal framework for rural finance is moderately satisfactory and rural financial sector is expanding in terms of access and usage as well as household and business financial capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance has some weaknesses in design, implementation or enforcement.

5. Policy and legal framework for financial inclusion and rural finance is satisfactory and rural financial sector is well developed in terms of access and usage, as well as capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance is appropriate and enforced.

6. Policy and legal framework for financial inclusion and rural finance is highly satisfactory and rural financial sector is strong in terms of access and usage as well capacity and quality of services. Framework to promote and regulate financial inclusion and rural finance is appropriate, enforced and stable (i.e. in place for more than 5 years).

Score

Question 4.2 Investment Climate for Rural Business[37]

Please measure the extent to which the government is actively promoting the development of a robust private sector in rural areas through the provision of an appropriate policy and legal framework, and the subsequent extent to which SMEs or rural businesses are able to register, establish and grow their business.

Key sources

- Specific national policies, laws and regulations related to establishing/registering a (rural) business or SME;
- IFAD documentation: project reports, COSOPs, supervision reports, etc.;
- Enabling business of agriculture index (EBAI), World Bank;
- Doing Business Reports, World Bank;
- UNCTAD data on FDI in agribusiness.

Justification paragraph should include quantitative data table with information from EBAI and other sources (e.g. DBI) if available and qualitative assessment with citations.

Rating

1. Existing policy and legal framework prohibits or severely hampers the establishment and registration of rural businesses or SMEs (through excessive bureaucracy, red tape, bribery, extortion, and other measures that make it extremely difficult to open and establish a private sector business in rural areas).

2. Existing policy and legal framework strongly limits the establishment and registration of rural businesses or SMEs (through heavy bureaucratic constraints and red tape).

3. Existing policy and legal framework partially limits the establishment and registration of rural businesses or SMEs (bureaucracy and red tape are normal impediments but can be overcome).

4. Existing policy and legal framework moderately encourages the establishment/registration of rural businesses or SMEs but some moderate bureaucratic inefficiencies still exist and could be improved.

5. Existing policy and legal framework encourages the establishment/registration of rural businesses or SMEs, has minimal bureaucratic inefficiencies, and may provide incentives to establish a business (e.g. one stop shops to establish a business, tax incentives, subsidized business development services and/or financial incentives to establish a business).

6. Existing policy and legal framework strongly encourages the establishment/registration of rural businesses or SMEs, has no bureaucratic inefficiencies, and provides both financial or non-financial incentives (one-stop shops, tax incentives, subsidized business development services, subsidized finance, etc.).

Score

[37] See for reference IFAD's previous RSPA questions C(ii) a & c; World Bank EBAI (Overall).

Question 4.3 Access to agricultural input and produce markets[38]

Please measure the extent to which existing agricultural input markets and produce markets are reliably providing value for money to smallholders for inputs and the highest proportion of the retail price for produce. Core Indicators include: 1) the number of relevant actors in the market; 2) the extent to which the regulatory environment is enabling; 3) the level of competition for optimizing prices for poor producers.

Key Sources:

- IFAD documentation, i.e. supervision reports, COSOPs, project documentation;
- Sector policy documents;
- Enabling Business in Agriculture Index (EBAI), World Bank;
- Research papers written by other external actors.

Justification paragraphs should provide quantitative information about market conditions, citing sources, and add a qualitative assessment about the extent to which the policy framework is enabling.

Ratings

1. Inputs are difficult to find in rural areas. Quality is not assured. Timing of input supply is at times out of sync with production seasons. Prices for inputs are fixed. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.

2. Agricultural input markets are dominated by a single or very few suppliers. Availability, quality, quantity and timing of inputs are unpredictable. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.

3. Agricultural input markets are somewhat competitive and availability, quality, quantity and timing of inputs are reasonable, if producers can afford the inputs. Produce markets for key commodities are dominated by one buyer; or are characterized by producers having few or unreliable buyers for their produce at rural level.

4. Agricultural input markets are somewhat competitive and availability, quality, quantity and timing of inputs are reasonable, if producers can afford the inputs. Produce markets for key commodities are also somewhat competitive and are characterized by formal and informal traders regularly seeking producers' produce at rural level.

5. Agricultural input markets are competitive and availability, quality, quantity and timing of inputs are reasonable. Produce markets for key commodities are also competitive and are characterized by formal traders regularly seeking producers' produce at rural level.

[38] See for reference IFAD's previous RSPA questions C(iii) a; World Bank EBAI (Overall).

6. Input and produce markets are extremely competitive and reliable. A wide range of seeds, pesticides and fertilizers are reliably available. Certification of new products is fast and regulation of markets is largely apolitical.

Score

Question 4.4 Access to extension services[39]

Please determine to what extent the policy framework adequately provides opportunities for smallholder farmers to access public or private extension services. Core indicators include: 1) The framework for extension service provision; 2) the reach of the extension system; 3) the inclusiveness and quality of the extension system and its messages.

Key Sources

- National policies;
- IFAD documentation (projects, COSOPS, previous RSP).

Ratings

1. The policy framework is highly unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system is non-existent.

2. The policy framework is unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system almost never researches poor farmers.

3. The policy framework is moderately unsatisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system seldom reaches poor farmers.

4. The policy framework is moderately satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system sometimes reaches poor, rural women and men; efforts are being made to improve access and the quality of messages.

5. The policy framework is satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system generally reaches poor farmers with mostly appropriate messages.

6. The policy framework is highly satisfactory (in terms of policies, laws, financial and technical support) in the provision of opportunities of poor, rural women and men to access private or public extension services. The extension system efficiently reaches poor farmers and provides appropriate messages.

[39] See for reference IFAD's previous RSPA questions B(iii) a and c.

Score

Cluster 5: Nutrition and gender equality

Question 5.1 Nutrition policy framework and outcomes[40]

Please measure the extent to which nutrition (rather than, or in addition to, food security) is mainstreamed in government policies and institutions. Core Indicators include: 1) the attention placed on nutrition in national development strategies; 2) the extent to which there is cross-ministerial collaboration in multi-sector teams, policies and working groups, and 3) the existence and implementation status of national nutrition strategies.

Key sources
- SUN Country Reports;
- Global Nutrition Reports;
- National development strategies / PRSP / Multi-sectoral strategies;
- Other national policies, regulations and strategies;
- Research reports by international organizations and academics on nutrition policy.

* While justification paragraphs may seek to reference data collected from international sources on micro-nutrient intake adequacy, stunting, wasting, underweight, obesity and dietary diversity, these metrics are captured in the needs aspect of the formula and should only support the qualitative assessments about the specific policy setting as given in the core indicators above.*

Ratings
1. Nutrition is not mentioned in key national development strategy documents and there is no cross-governmental work. There is no national nutrition strategy or it is achieving highly unsatisfactory outcomes.

2. Nutrition is given minimal attention in key national development strategy documents and mechanisms for cross-governmental work are very limited and highly ineffective. There is a poorly defined national nutrition strategy which is achieving unsatisfactory outcomes.

3. Nutrition is given minimal attention in key national development strategy documents and mechanisms for cross-governmental work are limited and often ineffective. There is a poorly defined national nutrition strategy which suffers implementation challenges.

4. Nutrition is given moderate attention in key national development strategy documents and mechanisms for cross-governmental work are moderate and partially effective. There is a national nutrition strategy which is achieving moderately satisfactory outcomes.

5. Nutrition is prioritized in key national development strategy documents and mechanisms for cross-governmental work are present and usually effective. There is a national nutrition strategy which is achieving satisfactory outcomes.

[40] See for reference SUN data on nutrition policy (Indicator: Budgetary allocations for nutrition).

6. Nutrition is a core priority in key national development strategy documents and mechanisms for cross-governmental work are robust and highly effective. There is a national nutrition strategy which is achieving highly satisfactory outcomes.

Score

Question 5.2 Policy framework for gender equality[41]

Please assess the extent to which the policy framework and customary traditions encourage economic empowerment for women and men, equal voice and decision making for women and men and equitable work-loads. Core indicators include: 1) the extent to which rural women and men have the same opportunities and benefits of accessing and controlling productive resources (land, inputs, credit); 2) the extent to which rural women and men can participate in decision making processes (at local and national level); 3) the sharing of economic and social benefits.

Key sources

- National policies, laws and regulations;
- Gender Development Index (UNDP);
- Gender Inequality Index (UNDP);
- Social Institutions and Gender Index (OECD) and the sources cited;
- Women's empowerment in agriculture index (IFPRI, where available)[42];
- Human Development Report;
- Statistics on gender based violence;
- Research reports by international organizations and academic sources on gender equality in specific countries.

* Justification paragraphs should cite the SIGI, GDI, GII indexes and other indexes as available, including trends if possible, to support qualitative assessments*.

Ratings

1. The policy, legal and customary framework for rural development effectively blocks women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are usually absent from decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are heavily unequal. GDI/GII ranks generally in group 5. [43]

2. The policy, legal and customary framework for rural development provides significant barriers to women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). There is strong discrimination against women's participation and voice in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are unequal. GDI/GII ranks generally in group 4.

[41] See for reference IFAD's previous RSPA questions D(ii) b and d; World Bank CPIA question 7B.
[42] When not available, assessors are encouraged to look at the methodology for scoring: "It reflects the percentage of women who are empowered and, among those who are not, the percentage of domains in which women enjoy adequate achievements. These domains are (1) decisions about agricultural production, (2) access to and decision making power about productive resources, (3) control of use of income, (4) leadership in the community, and (5) time allocation."
[43] Countries are divided into five groups by absolute deviation from gender parity in HDI values.

3. The policy, legal and customary for rural development provides some barriers to women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are largely under-represented and unheard in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads tend to be biased towards women. GDI/GII ranks generally in group 3.

4. The policy, legal and customary framework for rural development moderately encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women are slightly under-represented and their voices are discounted in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are mostly balanced. GDI/GII ranks generally in group 2.

5. The policy, legal and customary framework for rural development encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women's representation in decision and policy making bodies is strong and their voice is heard in formal organizations, cooperatives, local councils and parliament. Workloads are balanced in most cases. GDI/GII ranks generally in group 2/1.

6. The policy, legal and customary framework for rural development strongly encourages women's economic empowerment in terms of access and control over productive inputs (land, finance, production inputs, infrastructure and natural resources). Women have equal representation and voice in decision and policy making bodies such as formal organizations, cooperatives, local councils and parliament. Workloads are equal. GDI/GII ranks generally in group 2/1.

Score

Cluster 6. Macroeconomic policies and conditions for rural development

Question 6.1. Monetary and exchange rate policies[44]

Please determine the coherence and quality of monetary and exchange rate policies and whether this set of policies creates positive conditions for the growth and stability of the rural sector. Core indicators include: 1) the level of internal and external balances and price stability; 2) the response to and capacity to absorb internally and externally determined shocks, including the consistency of policy responses.[45,46]

Key data sources:

- IMF Time Series Data (external balance; inflation as measured by CPI, other; exchange rate);
- IMF Article IV consultation reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis by academics, IMF, World Bank, regional MDBs, other institutions on monetary and exchange rate authorities response to internal and external shocks, particularly food crises.

Justification paragraph should include quantitative data table with 5-10 year trend and qualitative assessment with citations.

Ratings

1. The monetary and exchange rate policy regime has consistently generated conditions in which there were significant external imbalances, balance of payment crises, price instability and limited buffers to internal and external shocks. Policies are inconsistent (i.e. internally incoherent or subject to large and sudden changes).

2. The monetary and exchange rate policy regime has occasionally generated conditions in which there were significant external imbalances, balance of payment crises, price instability and limited buffers to internal and external shocks. There is significant policy inconsistency.

3. The monetary and exchange rate regime has been occasionally (though inconsistently) been used to maintain short and medium term balance of payments, mitigate price instability and buffer the economy against internal and external shocks. There is some policy inconsistency.

4. The monetary and exchange rate regime pursues and is often (though not always) capable of achieving the maintenance of external balance, price stability and can often mitigate against internal and external shocks. There is only occasional policy inconsistency.

[44] See for reference World Bank CPIA question 1; Economist Intelligence Unit (EIU) indicator "currency risk"
[45] The stability and longevity of fixed or pegged exchange rate regimes are particularly sensitive to the consistency and flexibility of the policy framework, and should be scored according to their heightened sensitivity to shocks and imbalances.
[46] Monetary policy and exchange rate policies may be set by one or more actors in the economy, in a coordinated or uncoordinated manner.

5. The monetary and exchange rate regime prioritizes and is capable of achieving external balance, price stability and can respond rapidly and flexibility to internal and external shocks. There is significant policy consistency.

6. The monetary and exchange rate regime has consistently maintained external balance, price stability and has adequate inbuilt safeguards against internal and external shocks. Policies are consistent.

Score

Question 6.2. Fiscal Policy and Taxation[47]

Please determine the coherence, quality and sustainability of fiscal policy to achieve levels of economic growth that are inclusive and conducive to the country's rural transformation. Core indicators include the extent to which policy: 1) encourages stability; 2) allocates resources effectively and efficiently; 3) generates sufficient internal resources through taxation.

Key data sources

- World Bank Database;
- World Economic Outlook Database;
- National legislation related to management of public budget, e.g. fiscal rules;
- Tax collection figures, e.g. tax burden, ratio of indirect/direct taxation, etc.;
- Public expenditure figures reported in domestic and/or international reports;
- IMF Article IV Consultations;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis on fiscal policies by academics, IMF, World Bank, regional MDBs, other institutions.

Justification paragraph should include quantitative data table with 5-10 year trend + qualitative assessment with citations.

Ratings

1. The fiscal policy regime over the past 5+ years has contributed to macroeconomic imbalances (e.g. high inflation, unsustainable current account deficits, crowding out of private investment, etc.) and shows limited capacity to mitigate shocks. There is no institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to publics pending, or such laws are not applied. Tax collection as a percent of GDP is very low compared to regional standards, and taxation policies are of poor quality and regressive.

2. The fiscal policy regime has led to or is leading to macroeconomic balances and has been insufficient in mitigating shocks. There is limited institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, or such laws and regulations are not applied. Tax collection is low compared to regional standards and taxation policies are of poor quality and poor redistributive consequences.

3. The fiscal policy regime has sporadically and / or incompletely supported macroeconomic stability and policy response to shocks is often delayed and / or partial. There is some institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, and/or such laws and regulations are applied unevenly. Tax collection is modest by regional standards, and taxation policies are poor in quality and insufficient redistributive consequences.

4. The fiscal policy regime is consistent with macroeconomic stability and policy response to shocks is somewhat effective. There is an institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and

[47] See for reference World Bank CPIA question 2; Economist Intelligence Unit (EIU) indicator "economic structure risk".

predictability to public spending, and such laws are usually applied. Tax collection is still modest but showing signs of improvement over time. Tax policies are improving government's capacity to increase quality and redistributive capacity of public spending.

5. The fiscal policy regime is consistent with macroeconomic stability and policy response to shocks is rapid and effective. There is an institutionalized attempt (e.g. through balanced budget laws or fiscal stability laws) to give sustainability and predictability to public spending, and such laws are always applied. Tax collection is adequate by regional standards and tax policies are of modest quality and redistributive capacity.

6. The fiscal policy regime has been consistent and supporting macroeconomic stability for an extended (e.g. 3 years plus) period of time and policy has adjusted to shocks. Tax collection is strong and spending is of good quality and with positive redistributive consequences.

Score

Question 6.3. Debt Policy[48]

Please determine the coherence and quality of debt policy. Core indicators include the extent to which: 1) debt is contracted in a sustainable fashion at both the national and sub-national level (including, where applicable, domestic as well as international debt); 2) is being effectively serviced at both the national and sub-national level; 3) policies regarding debt limits at the national and sub-national level.

Key sources

- World Bank / IMF for 10 year time series on external debt / GDP, debt / Exports, short term debt as percentage of all debt, foreign denominated debt as percentage of all debt, reserve ratio;
- Data on the issuance and sustainability of domestic debt, where applicable (e.g. Middle Income Countries with more developed debt markets, or in low income countries where sovereign borrowing may crowd out appetite for corporate borrowing);
- IMF Agreement IV reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis on debt policies by academics, IMF, World Bank, regional MDBs, other institutions.

Justification paragraph should include quantitative data table with 5-10 year trend and qualitative assessment with citations.

1. Government is in debt distress[49] and debt-service ratios are in significant and / or sustained breach of DSF debt thresholds. There is no legal framework for borrowing and data on borrowing is inaccurate or missing. Debt and other macroeconomic policies are not aligned.

2. Government faces high risk of debt distress, and debt service ratios could breach DSF debt thresholds. The legal borrowing framework is partially defined and information about debt levels is sporadic. Debt and other macroeconomic policies are minimally aligned.

3. Government faces a moderately high risk of debt distress, and debt service rations may breach DSF debt thresholds in some scenarios. The legal framework for borrowing is defined and public debt data exists but could be improved. Debt and fiscal policies are sometimes though not always aligned.

4. Government faces moderate risk of debt distress, the legal framework is clearly defined and debt data and analysis exist and are adequate. There is good coordination between debt and other macroeconomic policies.

5. Government faces a moderately low risk of debt distress, the legal framework for borrowing is clearly defined, there is a strategy for debt management and there is coordination within government on debt policy in addition to accurate and timely data

[48] See for reference World Bank CPIA question 3A; Economist Intelligence Unit (EIU) indicator "sovereign risk"
[49] Defined as likelihood of upcoming default, restructuring, arrears, etc.

and analysis. There is strong coordination between debt and other macroeconomic policies.

6. Government faces a low risk of debt distress, the legal framework for borrowing is clearly defined and stipulates borrowing objectives and debt management is coordinated by the government in addition to timely, comprehensive data and analysis. There is very strong coordination between debt and other macroeconomic policies.

Score

Question 6.4 Trade Policy[50]

Please determine the extent to which trade policy in the country is distortionary with regards to the rural poor. Core indicators include: 1) the extent to which trade policy is distortionary for the rural poor; 2) the discretion and variability of trade policy.

Key data sources

- WTO Trade Policy Review;
- World Bank World Trade Indicators on tariff and non-tariff barriers;
- IMF consultations and reports;
- Economist Intelligence Unit country reports;
- Teams may seek external papers and analysis by academics, IMF, World Bank, WTO, regional MDBs, other institutions on trade policies, tariffs and non-tariff barriers.

Justification paragraph should include quantitative data table with 5-10 year trend + qualitative assessment of coherence, distortions, politically motivated policy changes, etc. with citations.

Ratings

1. Trade policies are very distortionary for the rural poor, and there is very high levels of discretion and variability of trade policy.

2. Trade policies are distortionary for the rural poor, and there is high levels of discretion and variability of trade policy.

3. Trade policies are moderately distortionary for the rural poor, and there is moderately high levels of discretion and variability of trade policy.

4. Trade policies are moderately favourable for the rural poor, and there is moderately low level of discretion and variability of trade policy.

5. Trade policies are favourable for the rural poor, and there is low level of discretion and variability of trade policy.

6. Trade policies are very favourable for the rural poor, and there is very low level of discretion and variability of trade policy.

Score

[50] See for reference World Bank CPIA question 4A; World Bank EBAI (indicator: domestic trade and exports).

Scenario 3 A: country scores and annual allocations 2016-2018

Scenario 3-A: $\mathrm{Ruralpop}^{0.4} \times \mathrm{GNIpc}^{-0.325} \times (\mathrm{IVI})^{1.75} \times (0.3\ \mathrm{RSP} + 0.7\ \mathrm{PAD})^{4}$

Table 1
Asia and the Pacific (SC3-A)

Country	*GNI per capita 2015*	*Rural population 2015*	*IVI*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Afghanistan	670	23 315 165	1.76	3.69	5.82	30 616 888	30 616 888	30 616 888	91 850 664
Bangladesh	1 080	105 761 094	1.51	4.15	5.85	46 383 733	46 383 733	46 383 733	139 151 199
Cambodia	1 020	12 183 722	1.49	3.86	5.81	17 915 476	17 915 476	17 915 476	53 746 427
China	7 380	621 970 693	1.25	4.56	5.87	46 430 857	46 430 857	46 430 857	139 292 572
India**	1 570	876 057 482	1.50	4.22	5.00	50 666 667	50 666 667	50 666 667	152 000 000
Indonesia	3 630	119 586 112	1.45	3.90	4.45	13 135 221	13 135 221	13 135 221	39 405 664
Iran (Islamic Republic of)	5 780	21 212 092	1.49	3.66		3 071 763	3 071 763	3 071 763	9 215 289
Democratic People's Republic of Korea	583	9 831 767	1.51	3.11		2 528 553	2 528 553	2 528 553	7 585 660
Lao People's Democratic Republic	1 650	4 177 401	1.44	3.85	3.77	2 694 740	2 694 740	2 694 740	8 084 220
Malaysia	10 760	7 771 529	1.30	4.38		3 011 122	3 011 122	3 011 122	9 033 365
Mongolia	4 280	837 403	1.54	3.53	5.64	3 380 315	3 380 315	3 380 315	10 140 944
Myanmar	1 270	35 508 458	1.54	3.43	5.45	19 656 488	19 656 488	19 656 488	58 969 464
Nepal	730	23 034 809	1.61	4.11	4.62	14 890 257	14 890 257	14 890 257	44 670 771
Pakistan	1 410	114 166 773	1.59	4.10	3.28	8 785 921	8 785 921	8 785 921	26 357 763
Papua New Guinea	2 020	6 494 432	1.46	3.30	5.64	8 740 819	8 740 819	8 740 819	26 222 458
Philippines	3 470	55 033 870	1.37	4.55	5.83	24 030 466	24 030 466	24 030 466	72 091 398
Sri Lanka	3 400	16 857 935	1.47	3.91	5.26	10 144 229	10 144 229	10 144 229	30 432 688
Tonga*	4 290	80 634	1.36	3.52	5.66	1 500 000	1 500 000	1 500 000	4 500 000
Vanuatu*	3 130	192 047	1.54	3.83		1 500 000	1 500 000	1 500 000	4 500 000
Viet Nam	1 890	60 833 558	1.38	4.46	5.87	30 552 637	30 552 637	30 552 637	91 657 910
Total Asia and the Pacific						339 636 152	339 636 152	339 636 152	1 018 908 457
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 2
East and Southern Africa (SC3-A)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Angola	4 850	13 743 305	1.55	3.42	5.67	9 861 846	9 861 846	9 861 846	29 585 538
Botswana*	7 240	950 422	1.37	4.31	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Burundi	270	9 544 689	1.57	3.49	3.35	4 710 283	4 710 283	4 710 283	14 130 850
Comoros*	820	552 907	1.42	3.28	0.60	1 500 000	1 500 000	1 500 000	4 500 000
Eritrea	680	3 976 283	1.82	3.65	5.06	9 939 729	9 939 729	9 939 729	29 819 188
Ethiopia**	550	78 509 424	1.59	4.04	5.89	50 666 667	50 666 667	50 666 667	152 000 000
Kenya	1 290	33 559 306	1.55	4.25	3.02	4 619 377	4 619 377	4 619 377	13 858 130
Madagascar	440	15 447 015	1.64	3.93	5.89	30 326 117	30 326 117	30 326 117	90 978 351
Malawi	250	14 006 983	1.51	3.72	3.58	7 003 728	7 003 728	7 003 728	21 011 183
Mauritius	9 710	758 906	1.42	5.03		2 342 477	2 342 477	2 342 477	7 027 430
Mozambique	620	18 525 030	1.64	4.13	4.04	10 063 209	10 063 209	10 063 209	30 189 628
Namibia	5 680	1 305 281	1.58	3.99		1 521 121	1 521 121	1 521 121	4 563 362
Rwanda	700	8 183 945	1.48	4.90	5.80	21 640 139	21 640 139	21 640 139	64 920 416
Seychelles*	13 990	42 506	1.36	4.47	4.27	1 500 000	1 500 000	1 500 000	4 500 000
South Africa	6 800	19 279 777	1.37	4.28		4 831 451	4 831 451	4 831 451	14 494 354
South Sudan*	940	9 696 776	1.61	2.44	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Tanzania (United Republic of)	930	35 808 913	1.57	4.17	3.33	6 648 057	6 648 057	6 648 057	19 944 170
Uganda	680	31 826 108	1.55	4.18	3.04	5 510 585	5 510 585	5 510 585	16 531 755
Zambia	1 680	9 358 601	1.45	3.87	3.76	3 722 378	3 722 378	3 722 378	11 167 133
Zimbabwe	830	10 290 800	1.62	3.81		5 530 611	5 530 611	5 530 611	16 591 832
Total East and Southern Africa						184 937 773	184 937 773	184 937 773	554 813 319
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 3
Latin America and the Caribbean (SC3-A)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Argentina*	14 160	3 608 603	1.32	4.38	2.81	1 500 000	1 500 000	1 500 000	4 500 000
Belize*	4 660	196 519	1.44	3.93	4.35	1 500 000	1 500 000	1 500 000	4 500 000
Bolivia (Plurinational State of)	2 910	3 368 503	1.42	4.13	4.59	3 843 679	3 843 679	3 843 679	11 531 038
Brazil	11 530	30 019 367	1.22	4.96	5.80	12 190 913	12 190 913	12 190 913	36 572 740
Colombia	7 970	11 392 990	1.28	4.18	3.24	1 595 164	1 595 164	1 595 164	4 785 491
Cuba*	5 890	2 620 609	1.50	4.40	1.22	1 500 000	1 500 000	1 500 000	4 500 000
Dominican Republic*	6 030	2 282 960	1.35	4.25	2.29	1 500 000	1 500 000	1 500 000	4 500 000
Ecuador*	6 070	5 802 020	1.31	4.65	2.81	1 500 000	1 500 000	1 500 000	4 500 000
El Salvador	3 950	2 061 045	1.33	4.39	4.56	2 812 180	2 812 180	2 812 180	8 436 541
Grenada*	7 850	68 510	1.27	4.31	4.25	1 500 000	1 500 000	1 500 000	4 500 000
Guatemala*	3 410	7 829 174	1.32	4.14	1.25	1 500 000	1 500 000	1 500 000	4 500 000
Guyana*	4 170	546 497	1.44	4.07	4.41	1 500 000	1 500 000	1 500 000	4 500 000
Haiti*	820	4 499 878	1.62	2.68	0.90	1 500 000	1 500 000	1 500 000	4 500 000
Honduras*	2 280	3 651 465	1.35	3.76	3.26	1 500 000	1 500 000	1 500 000	4 500 000
Mexico	9 860	26 367 387	1.33	4.33	5.78	14 279 847	14 279 847	14 279 847	42 839 540
Nicaragua*	1 870	2 498 240	1.46	3.92	2.84	1 500 000	1 500 000	1 500 000	4 500 000
Paraguay*	4 380	2 659 274	1.36	4.00	3.00	1 500 000	1 500 000	1 500 000	4 500 000
Peru	6 370	6 725 819	1.26	4.38	5.85	9 088 883	9 088 883	9 088 883	27 266 648
Uruguay*	16 350	165 778	1.19	4.84	1.26	1 500 000	1 500 000	1 500 000	4 500 000
Venezuela (Bolivarian Republic of)*	12 890	3 394 430	1.38	4.48	2.93	1 500 000	1 500 000	1 500 000	4 500 000
Total Latin America and Caribbean						64 810 666	64 810 666	64 810 666	194 431 998
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 4
Near East, North Africa and Europe (SC3-A)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Armenia*	3 780	1 117 929	1.49	4.68	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Azerbaijan*	7 590	4 353 539	1.40	3.89	1.27	1 500 000	1 500 000	1 500 000	4 500 000
Bosnia and Herzegovina	4 780	2 305 192	1.35	4.10	4.51	3 144 532	3 144 532	3 144 532	9 433 595
Djibouti	1 690	199 224	1.61	3.69	5.80	4 358 024	4 358 024	4 358 024	13 074 073
Egypt	3 050	50 998 602	1.55	4.75	3.86	12 521 521	12 521 521	12 521 521	37 564 564
Georgia	3 720	2 095 848	1.39	4.70	5.76	8 238 902	8 238 902	8 238 902	24 716 705
Iraq	6 320	10 666 149	1.57	3.73		3 610 112	3 610 112	3 610 112	10 830 336
Jordan	5 160	1 093 657	1.34	4.69	4.58	2 751 615	2 751 615	2 751 615	8 254 845
Kyrgyzstan	1 250	3 758 100	1.45	3.76	5.82	13 360 310	13 360 310	13 360 310	40 080 930
Lebanon*	9 800	560 617	1.47	4.38	1.61	1 500 000	1 500 000	1 500 000	4 500 000
Republic of Moldova	2 550	1 958 687	1.51	4.39	5.77	9 862 990	9 862 990	9 862 990	29 588 969
Montenegro	7 240	224 893	1.55	4.51		1 546 375	1 546 375	1 546 375	4 639 124
Morocco	2 980	13 670 584	1.46	4.81	4.49	10 254 763	10 254 763	10 254 763	30 764 290
Sudan	1 710	26 119 531	1.82	3.76	5.68	35 836 608	35 836 608	35 836 608	107 509 823
Tajikistan	1 080	6 081 514	1.55	3.18	5.76	16 005 895	16 005 895	16 005 895	48 017 686
Tunisia	4 210	3 667 916	1.40	4.35	5.88	9 879 146	9 879 146	9 879 146	29 637 437
Turkey	10 840	20 584 500	1.33	5.00	5.14	10 376 785	10 376 785	10 376 785	31 130 354
Uzbekistan	2 090	19 589 736	1.33	3.09	5.63	14 420 771	14 420 771	14 420 771	43 262 313
Yemen	1 330	17 274 157	1.70	3.92	2.33	2 707 143	2 707 143	2 707 143	8 121 430
Total Near East, North Africa and Europe						163 375 492	163 375 492	163 375 492	490 126 476
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 5
West and Central Africa (SC3-A)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Benin	810	5 986 659	1.52	3.83	5.67	18 784 787	18 784 787	18 784 787	56 354 361
Burkina Faso	710	12 484 109	1.62	3.90	4.36	13 584 232	13 584 232	13 584 232	40 752 696
Cameroon	1 360	10 516 806	1.46	3.68	5.80	19 316 875	19 316 875	19 316 875	57 950 625
Cabo Verde	3 450	180 689	1.41	4.66	5.62	2 970 222	2 970 222	2 970 222	8 910 665
Central African Republic	330	2 894 168	1.43	2.44	5.48	10 684 115	10 684 115	10 684 115	32 052 344
Chad	980	10 551 569	1.64	2.96	5.81	22 193 719	22 193 719	22 193 719	66 581 158
Democratic Republic of the Congo	380	43 446 648	1.44	3.08		6 316 896	6 316 896	6 316 896	18 950 687
Congo*	2 710	1 578 674	1.54	3.52	1.43	1 500 000	1 500 000	1 500 000	4 500 000
Côte d'Ivoire*	1 460	10 307 708	1.45	2.96	2.07	1 500 000	1 500 000	1 500 000	4 500 000
Gabon*	9 450	220 748	1.29	3.69	2.70	1 500 000	1 500 000	1 500 000	4 500 000
Gambia (The)	440	790 273	1.49	3.91	5.88	11 295 021	11 295 021	11 295 021	33 885 062
Ghana	1 600	12 484 698	1.41	4.11	4.75	11 059 088	11 059 088	11 059 088	33 177 264
Guinea	470	7 772 864	1.52	3.00	3.93	6 427 334	6 427 334	6 427 334	19 282 003
Guinea-Bissau*	550	926 364	1.46	2.46		1 500 000	1 500 000	1 500 000	4 500 000
Liberia	370	2 228 701	1.47	3.22	5.86	14 759 751	14 759 751	14 759 751	44 279 252
Mali	660	10 398 040	1.60	3.91	3.39	6 370 905	6 370 905	6 370 905	19 112 715
Mauritania	1 270	1 617 424	1.56	3.65	5.81	10 432 080	10 432 080	10 432 080	31 296 241
Niger	420	15 583 614	1.75	3.54	5.85	44 843 497	44 843 497	44 843 497	134 530 490
Nigeria	2 970	94 165 209	1.34	3.62	5.26	22 360 451	22 360 451	22 360 451	67 081 352
Sao Tome and Principe	1 670	66 131	1.54	3.41	5.74	2 354 970	2 354 970	2 354 970	7 064 911
Senegal	1 040	8 305 694	1.63	3.99	5.82	25 197 708	25 197 708	25 197 708	75 593 125
Sierra Leone	710	3 816 028	1.45	3.66	3.72	4 121 600	4 121 600	4 121 600	12 364 799
Togo*	570	4 306 879	1.57	3.15	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Total West and Central Africa						260 573 250	260 573 250	260 573 250	781 719 750
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Scenario 3-B: $\mathbf{Ruralpop^{0.4} \times GNIpc^{-0.325} \times (IVI)^{0.75} \times (0.25\,RSP + 0.75\,PAD)^{4}}$

Table 1

Asia and the Pacific (SC3-B)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual Allocation	2018 annual allocation	Total
Afghanistan	670	23 315 165	1.76	3.69	5.82	38 597 782	38 597 782	38 597 782	115 793 345
Bangladesh**	1 080	105 761 094	1.51	4.15	5.85	50 666 667	50 666 667	50 666 667	152 000 000
Cambodia	1 020	12 183 722	1.49	3.86	5.81	22 412 019	22 412 019	22 412 019	67 236 056
China**	7 380	621 970 693	1.25	4.56	5.87	50 666 667	50 666 667	50 666 667	152 000 000
India**	1 570	876 057 482	1.50	4.22	5.00	50 666 667	50 666 667	50 666 667	152 000 000
Indonesia	3 630	119 586 112	1.45	3.90	4.45	15 655 658	15 655 658	15 655 658	46 966 975
Iran (Islamic Republic of)	5 780	21 212 092	1.49	3.66		3 569 361	3 569 361	3 569 361	10 708 082
Democratic People's Republic of Korea	583	9 831 767	1.51	3.11		2 938 156	2 938 156	2 938 156	8 814 468
Lao People's Democratic Republic	1 650	4 177 401	1.44	3.85	3.77	3 118 353	3 118 353	3 118 353	9 355 059
Malaysia	10 760	7 771 529	1.30	4.38		3 498 896	3 498 896	3 498 896	10 496 688
Mongolia	4 280	837 403	1.54	3.53	5.64	4 269 216	4 269 216	4 269 216	12 807 647
Myanmar	1 270	35 508 458	1.54	3.43	5.45	24 803 245	24 803 245	24 803 245	74 409 735
Nepal	730	23 034 809	1.61	4.11	4.62	17 696 364	17 696 364	17 696 364	53 089 092
Pakistan	1 410	114 166 773	1.59	4.10	3.28	9 746 620	9 746 620	9 746 620	29 239 859
Papua New Guinea	2 020	6 494 432	1.46	3.30	5.64	11 154 934	11 154 934	11 154 934	33 464 801
Philippines	3 470	55 033 870	1.37	4.55	5.83	29 259 776	29 259 776	29 259 776	87 779 329
Sri Lanka	3 400	16 857 935	1.47	3.91	5.26	12 455 085	12 455 085	12 455 085	37 365 254
Tonga*	4 290	80 634	1.36	3.52	5.66	1 500 000	1 500 000	1 500 000	4 500 000
Vanuatu*	3 130	192 047	1.54	3.83		1 500 000	1 500 000	1 500 000	4 500 000
Viet Nam	1 890	60 833 558	1.38	4.46	5.87	37 375 023	37 375 023	37 375 023	112 125 069
Total Asia and the Pacific						391 550 487	391 550 487	391 550 487	1 174 651 460
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 2

East and Southern Africa (SC3-B)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Angola	4 850	13 743 305	1.55	3.42	5.67	12 528 248	12 528 248	12 528 248	37 584 745
Botswana*	7 240	950 422	1.37	4.31	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Burundi	270	9 544 689	1.57	3.49	3.35	5 429 806	5 429 806	5 429 806	16 289 419
Comoros*	820	552 907	1.42	3.28	0.60	1 500 000	1 500 000	1 500 000	4 500 000
Eritrea	680	3 976 283	1.82	3.65	5.06	12 269 586	12 269 586	12 269 586	36 808 758
Ethiopia**	550	78 509 424	1.59	4.04	5.89	50 666 667	50 666 667	50 666 667	152 000 000
Kenya	1 290	33 559 306	1.55	4.25	3.02	4 988 643	4 988 643	4 988 643	14 965 930
Madagascar	440	15 447 015	1.64	3.93	5.89	37 914 891	37 914 891	37 914 891	113 744 673
Malawi	250	14 006 983	1.51	3.72	3.58	8 077 035	8 077 035	8 077 035	24 231 104
Mauritius	9 710	758 906	1.42	5.03		2 721 936	2 721 936	2 721 936	8 165 809
Mozambique	620	18 525 030	1.64	4.13	4.04	11 643 010	11 643 010	11 643 010	34 929 030
Namibia	5 680	1 305 281	1.58	3.99		1 767 529	1 767 529	1 767 529	5 302 586
Rwanda	700	8 183 945	1.48	4.90	5.80	25 971 112	25 971 112	25 971 112	77 913 336
Seychelles*	13 990	42 506	1.36	4.47	4.27	1 500 000	1 500 000	1 500 000	4 500 000
South Africa	6 800	19 279 777	1.37	4.28		5 614 103	5 614 103	5 614 103	16 842 308
South Sudan*	940	9 696 776	1.61	2.44	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Tanzania (United Republic of)	930	35 808 913	1.57	4.17	3.33	7 366 300	7 366 300	7 366 300	22 098 899
Uganda	680	31 826 108	1.55	4.18	3.04	5 981 310	5 981 310	5 981 310	17 943 930
Zambia	1 680	9 358 601	1.45	3.87	3.76	4 301 594	4 301 594	4 301 594	12 904 782
Zimbabwe	830	10 290 800	1.62	3.81		6 426 519	6 426 519	6 426 519	19 279 557
Total East and Southern Africa						209 668 288	209 668 288	209 668 288	629 004 865
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 3
Latin America and the Caribbean (SC3-B)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Argentina*	14 160	3 608 603	1.32	4.38	2.81	1 500 000	1 500 000	1 500 000	4 500 000
Belize*	4 660	196 519	1.44	3.93	4.35	1 500 000	1 500 000	1 500 000	4 500 000
Bolivia (Plurinational State of)	2 910	3 368 503	1.42	4.13	4.59	4 559 405	4 559 405	4 559 405	13 678 216
Brazil	11 530	30 019 367	1.22	4.96	5.80	14 597 712	14 597 712	14 597 712	43 793 136
Colombia	7 970	11 392 990	1.28	4.18	3.24	1 756 620	1 756 620	1 756 620	5 269 861
Cuba*	5 890	2 620 609	1.50	4.40	1.22	1 500 000	1 500 000	1 500 000	4 500 000
Dominican Republic*	6 030	2 282 960	1.35	4.25	2.29	1 500 000	1 500 000	1 500 000	4 500 000
Ecuador*	6 070	5 802 020	1.31	4.65	2.81	1 500 000	1 500 000	1 500 000	4 500 000
El Salvador	3 950	2 061 045	1.33	4.39	4.56	3 291 711	3 291 711	3 291 711	9 875 134
Grenada*	7 850	68 510	1.27	4.31	4.25	1 500 000	1 500 000	1 500 000	4 500 000
Guatemala*	3 410	7 829 174	1.32	4.14	1.25	1 500 000	1 500 000	1 500 000	4 500 000
Guyana	4 170	546 497	1.44	4.07	4.41	1 735 026	1 735 026	1 735 026	5 205 079
Haiti*	820	4 499 878	1.62	2.68	0.90	1 500 000	1 500 000	1 500 000	4 500 000
Honduras	2 280	3 651 465	1.35	3.76	3.26	1 582 955	1 582 955	1 582 955	4 748 865
Mexico	9 860	26 367 387	1.33	4.33	5.78	13 142 997	13 142 997	13 142 997	39 428 990
Nicaragua*	1 870	2 498 240	1.46	3.92	2.84	1 500 000	1 500 000	1 500 000	4 500 000
Paraguay*	4 380	2 659 274	1.36	4.00	3.00	1 500 000	1 500 000	1 500 000	4 500 000
Peru	6 370	6 725 819	1.26	4.38	5.85	8 829 153	8 829 153	8 829 153	26 487 460
Uruguay*	16 350	165 778	1.19	4.84	1.26	1 500 000	1 500 000	1 500 000	4 500 000
Venezuela (Bolivarian Republic of)*	12 890	3 394 430	1.38	4.48	2.93	1 500 000	1 500 000	1 500 000	4 500 000
Total Latin America and Caribbean						67 495 580	67 495 580	67 495 580	202 486 741
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 4

Near East, North Africa and Europe (SC3-B)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Armenia*	3 780	1 117 929	1.49	4.68	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Azerbaijan*	7 590	4 353 539	1.40	3.89	1.27	1 500 000	1 500 000	1 500 000	4 500 000
Bosnia and Herzegovina	4 780	2 305 192	1.35	4.10	4.51	2 759 173	2 759 173	2 759 173	8 277 520
Djibouti	1 690	199 224	1.61	3.69	5.80	3 405 988	3 405 988	3 405 988	10 217 963
Egypt	3 050	50 998 602	1.55	4.75	3.86	9 000 729	9 000 729	9 000 729	27 002 186
Georgia	3 720	2 095 848	1.39	4.70	5.76	7 156 923	7 156 923	7 156 923	21 470 768
Iraq	6 320	10 666 149	1.57	3.73	-	2 670 262	2 670 262	2 670 262	8 010 785
Jordan	5 160	1 093 657	1.34	4.69	4.58	2 379 363	2 379 363	2 379 363	7 138 088
Kyrgyzstan	1 250	3 758 100	1.45	3.76	5.82	11 553 486	11 553 486	11 553 486	34 660 459
Lebanon*	9 800	560 617	1.47	4.38	1.61	1 500 000	1 500 000	1 500 000	4 500 000
Republic of Moldova	2 550	1 958 687	1.51	4.39	5.77	7 971 827	7 971 827	7 971 827	23 915 482
Montenegro*	7 240	224 893	1.55	4.51	-	1 500 000	1 500 000	1 500 000	4 500 000
Morocco	2 980	13 670 584	1.46	4.81	4.49	8 058 361	8 058 361	8 058 361	24 175 084
Sudan	1 710	26 119 531	1.82	3.76	5.68	24 688 442	24 688 442	24 688 442	74 065 325
Tajikistan	1 080	6 081 514	1.55	3.18	5.76	13 303 604	13 303 604	13 303 604	39 910 811
Tunisia	4 210	3 667 916	1.40	4.35	5.88	8 641 390	8 641 390	8 641 390	25 924 171
Turkey	10 840	20 584 500	1.33	5.00	5.14	9 096 070	9 096 070	9 096 070	27 288 211
Uzbekistan	2 090	19 589 736	1.33	3.09	5.63	13 958 247	13 958 247	13 958 247	41 874 741
Yemen	1 330	17 274 157	1.70	3.92	2.33	1 646 057	1 646 057	1 646 057	4 938 170
Total Near East, North Africa and Europe						132 289 922	132 289 922	132 289 922	396 869 765
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 5
West and Central Africa (SC3-B)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Benin	810	5 986 659	1.52	3.83	5.67	15 423 995	15 423 995	15 423 995	46 271 984
Burkina Faso	710	12 484 109	1.62	3.90	4.36	9 957 287	9 957 287	9 957 287	29 871 862
Cameroon	1 360	10 516 806	1.46	3.68	5.80	16 639 676	16 639 676	16 639 676	49 919 029
Cabo Verde	3 450	180 689	1.41	4.66	5.62	2 544 248	2 544 248	2 544 248	7 632 744
Central African Republic	330	2 894 168	1.43	2.44	5.48	9 932 806	9 932 806	9 932 806	29 798 417
Chad	980	10 551 569	1.64	2.96	5.81	17 608 038	17 608 038	17 608 038	52 824 113
Democratic Republic of the Congo	380	43 446 648	1.44	3.08		5 103 605	5 103 605	5 103 605	15 310 816
Congo*	2 710	1 578 674	1.54	3.52	1.43	1 500 000	1 500 000	1 500 000	4 500 000
Côte d'Ivoire*	1 460	10 307 708	1.45	2.96	2.07	1 500 000	1 500 000	1 500 000	4 500 000
Gabon*	9 450	220 748	1.29	3.69	2.70	1 500 000	1 500 000	1 500 000	4 500 000
Gambia (The)	440	790 273	1.49	3.91	5.88	9 457 481	9 457 481	9 457 481	28 372 444
Ghana	1 600	12 484 698	1.41	4.11	4.75	9 396 172	9 396 172	9 396 172	28 188 517
Guinea	470	7 772 864	1.52	3.00	3.93	5 169 378	5 169 378	5 169 378	15 508 134
Guinea Bissau*	550	926 364	1.46	2.46		1 500 000	1 500 000	1 500 000	4 500 000
Liberia	370	2 228 701	1.47	3.22	5.86	12 945 802	12 945 802	12 945 802	38 837 405
Mali	660	10 398 040	1.60	3.91	3.39	4 480 068	4 480 068	4 480 068	13 440 205
Mauritania	1 270	1 617 424	1.56	3.65	5.81	8 437 588	8 437 588	8 437 588	25 312 765
Niger	420	15 583 614	1.75	3.54	5.85	32 551 718	32 551 718	32 551 718	97 655 153
Nigeria	2 970	94 165 209	1.34	3.62	5.26	20 736 302	20 736 302	20 736 302	62 208 905
Sao Tome and Principe	1 670	66 131	1.54	3.41	5.74	1 945 521	1 945 521	1 945 521	5 836 562
Senegal	1 040	8 305 694	1.63	3.99	5.82	19 187 711	19 187 711	19 187 711	57 563 133
Sierra Leone	710	3 816 028	1.45	3.66	3.72	3 311 660	3 311 660	3 311 660	9 934 980
Togo*	570	4 306 879	1.57	3.15	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Total West and Central Africa						212 329 057	212 329 057	212 329 057	636 987 170
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Scenario 3-C: $\mathbf{Ruralpop}^{0.4} \times \mathbf{GNIpc}^{-1.25} \times (\mathbf{IVI})^{1.25} \times (\mathbf{0.2\ RSP} + \mathbf{0.8\ PAD})^{4}$

Table 1
Asia and the Pacific (SC3-C)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Afghanistan**	670	23 315 165	1.76	3.69	5.82	50 666 667	50 666 667	50 666 667	152 000 000
Bangladesh**	1 080	105 761 094	1.51	4.15	5.85	50 666 667	50 666 667	50 666 667	152 000 000
Cambodia	1 020	12 183 722	1.49	3.86	5.81	22 975 250	22 975 250	22 975 250	68 925 750
China	7 380	621 970 693	1.25	4.56	5.87	9 070 329	9 070 329	9 070 329	27 210 987
India	1 570	876 057 482	1.50	4.22	5.00	47 693 098	47 693 098	47 693 098	143 079 294
Indonesia	3 630	119 586 112	1.45	3.90	4.45	4 731 343	4 731 343	4 731 343	14 194 029
Iran (Islamic Republic of)*	5 780	21 212 092	1.49	3.66		1 500 000	1 500 000	1 500 000	4 500 000
Democratic People's Republic of Korea	583	9 831 767	1.51	3.11		4 699 986	4 699 986	4 699 986	14 099 958
Lao People's Democratic Republic	1 650	4 177 401	1.44	3.85	3.77	1 897 674	1 897 674	1 897 674	5 693 021
Malaysia*	10 760	7 771 529	1.30	4.38		1 500 000	1 500 000	1 500 000	4 500 000
Mongolia*	4 280	837 403	1.54	3.53	5.64	1 500 000	1 500 000	1 500 000	4 500 000
Myanmar	1 270	35 508 458	1.54	3.43	5.45	20 933 032	20 933 032	20 933 032	62 799 096
Nepal	730	23 034 809	1.61	4.11	4.62	23 512 560	23 512 560	23 512 560	70 537 679
Pakistan	1 410	114 166 773	1.59	4.10	3.28	6 572 329	6 572 329	6 572 329	19 716 988
Papua New Guinea	2 020	6 494 432	1.46	3.30	5.64	6 195 294	6 195 294	6 195 294	18 585 881
Philippines	3 470	55 033 870	1.37	4.55	5.83	9 414 621	9 414 621	9 414 621	28 243 862
Sri Lanka	3 400	16 857 935	1.47	3.91	5.26	4 117 121	4 117 121	4 117 121	12 351 364
Tonga*	4 290	80 634	1.36	3.52	5.66	1 500 000	1 500 000	1 500 000	4 500 000
Vanuatu*	3 130	192 047	1.54	3.83		1 500 000	1 500 000	1 500 000	4 500 000
Viet Nam	1 890	60 833 558	1.38	4.46	5.87	21 191 713	21 191 713	21 191 713	63 575 140
Total Asia and the Pacific						291 837 683	291 837 683	291 837 683	875 513 050
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 2

East and Southern Africa (SC3-C)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Angola	4 850	13 743 305	1.55	3.42	5.67	3 081 266	3 081 266	3 081 266	9 243 797
Botswana*	7 240	950 422	1.37	4.31	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Burundi	270	9 544 689	1.57	3.49	3.35	17 561 663	17 561 663	17 561 663	52 684 990
Comoros*	820	552 907	1.42	3.28	0.60	1 500 000	1 500 000	1 500 000	4 500 000
Eritrea	680	3 976 283	1.82	3.65	5.06	18 067 001	18 067 001	18 067 001	54 201 004
Ethiopia**	550	78 509 424	1.59	4.04	5.89	50 666 667	50 666 667	50 666 667	152 000 000
Kenya	1 290	33 559 306	1.55	4.25	3.02	3 552 674	3 552 674	3 552 674	10 658 021
Madagascar**	440	15 447 015	1.64	3.93	5.89	50 666 667	50 666 667	50 666 667	152 000 000
Malawi	250	14 006 983	1.51	3.72	3.58	28 063 143	28 063 143	28 063 143	84 189 429
Mauritius*	9 710	758 906	1.42	5.03		1 500 000	1 500 000	1 500 000	4 500 000
Mozambique	620	18 525 030	1.64	4.13	4.04	17 518 305	17 518 305	17 518 305	52 554 915
Namibia*	5 680	1 305 281	1.58	3.99		1 500 000	1 500 000	1 500 000	4 500 000
Rwanda	700	8 183 945	1.48	4.90	5.80	36 220 580	36 220 580	36 220 580	108 661 740
Seychelles*	13 990	42 506	1.36	4.47	4.27	1 500 000	1 500 000	1 500 000	4 500 000
South Africa*	6 800	19 279 777	1.37	4.28		1 500 000	1 500 000	1 500 000	4 500 000
South Sudan*	940	9 696 776	1.61	2.44	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Tanzania (United Republic of)	930	35 808 913	1.57	4.17	3.33	7 290 735	7 290 735	7 290 735	21 872 206
Uganda	680	31 826 108	1.55	4.18	3.04	7 742 359	7 742 359	7 742 359	23 227 078
Zambia	1 680	9 358 601	1.45	3.87	3.76	2 570 907	2 570 907	2 570 907	7 712 722
Zimbabwe	830	10 290 800	1.62	3.81		7 414 702	7 414 702	7 414 702	22 244 105
Total East and Southern Africa						260 916 669	260 916 669	260 916 669	782 750 007
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 3
Latin America and the Caribbean (SC3-C)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Argentina*	14 160	3 608 603	1.32	4.38	2.81	1 500 000	1 500 000	1 500 000	4 500 000
Belize*	4 660	196 519	1.44	3.93	4.35	1 500 000	1 500 000	1 500 000	4 500 000
Bolivia (Plurinational State of)	2 910	3 368 503	1.42	4.13	4.59	1 682 615	1 682 615	1 682 615	5 047 844
Brazil*	11 530	30 019 367	1.22	4.96	5.80	1 500 000	1 500 000	1 500 000	4 500 000
Colombia*	7 970	11 392 990	1.28	4.18	3.24	1 500 000	1 500 000	1 500 000	4 500 000
Cuba*	5 890	2 620 609	1.50	4.40	1.22	1 500 000	1 500 000	1 500 000	4 500 000
Dominican Republic*	6 030	2 282 960	1.35	4.25	2.29	1 500 000	1 500 000	1 500 000	4 500 000
Ecuador*	6 070	5 802 020	1.31	4.65	2.81	1 500 000	1 500 000	1 500 000	4 500 000
El Salvador*	3 950	2 061 045	1.33	4.39	4.56	1 500 000	1 500 000	1 500 000	4 500 000
Grenada*	7 850	68 510	1.27	4.31	4.25	1 500 000	1 500 000	1 500 000	4 500 000
Guatemala*	3 410	7 829 174	1.32	4.14	1.25	1 500 000	1 500 000	1 500 000	4 500 000
Guyana*	4 170	546 497	1.44	4.07	4.41	1 500 000	1 500 000	1 500 000	4 500 000
Haiti*	820	4 499 878	1.62	2.68	0.90	1 500 000	1 500 000	1 500 000	4 500 000
Honduras*	2 280	3 651 465	1.35	3.76	3.26	1 500 000	1 500 000	1 500 000	4 500 000
Mexico	9 860	26 367 387	1.33	4.33	5.78	1 871 404	1 871 404	1 871 404	5 614 213
Nicaragua*	1 870	2 498 240	1.46	3.92	2.84	1 500 000	1 500 000	1 500 000	4 500 000
Paraguay*	4 380	2 659 274	1.36	4.00	3.00	1 500 000	1 500 000	1 500 000	4 500 000
Peru	6 370	6 725 819	1.26	4.38	5.85	1 833 420	1 833 420	1 833 420	5 500 260
Uruguay*	16 350	165 778	1.19	4.84	1.26	1 500 000	1 500 000	1 500 000	4 500 000
Venezuela (Bolivarian Republic of)*	12 890	3 394 430	1.38	4.48	2.93	1 500 000	1 500 000	1 500 000	4 500 000
Total Latin America and Caribbean						30 887 439	30 887 439	30 887 439	92 662 316
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 4

Near East, North Africa and Europe (SC3-C)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Armenia*	3 780	1 117 929	1.49	4.68	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Azerbaijan*	7 590	4 353 539	1.40	3.89	1.27	1 500 000	1 500 000	1 500 000	4 500 000
Bosnia and Herzegovina*	4 780	2 305 192	1.35	4.10	4.51	1 500 000	1 500 000	1 500 000	4 500 000
Djibouti	1 690	199 224	1.61	3.69	5.80	2 797 284	2 797 284	2 797 284	8 391 853
Egypt	3 050	50 998 602	1.55	4.75	3.86	3 709 290	3 709 290	3 709 290	11 127 871
Georgia	3 720	2 095 848	1.39	4.70	5.76	2 526 519	2 526 519	2 526 519	7 579 558
Iraq*	6 320	10 666 149	1.57	3.73		1 500 000	1 500 000	1 500 000	4 500 000
Jordan*	5 160	1 093 657	1.34	4.69	4.58	1 500 000	1 500 000	1 500 000	4 500 000
Kyrgyzstan	1 250	3 758 100	1.45	3.76	5.82	11 879 766	11 879 766	11 879 766	35 639 299
Lebanon*	9 800	560 617	1.47	4.38	1.61	1 500 000	1 500 000	1 500 000	4 500 000
Republic of Moldova	2 550	1 958 687	1.51	4.39	5.77	4 214 697	4 214 697	4 214 697	12 644 092
Montenegro*	7 240	224 893	1.55	4.51		1 500 000	1 500 000	1 500 000	4 500 000
Morocco	2 980	13 670 584	1.46	4.81	4.49	3 393 904	3 393 904	3 393 904	10 181 713
Sudan	1 710	26 119 531	1.82	3.76	5.68	21 172 110	21 172 110	21 172 110	63 516 329
Tajikistan	1 080	6 081 514	1.55	3.18	5.76	16 538 612	16 538 612	16 538 612	49 615 837
Tunisia	4 210	3 667 916	1.40	4.35	5.88	2 781 109	2 781 109	2 781 109	8 343 327
Turkey*	10 840	20 584 500	1.33	5.00	5.14	1 500 000	1 500 000	1 500 000	4 500 000
Uzbekistan	2 090	19 589 736	1.33	3.09	5.63	8 743 603	8 743 603	8 743 603	26 230 809
Yemen*	1 330	17 274 157	1.70	3.92	2.33	1 500 000	1 500 000	1 500 000	4 500 000
Total Near East, North Africa and Europe						91 256 895	91 256 895	91 256 895	273 770 686
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 5

West and Central Africa (SC3-C)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Benin	810	5 986 659	1.52	3.83	5.67	24 059 629	24 059 629	24 059 629	72 178 886
Burkina Faso	710	12 484 109	1.62	3.90	4.36	17 267 069	17 267 069	17 267 069	51 801 208
Cameroon	1 360	10 516 806	1.46	3.68	5.80	15 934 487	15 934 487	15 934 487	47 803 460
Cape Verde*	3 450	180 689	1.41	4.66	5.62	1 500 000	1 500 000	1 500 000	4 500 000
Central African Republic	330	2 894 168	1.43	2.44	5.48	36 455 443	36 455 443	36 455 443	109 366 329
Chad	980	10 551 569	1.64	2.96	5.81	24 915 025	24 915 025	24 915 025	74 745 074
Democratic Republic of the Congo	380	43 446 648	1.44	3.08		14 546 451	14 546 451	14 546 451	43 639 353
Congo*	2 710	1 578 674	1.54	3.52	1.43	1 500 000	1 500 000	1 500 000	4 500 000
Cote D'Ivoire*	1 460	10 307 708	1.45	2.96	2.07	1 500 000	1 500 000	1 500 000	4 500 000
Gabon*	9 450	220 748	1.29	3.69	2.70	1 500 000	1 500 000	1 500 000	4 500 000
Gambia (The)	440	790 273	1.49	3.91	5.88	25 794 621	25 794 621	25 794 621	77 383 863
Ghana	1 600	12 484 698	1.41	4.11	4.75	7 200 966	7 200 966	7 200 966	21 602 899
Guinea	470	7 772 864	1.52	3.00	3.93	13 075 218	13 075 218	13 075 218	39 225 653
Guinea Bissau*	550	926 364	1.46	2.46		1 500 000	1 500 000	1 500 000	4 500 000
Liberia	370	2 228 701	1.47	3.22	5.86	42 229 878	42 229 878	42 229 878	126 689 634
Mali	660	10 398 040	1.60	3.91	3.39	7 857 100	7 857 100	7 857 100	23 571 299
Mauritania	1 270	1 617 424	1.56	3.65	5.81	8 903 026	8 903 026	8 903 026	26 709 078
Niger**	420	15 583 614	1.75	3.54	5.85	50 666 667	50 666 667	50 666 667	152 000 000
Nigeria	2 970	94 165 209	1.34	3.62	5.26	9 110 319	9 110 319	9 110 319	27 330 956
Sao Tome and Principe*	1 670	66 131	1.54	3.41	5.74	1 500 000	1 500 000	1 500 000	4 500 000
Senegal	1 040	8 305 694	1.63	3.99	5.82	24 584 889	24 584 889	24 584 889	73 754 667
Sierra Leone	710	3 816 028	1.45	3.66	3.72	5 333 860	5 333 860	5 333 860	16 001 580
Togo*	570	4 306 879	1.57	3.15	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Total West and Central Africa						338 434 647	338 434 647	338 434 647	1 015 303 941
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Scenario 3-D: $\mathbf{Ruralpop^{0.4} \times GNIpc^{-0.3} \times (IVI)^{1.5} \times (0.25\,RSP + 0.75\,PAD)^{1}}$

Table 1
Asia and the Pacific (SC3-D)

Country	GNI per capita 2015	Rural population 2015	IVI	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Afghanistan	670	23 315 165	1.76	3.69	5.82	23 890 284	23 890 284	23 890 284	71 670 852
Bangladesh	1 080	105 761 094	1.51	4.15	5.85	33 252 044	33 252 044	33 252 044	99 756 131
Cambodia	1 020	12 183 722	1.49	3.86	5.81	13 762 286	13 762 286	13 762 286	41 286 858
China	7 380	621 970 693	1.25	4.56	5.87	32 261 627	32 261 627	32 261 627	96 784 880
India**	1 570	876 057 482	1.50	4.22	5.00	50 666 667	50 666 667	50 666 667	152 000 000
Indonesia	3 630	119 586 112	1.45	3.90	4.45	18 606 913	18 606 913	18 606 913	55 820 739
Iran (Islamic Republic of)	5 780	21 212 092	1.49	3.66		7 030 431	7 030 431	7 030 431	21 091 294
Democratic People's Republic of Korea	583	9 831 767	1.51	3.11		8 865 524	8 865 524	8 865 524	26 596 572
Lao People's Democratic Republic	1 650	4 177 401	1.44	3.85	3.77	5 365 991	5 365 991	5 365 991	16 097 973
Malaysia	10 760	7 771 529	1.30	4.38		4 087 392	4 087 392	4 087 392	12 262 175
Mongolia	4 280	837 403	1.54	3.53	5.64	3 053 046	3 053 046	3 053 046	9 159 139
Myanmar	1 270	35 508 458	1.54	3.43	5.45	19 092 219	19 092 219	19 092 219	57 276 657
Nepal	730	23 034 809	1.61	4.11	4.62	17 933 927	17 933 927	17 933 927	53 801 782
Pakistan	1 410	114 166 773	1.59	4.10	3.28	21 418 246	21 418 246	21 418 246	64 254 739
Papua New Guinea	2 020	6 494 432	1.46	3.30	5.64	8 134 362	8 134 362	8 134 362	24 403 087
Philippines	3 470	55 033 870	1.37	4.55	5.83	16 682 916	16 682 916	16 682 916	50 048 749
Sri Lanka	3 400	16 857 935	1.47	3.91	5.26	9 970 327	9 970 327	9 970 327	29 910 982
Tonga*	4 290	80 634	1.36	3.52	5.66	1 500 000	1 500 000	1 500 000	4 500 000
Vanuatu*	3 130	192 047	1.54	3.83		1 500 000	1 500 000	1 500 000	4 500 000
Vietnam	1 890	60 833 558	1.38	4.46	5.87	20 920 668	20 920 668	20 920 668	62 762 004
Total Asia and the Pacific						317 994 871	317 994 871	317 994 871	953 984 612
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 2
East and Southern Africa (SC3-D)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Angola	4 850	13 743 305	1.55	3.42	5.67	9 051 996	9 051 996	9 051 996	27 155 988
Botswana*	7 240	950 422	1.37	4.31	0.80	1 500 000	1 500 000	1 500 000	4 500 000
Burundi	270	9 544 689	1.57	3.49	3.35	12 522 303	12 522 303	12 522 303	37 566 910
Comoros*	820	552 907	1.42	3.28	0.60	1 500 000	1 500 000	1 500 000	4 500 000
Eritrea	680	3 976 283	1.82	3.65	5.06	10 755 726	10 755 726	10 755 726	32 267 178
Ethiopia	550	78 509 424	1.59	4.04	5.89	38 239 863	38 239 863	38 239 863	114 719 589
Kenya	1 290	33 559 306	1.55	4.25	3.02	12 588 895	12 588 895	12 588 895	37 766 685
Madagascar	440	15 447 015	1.64	3.93	5.89	21 807 752	21 807 752	21 807 752	65 423 256
Malawi	250	14 006 983	1.51	3.72	3.58	15 287 474	15 287 474	15 287 474	45 862 423
Mauritius	9 710	758 906	1.42	5.03		2 086 025	2 086 025	2 086 025	6 258 076
Mozambique	620	18 525 030	1.64	4.13	4.04	15 893 351	15 893 351	15 893 351	47 680 052
Namibia	5 680	1 305 281	1.58	3.99		2 679 148	2 679 148	2 679 148	8 037 445
Rwanda	700	8 183 945	1.48	4.90	5.80	13 724 049	13 724 049	13 724 049	41 172 147
Seychelles*	13 990	42 506	1.36	4.47	4.27	1 500 000	1 500 000	1 500 000	4 500 000
South Africa	6 800	19 279 777	1.37	4.28		6 952 262	6 952 262	6 952 262	20 856 785
South Sudan	940	9 696 776	1.61	2.44	0.80	3 176 600	3 176 600	3 176 600	9 529 799
Tanzania (United Republic of)	930	35 808 913	1.57	4.17	3.33	15 330 106	15 330 106	15 330 106	45 990 317
Uganda	680	31 826 108	1.55	4.18	3.04	14 908 807	14 908 807	14 908 807	44 726 422
Zambia	1 680	9 358 601	1.45	3.87	3.76	7 398 521	7 398 521	7 398 521	22 195 564
Zimbabwe	830	10 290 800	1.62	3.81		10 666 229	10 666 229	10 666 229	31 998 686
Total East and Southern Africa						217 569 108	217 569 108	217 569 108	652 707 323
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

** Country receiving the maximum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 3
Latin America and the Caribbean (SC3-D)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Argentina	14 160	3 608 603	1.32	4.38	2.81	2 059 533	2 059 533	2 059 533	6 178 600
Belize*	4 660	196 519	1.44	3.93	4.35	1 500 000	1 500 000	1 500 000	4 500 000
Bolivia (Plurinational State of)	2 910	3 368 503	1.42	4.13	4.59	4 830 530	4 830 530	4 830 530	14 491 590
Brazil	11 530	30 019 367	1.22	4.96	5.80	8 221 745	8 221 745	8 221 745	24 665 235
Colombia	7 970	11 392 990	1.28	4.18	3.24	4 071 809	4 071 809	4 071 809	12 215 427
Cuba	5 890	2 620 609	1.50	4.40	1.22	1 685 073	1 685 073	1 685 073	5 055 218
Dominican Republic	6 030	2 282 960	1.35	4.25	2.29	1 959 102	1 959 102	1 959 102	5 877 307
Ecuador	6 070	5 802 020	1.31	4.65	2.81	3 259 293	3 259 293	3 259 293	9 777 879
El Salvador	3 950	2 061 045	1.33	4.39	4.56	3 413 673	3 413 673	3 413 673	10 241 019
Grenada*	7 850	68 510	1.27	4.31	4.25	1 500 000	1 500 000	1 500 000	4 500 000
Guatemala	3 410	7 829 174	1.32	4.14	1.25	2 646 153	2 646 153	2 646 153	7 938 458
Guyana	4 170	546 497	1.44	4.07	4.41	2 050 627	2 050 627	2 050 627	6 151 881
Haiti	820	4 499 878	1.62	2.68	0.90	2 726 127	2 726 127	2 726 127	8 178 381
Honduras	2 280	3 651 465	1.35	3.76	3.26	3 860 781	3 860 781	3 860 781	11 582 344
Mexico	9 860	26 367 387	1.33	4.33	5.78	10 016 017	10 016 017	10 016 017	30 048 050
Nicaragua	1 870	2 498 240	1.46	3.92	2.84	4 233 927	4 233 927	4 233 927	12 701 782
Paraguay	4 380	2 659 274	1.36	4.00	3.00	3 154 097	3 154 097	3 154 097	9 462 290
Peru	6 370	6 725 819	1.26	4.38	5.85	6 170 497	6 170 497	6 170 497	18 511 492
Uruguay*	16 350	165 778	1.19	4.84	1.26	1 500 000	1 500 000	1 500 000	4 500 000
Venezuela (Bolivarian Republic of)	12 890	3 394 430	1.38	4.48	2.93	2 638 470	2 638 470	2 638 470	7 915 410
Total Latin America and Caribbean						71 497 455	71 497 455	71 497 455	214 492 364
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 4
Near East, North Africa and Europe (SC3-D)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Armenia	3 780	1 117 929	1.49	4.68	1.00	1 577 802	1 577 802	1 577 802	4 733 407
Azerbaijan	7 590	4 353 539	1.40	3.89	1.27	2 018 581	2 018 581	2 018 581	6 055 743
Bosnia and Herzegovina	4 780	2 305 192	1.35	4.10	4.51	3 884 923	3 884 923	3 884 923	11 654 770
Djibouti	1 690	199 224	1.61	3.69	5.80	3 115 425	3 115 425	3 115 425	9 346 275
Egypt	3 050	50 998 602	1.55	4.75	3.86	17 468 510	17 468 510	17 468 510	52 405 531
Georgia	3 720	2 095 848	1.39	4.70	5.76	5 267 855	5 267 855	5 267 855	15 803 565
Iraq	6 320	10 666 149	1.57	3.73		7 010 757	7 010 757	7 010 757	21 032 272
Jordan	5 160	1 093 657	1.34	4.69	4.58	2 911 491	2 911 491	2 911 491	8 734 474
Kyrgyzstan	1 250	3 758 100	1.45	3.76	5.82	9 514 349	9 514 349	9 514 349	28 543 047
Lebanon*	9 800	560 617	1.47	4.38	1.61	1 500 000	1 500 000	1 500 000	4 500 000
Republic of Moldova	2 550	1 958 687	1.51	4.39	5.77	6 436 425	6 436 425	6 436 425	19 309 275
Montenegro	7 240	224 893	1.55	4.51		1 707 418	1 707 418	1 707 418	5 122 253
Morocco	2 980	13 670 584	1.46	4.81	4.49	10 641 294	10 641 294	10 641 294	31 923 883
Sudan	1 710	26 119 531	1.82	3.76	5.68	25 773 006	25 773 006	25 773 006	77 319 019
Tajikistan	1 080	6 081 514	1.55	3.18	5.76	12 778 863	12 778 863	12 778 863	38 336 590
Tunisia	4 210	3 667 916	1.40	4.35	5.88	6 443 697	6 443 697	6 443 697	19 331 092
Turkey	10 840	20 584 500	1.33	5.00	5.14	8 310 279	8 310 279	8 310 279	24 930 836
Uzbekistan	2 090	19 589 736	1.33	3.09	5.63	13 035 612	13 035 612	13 035 612	39 106 835
Yemen	1 330	17 274 157	1.70	3.92	2.33	11 227 852	11 227 852	11 227 852	33 683 555
Total Near East, North Africa and Europe						150 624 141	150 624 141	150 624 141	451 872 424
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 5
West and Central Africa (SC3-D)

Country	GNI per capita 2015	Rural population 2015	*IVI*	RSP 2015	PAD 2016	2016 annual allocation	2017 annual allocation	2018 annual allocation	Total
Benin	810	5 986 659	1.52	3.83	5.67	13 711 750	13 711 750	13 711 750	41 135 250
Burkina Faso	710	12 484 109	1.62	3.90	4.36	17 157 979	17 157 979	17 157 979	51 473 936
Cameroon	1 360	10 516 806	1.46	3.68	5.80	14 066 426	14 066 426	14 066 426	42 199 279
Cape Verde	3 450	180 689	1.41	4.66	5.62	2 011 363	2 011 363	2 011 363	6 034 089
Central African Republic	330	2 894 168	1.43	2.44	5.48	11 049 574	11 049 574	11 049 574	33 148 723
Chad	980	10 551 569	1.64	2.96	5.81	17 819 408	17 819 408	17 819 408	53 458 223
Democratic Republic of the Congo	380	43 446 648	1.44	3.08		20 693 692	20 693 692	20 693 692	62 081 076
Congo	2 710	1 578 674	1.54	3.52	1.43	2 137 792	2 137 792	2 137 792	6 413 375
Cote D'Ivoire	1 460	10 307 708	1.45	2.96	2.07	5 833 070	5 833 070	5 833 070	17 499 209
Gabon*	9 450	220 748	1.29	3.69	2.70	1 500 000	1 500 000	1 500 000	4 500 000
Gambia (The)	440	790 273	1.49	3.91	5.88	7 388 578	7 388 578	7 388 578	22 165 734
Ghana	1 600	12 484 698	1.41	4.11	4.75	11 754 204	11 754 204	11 754 204	35 262 611
Guinea	470	7 772 864	1.52	3.00	3.93	12 709 000	12 709 000	12 709 000	38 127 000
Guinea Bissau	550	926 364	1.46	2.46		3 259 594	3 259 594	3 259 594	9 778 781
Liberia	370	2 228 701	1.47	3.22	5.86	11 069 604	11 069 604	11 069 604	33 208 813
Mali	660	10 398 040	1.60	3.91	3.39	13 344 241	13 344 241	13 344 241	40 032 723
Mauritania	1 270	1 617 424	1.56	3.65	5.81	7 478 168	7 478 168	7 478 168	22 434 503
Niger	420	15 583 614	1.75	3.54	5.85	30 572 829	30 572 829	30 572 829	91 718 486
Nigeria	2 970	94 165 209	1.34	3.62	5.26	21 563 352	21 563 352	21 563 352	64 690 056
Sao Tome and Principe	1 670	66 131	1.54	3.41	5.74	1 838 579	1 838 579	1 838 579	5 515 736
Senegal	1 040	8 305 694	1.63	3.99	5.82	16 649 875	16 649 875	16 649 875	49 949 624
Sierra Leone	710	3 816 028	1.45	3.66	3.72	7 897 926	7 897 926	7 897 926	23 693 779
Togo	570	4 306 879	1.57	3.15	1.00	4 140 757	4 140 757	4 140 757	12 422 271
Total West and Central Africa						255 647 759	255 647 759	255 647 759	766 943 277
Total IFAD						1 013 333 333	1 013 333 333	1 013 333 333	3 040 000 000

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Scenarios: country scores and annual allocations 2016-2018

Adjusted scenario 3-D: $(RurPop^{0.405}GNIpc^{-0.265})(IVI)^{0.95}(0.35RSP + 0.65PAR)$ [1]

Table 1

Asia and the Pacific

Country	*GNI per capita 2015*	*Rural population 2015*	*(IVI)*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Afghanistan[a]	670	23 315 165	1.76	3.69	5.87	8 333 333	8 333 333	8 333 333	25 000 000
Bangladesh	1 080	105 761 094	1.54	4.15	5.90	38 680 248	38 680 248	38 680 248	116 040 744
Cambodia	1 020	12 183 722	1.51	3.86	5.87	15 667 353	15 667 353	15 667 353	47 002 060
China	7 380	621 970 693	1.32	4.56	5.93	42 013 333	42 013 333	42 013 333	126 040 000
India**	1 570	876 057 482	1.53	4.22	5.61	50 666 667	50 666 667	50 666 667	152 000 000
Indonesia	3 630	119 586 112	1.38	3.90	4.57	21 726 737	21 726 737	21 726 737	65 180 211
Lao People's Democratic Republic[a]	1 650	4 177 401	1.47	3.85	4.04	3 333 333	3 333 333	3 333 333	10 000 000
Mongolia	4 280	837 403	1.50	3.53	5.74	3 457 648	3 457 648	3 457 648	10 372 943
Myanmar	1 270	35 508 458	1.58	3.43	5.68	22 507 743	22 507 743	22 507 743	67 523 229
Nepal[a]	730	23 034 809	1.63	4.11	5.08	10 000 000	10 000 000	10 000 000	30 000 000
Pakistan	1 410	114 166 773	1.60	4.10	3.62	27 629 367	27 629 367	27 629 367	82 888 100
Papua New Guinea	2 020	6 494 432	1.46	3.30	5.76	9 275 314	9 275 314	9 275 314	27 825 941
Philippines	3 470	55 033 870	1.37	4.55	5.86	19 822 997	19 822 997	19 822 997	59 468 990
Sri Lanka	3 400	16 857 935	1.47	3.91	5.38	11 859 302	11 859 302	11 859 302	35 577 906
Tonga*	4 290	80 634	1.36	3.52	5.76	1 500 000	1 500 000	1 500 000	4 500 000
Vanuatu	3 130	192 047	1.54	3.83		1 630 820	1 630 820	1 630 820	4 892 460
Viet Nam	1 890	60 833 558	1.38	4.46	5.94	24 389 357	24 389 357	24 389 357	73 168 072
Total Asia and the Pacific						**312 493 552**	**312 493 552**	**312 493 552**	**937 480 657**
Total IFAD						**1 013 333 333**	**1 013 333 333**	**1 013 333 333**	**3 040 000 000**

*Country receiving the minimum allocation

** Country receiving the maximum allocation

[a] Figures reflect proposed allocation capping for IFAD10

Rural sector performance score: Inputs provided by regional divisions

Table 2
East and Southern Africa

Country	*GNI per capita 2015*	*Rural population 2015*	*(IVI)*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Angola	4 850	13 743 305	1.58	3.42	5.69	10 772 763	10 772 763	10 772 763	32 318 289
Botswana*	7 240	950 422	1.37	4.31	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Burundi	270	9 544 689	1.57	3.49	3.41	13 901 448	13 901 448	13 901 448	41 704 343
Comoros*	820	552 907	1.42	3.28	1.00	1 500 000	1 500 000	1 500 000	4 500 000
Eritrea	680	3 976 283	1.82	3.65	5.25	12 117 950	12 117 950	12 117 950	36 353 851
Ethiopia	550	78 509 424	1.60	4.04	5.89	42 257 173	42 257 173	42 257 173	126 771 520
Kenya	1 290	33 559 306	1.57	4.25	3.19	15 860 663	15 860 663	15 860 663	47 581 989
Madagascar	440	15 447 015	1.64	3.93	5.89	23 578 653	23 578 653	23 578 653	70 735 958
Malawi	250	14 006 983	1.53	3.72	3.65	17 317 336	17 317 336	17 317 336	51 952 009
Mauritius	9 710	758 906	1.41	5		2 536 893	2 536 893	2 536 893	7 610 678
Mozambique	620	18 525 030	1.64	4.13	4.26	18 745 716	18 745 716	18 745 716	56 237 148
Namibia	5 680	1 305 281	1.57	3.99		3 231 186	3 231 186	3 231 186	9 693 557
Rwanda	700	8 183 945	1.48	4.90	5.88	15 460 570	15 460 570	15 460 570	46 381 711
Seychelles*	13 990	42 506	1.36	4.47	5.78	1 500 000	1 500 000	1 500 000	4 500 000
South Africa	6 800	19 279 777	1.37	4.28		8 576 110	8 576 110	8 576 110	25 728 329
South Sudan	940	9 696 776	1.61	2.44	1.00	4 528 443	4 528 443	4 528 443	13 585 328
Tanzania (United Republic of)	930	35 808 913	1.57	4.17	3.34	18 174 718	18 174 718	18 174 718	54 524 153
Uganda	680	31 826 108	1.55	4.18	3.31	18 494 177	18 494 177	18 494 177	55 482 531
Zambia	1 680	9 358 601	1.45	3.87	4.99	10 507 650	10 507 650	10 507 650	31 522 949
Zimbabwe	830	10 290 800	1.62	3.81		12 184 399	12 184 399	12 184 399	36 553 197
Total East and Southern Africa						**252 745 847**	**252 745 847**	**252 745 847**	**758 237 541**
Total IFAD						**1 013 333 333**	**1 013 333 333**	**1 013 333 333**	**3 040 000 000**

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 3
Latin America and the Caribbean

Country	*GNI per capita 2015*	*Rural population 2015*	*(IVI)*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Argentina	14 160	3 608 603	1.28	4.38	4.19	3 338 131	3 338 131	3 338 131	10 014 393
Belize	4 660	196 519	1.51	3.93	5.73	1 942 006	1 942 006	1 942 006	5 826 018
Bolivia	2 910	3 368 503	1.45	4.13	5.85	6 877 436	6 877 436	6 877 436	20 632 307
Brazil	11 530	30 019 367	1.20	4.96	5.93	10 204 223	10 204 223	10 204 223	30 612 669
Colombia	7 970	11 392 990	1.34	4.18	3.30	5 479 734	5 479 734	5 479 734	16 439 203
Cuba	5 890	2 620 609	1.42	4.40	5.64	5 001 012	5 001 012	5 001 012	15 003 037
Dominican Republic	6 030	2 282 960	1.43	4.25	1.61	2 306 759	2 306 759	2 306 759	6 920 276
Ecuador	6 070	5 802 020	1.36	4.65	5.86	6 860 699	6 860 699	6 860 699	20 582 097
El Salvador	3 950	2 061 045	1.40	4.39	4.53	4 278 348	4 278 348	4 278 348	12 835 045
Grenada*	7 850	68 510	1.24	4.31	5.73	1 500 000	1 500 000	1 500 000	4 500 000
Guatemala	3 410	7 829 174	1.37	4.14	1.93	4 505 522	4 505 522	4 505 522	13 516 566
Guyana	4 170	546 497	1.47	4.07	5.29	2 809 911	2 809 911	2 809 911	8 429 734
Haiti	820	4 499 878	1.63	2.68	1.07	3 771 958	3 771 958	3 771 958	11 315 875
Honduras	2 280	3 651 465	1.39	3.76	4.10	5 505 424	5 505 424	5 505 424	16 516 273
Mexico	9 860	26 367 387	1.30	4.33	5.82	10 200 149	10 200 149	10 200 149	30 600 447
Nicaragua	1 870	2 498 240	1.47	3.92	4.58	5 657 602	5 657 602	5 657 602	16 972 806
Paraguay	4 380	2 659 274	1.36	4.00	3.13	3 380 467	3 380 467	3 380 467	10 141 402
Peru	6 370	6 725 819	1.26	4.38	5.87	6 478 726	6 478 726	6 478 726	19 436 178
Uruguay*	16 350	165 778	1.19	4.84	5.67	1 500 000	1 500 000	1 500 000	4 500 000
Venezuela (Bolivarian Republic of)	12 890	3 394 430	1.38	4.48	2.70	2 762 778	2 762 778	2 762 778	8 288 334
Total Latin America and Caribbean						**94 360 887**	**94 360 887**	**94 360 887**	**283 082 660**
Total IFAD						**1 013 333 333**	**1 013 333 333**	**1 013 333 333**	**3 040 000 000**

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 4
Near East, North Africa and Europe

Country	*GNI per capita 2015*	*Rural population 2015*	*(IVI)*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Armenia	3 780	1 117 929	1.53	4.68	1.00	1 845 899	1 845 899	1 845 899	5 537 698
Azerbaijan	7 590	4 353 539	1.37	3.89	1.31	2 321 196	2 321 196	2 321 196	6 963 588
Bosnia and Herzegovina	4 780	2 305 192	1.25	4.10	4.60	3 702 806	3 702 806	3 702 806	11 108 418
Djibouti	1 690	199 224	1.66	3.69	5.74	2 691 378	2 691 378	2 691 378	8 074 133
Egypt	3 050	50 998 602	1.50	4.75	3.99	16 792 037	16 792 037	16 792 037	50 376 110
Georgia	3 720	2 095 848	1.42	4.70	5.80	5 286 799	5 286 799	5 286 799	15 860 397
Iraq	6 320	10 666 149	1.60	3.73		6 811 435	6 811 435	6 811 435	20 434 306
Jordan	5 160	1 093 657	1.32	4.69	4.53	2 932 973	2 932 973	2 932 973	8 798 920
Kyrgyzstan	1 250	3 758 100	1.51	3.76	5.87	8 944 875	8 944 875	8 944 875	26 834 626
Lebanon*	9 800	560 617	1.43	4.38	1.73	1 500 000	1 500 000	1 500 000	4 500 000
Republic of Moldova	2 550	1 958 687	1.37	4.39	5.84	5 405 553	5 405 553	5 405 553	16 216 658
Montenegro*	7 240	224 893	1.40	4.51		1 500 000	1 500 000	1 500 000	4 500 000
Morocco	2 980	13 670 584	1.40	4.81	4.64	10 273 109	10 273 109	10 273 109	30 819 328
Sudan	1 710	26 119 531	1.82	3.76	5.72	21 161 998	21 161 998	21 161 998	63 485 995
Tajikistan	1 080	6 081 514	1.55	3.18	5.82	11 064 662	11 064 662	11 064 662	33 193 985
Tunisia	4 210	3 667 916	1.40	4.35	5.86	6 236 929	6 236 929	6 236 929	18 710 788
Turkey	10 840	20 584 500	1.33	5.00	5.30	9 047 967	9 047 967	9 047 967	27 143 902
Uzbekistan	2 090	19 589 736	1.33	3.09	5.76	12 725 282	12 725 282	12 725 282	38 175 846
Yemen	1 330	17 274 157	1.70	3.92	1.94	9 405 554	9 405 554	9 405 554	28 216 663
Total Near East, North Africa and Europe						**139 650 454**	**139 650 454**	**139 650 454**	**418 951 361**
Total IFAD						**1 013 333 333**	**1 013 333 333**	**1 013 333 333**	**3 040 000 000**

*Country receiving the minimum allocation

Rural sector performance score: Inputs provided by regional divisions

Table 5
West and Central Africa

Country	*GNI per capita 2015*	*Rural population 2015*	*(IVI)*	*RSP 2015*	*PAD 2016*	*2016 annual allocation*	*2017 annual allocation*	*2018 annual allocation*	*Total*
Benin	810	5 986 659	1.59	3.83	5.74	12 590 857	12 590 857	12 590 857	37 772 570
Burkina Faso	710	12 484 109	1.63	3.90	4.54	15 314 766	15 314 766	15 314 766	45 944 297
Cameroon	1 360	10 516 806	1.52	3.68	5.87	13 280 261	13 280 261	13 280 261	39 840 784
Cabo Verde	3 450	180 689	1.48	4.66	5.77	2 058 300	2 058 300	2 058 300	6 174 901
Central African Republic	330	2 894 168	1.50	2.44	5.59	9 987 814	9 987 814	9 987 814	29 963 443
Chad	980	10 551 569	1.66	2.96	5.88	14 999 973	14 999 973	14 999 973	44 999 918
Democratic Republic of the Congo	380	43 446 648	1.48	3.08	1.00	5 000 000	5 000 000	5 000 000	15 000 000
Congo	2 710	1 578 674	1.56	3.52	1.49	2 268 481	2 268 481	2 268 481	6 805 444
Côte d'Ivoire	1 460	10 307 708	1.47	2.96	2.51	6 555 262	6 555 262	6 555 262	19 665 786
Gabon*	9 450	220 748	1.39	3.69	5.72	1 500 000	1 500 000	1 500 000	4 500 000
Gambia (The)	440	790 273	1.58	3.91	5.86	5 418 097	5 418 097	5 418 097	16 254 290
Ghana	1 600	12 484 698	1.38	4.11	4.80	11 164 831	11 164 831	11 164 831	33 494 492
Guinea	470	7 772 864	1.56	3.00	4.03	11 474 734	11 474 734	11 474 734	34 424 202
Guinea-Bissau	550	926 364	1.49	2.46	3.81	2 244 549	2 244 549	2 244 549	6 733 647
Liberia	370	2 228 701	1.47	3.22	5.88	9 379 841	9 379 841	9 379 841	28 139 524
Mali	660	10 398 040	1.56	3.91	3.68	12 083 342	12 083 342	12 083 342	36 250 025
Mauritania	1 270	1 617 424	1.63	3.65	5.86	6 763 669	6 763 669	6 763 669	20 291 007
Niger	420	15 583 614	1.80	3.54	5.93	24 943 272	24 943 272	24 943 272	74 829 816
Nigeria	2 970	94 165 209	1.53	3.62	5.18	20 000 000	20 000 000	20 000 000	60 000 000
Sao Tome and Principe*	1 670	66 131	1.54	3.41	5.78	1 500 000	1 500 000	1 500 000	4 500 000
Senegal	1 040	8 305 694	1.63	3.99	5.85	14 173 784	14 173 784	14 173 784	42 521 352
Sierra Leone	710	3 816 028	1.45	3.66	3.71	7 249 640	7 249 640	7 249 640	21 748 920
Togo	570	4 306 879	1.57	3.15	1.00	4 131 120	4 131 120	4 131 120	12 393 361
Total West and Central Africa						**214 082 594**	**214 082 594**	**214 082 594**	**642 247 781**
Total IFAD						**1 013 333 333**	**1 013 333 333**	**1 013 333 333**	**3 040 000 000**

*Country receiving the minimum allocation
Figures reflect proposed allocation capping for IFAD10
Rural sector performance score: Inputs provided by regional divisions