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Investing in rural people

Progress report on implementation of the performance-based allocation system

Addendum

Executive Board — 128th Session
Rome, 10-12 December 2019

For: **Information**

Progress report on implementation of the performance-based allocation system

Addendum

1. The Executive Board is invited to take note of the attached additional information relating to the progress report on implementation of the performance-based allocation system for the Eleventh Replenishment of IFAD's Resources (IFAD11).
2. The annex contains the 2020 country scores by region and the country allocations for IFAD11, 2019-2021. The annex also presents the variables used to calculate the country scores and produce the 2020 allocations. These numbers have been updated in accordance with the PBAS methodology, which foresees that PBAS is based on annual allocation exercises that operate in the context of three-year cycles, or allocation periods.¹ The Executive Board confirmed this approach in September 2017.² The frequency of the updating of individual variables is shown in table 1.

Table 1

IFAD11 PBAS formula variables - frequency of update

<i>Variable</i>	<i>Frequency</i>
Gross national income per capita (GNIpc)	Yearly
Rural population	Yearly
IFAD Vulnerability Index (IVI)	Once per cycle
Rural sector performance assessment (RSPA)	Once per cycle
Portfolio performance and disbursement (PAD)	Yearly

3. Management has transparently applied the PBAS formula as per the methodology outlined above and the resulting allocations are presented by region in the tables of this addendum. Caps for five countries agreed by the Executive Board in 2018 have been maintained.³ In line with the PBAS guidelines, minimum and maximum allocations have also been applied. Management notes that the transparent application of the PBAS formula has resulted in an increase in the overall amount of Debt Sustainability Framework (DSF) resources from 17 per cent to 17.45 per cent, in addition to natural fluctuation of allocations due to the yearly update of the formula variables.
4. Given the importance of maintaining decisions taken by the Executive Board on the level of DSF financing as well as the importance of ensuring that the principles of financial sustainability are upheld, Management proposes to maintain the 2019 allocations for all countries. Maintaining 2019 allocations⁴ rather than applying updated 2020 allocations has the additional advantage of ensuring that countries with already approved investment projects for IFAD11 equal to their 2019 allocations (27 countries) and those with partial programming (18 countries) receive allocations equal to their programmed resources. Given the early planning of IFAD11 investments, 70 per cent of resources are associated with investment projects already approved or in the official pipeline.⁵

¹ EB 2008/95/R.51. The yearly updates have been part of the PBAS methodology since it was first defined through document EB 2003/79/R.2/Rev.1: "The objective [of the PBAS] is to generate three-year (but annually reviewed) [...] envelopes for all borrowers, on a consistent basis involving transparent criteria." This is in line with international best practice, as applied by all the international financial institutions that use a PBAS to allocate their resources: the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Global Environment Facility, the Inter-American Development Bank and the International Development Association (IDA) of the World Bank.

² EB 2017/121/R.3.

³ Countries whose allocations are capped are Afghanistan, Tajikistan, United Republic of Tanzania, Viet Nam and Yemen.

⁴ EB 2018/125/R.4/Add.1.

⁵ As of November 2019.

5. IFAD11 commitments on the share of core resources allocated to different country groupings were met in 2019 when the IFAD11 allocations were first produced.⁶ Table 2 shows that allocations for 2020 are also in line with the IFAD11 commitments for core resource distribution. Table 3 shows resource distribution by region.

Table 2
IFAD11 allocation commitments (percentage of core resources)

<i>Distribution to</i>	<i>IFAD11 share of core resources (2019)</i>	<i>IFAD11 share of core resources (2020)</i>	<i>Commitment</i>
Africa	62	62	50
Sub-Saharan Africa	59	58	45
LICs and LMICs	90	90	90
UMICs	10	10	10
MFS ⁷	29	30	25-30
Highly concessional terms	65	63	≈66

Table 3
IFAD11 allocations as at 2020, by region

<i>Regional division</i>	<i>US\$ million</i>	<i>Share of total resources (percentage)</i>
APR ⁸	928.1	27.9
ESA	910.0	27.4
LAC	257.1	7.7
NEN	406.3	12.2
WCA	823.3	24.8
Total	3 325.0	100

⁶ EB 2018/125/R.4.

⁷ Using the World Bank Harmonized List of Fragile Situations FY19, shares are of 25 per cent for both 2019 and 2020.

⁸ APR's allocation includes the non-accepted additional highly concessional financing of Afghanistan, Kiribati and Samoa, for a total of US\$11.8 million.

2020 PBAS country scores and IFAD11 allocations for 2019-2021

Asia and the Pacific

Country	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
	GNIpc 2018 (US\$) ¹	Rural population 2018	IVI score (2019-2021)	RSPA score (2019-2021)	PAD score 2019	Income category classification ²	Lending terms	Maturity premium category ³	Grant portion ^{4,*} (percentage)	Initial DSF allocations for eligible HC countries**	Highly concessional	Additional HC allocation	Total IFAD11 allocation as of 2020
Afghanistan ^{5,11}	550	27 695 286	1.73	3.1	2.36	LIC	HC		100	40 000 000			40 000 000
Bangladesh ^{6,7,11}	1 750	102 248 095	1.49	3.74	5.95	LMIC	B		-				117 238 512
Bhutan ^{7,8,11}	3 080	445 885	1.46	4.16	5.79	LMIC	HC		-				11 021 910
Cambodia ^{9,11}	1 380	12 449 295	1.54	3.75	5.92	LMIC	HC		-				54 064 916
China	9 470	568 902 350	1.32	4.17	5.64	UMIC	O	Standard	-				135 165 450
India ¹⁰	2 020	892 321 651	1.5	4.12	5.76	LMIC	O	Exemption	-				166 250 000
Indonesia	3 840	119 578 640	1.33	3.97	5.89	LMIC	O	Discount	-				88 446 526
Kiribati ^{5,11}	3140	53 224	1.69	3.28	5.79	LMIC	HC		100	3 600 000	-		3 600 000
Lao People's Democratic Republic ^{6,11}	2 460	4 589 697	1.42	3.42	1.32	LMIC	B		-	-	-		11 991 459
Maldives ⁸	9 310	310 408	1.38	3.15	5.86	UMIC	HC		50	1 506 182	1 506 182	2 566 089	5 578 453
Nepal ¹¹	960	22 543 325	1.54	3.75	3.97	LIC	HC		-	-	-		64 239 970
Pakistan	1 580	134 404 267	1.56	3.46	5.63	LMIC	B		-	-	-		124 336 397
Samoa ⁸	4 100	160 193	1.42	3.92		UMIC	HC		100	3 600 000	-		3 600 000
Sri Lanka ¹⁰	4 060	17 666 251	1.45	3.56	5.93	UMIC	O	Exemption	-	-	-		43 292 150
Tonga ⁸	4 300	79 327	1.35	3.6	4.97	UMIC	HC		100	3 600 000	-	900 000	4 500 000
Viet Nam ¹⁰	2 400	61 223 241	1.39	3.82	5.95	LMIC	O	Exemption	-	-	-		43 000 000
Total Asia and the Pacific										52 306 182	1 506 182	3 466 089	928 125 742⁹

* Per 2007 DSF implementation formula EB/2007/90/R.2.

** For countries eligible for 100 per cent grants, column shows grant at 80 per cent of total allocation. For countries eligible for 50 per cent grants, column shows grants at 27 per cent of total allocation. In the cases of Afghanistan, Kiribati and Samoa, the column on DSF allocation shows 100 per cent of their IFAD11 allocation since these countries have not accepted the additional HC allocation.

⁹ Includes the non-accepted additional highly concessional financing of Afghanistan, Kiribati and Samoa, for a total of US\$ 11.8 million.

East and Southern Africa

Country	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
	GNlpc 2018 (US\$) ¹	Rural population 2018	IVI score (2019-2021)	RSPA score (2019-2021)	PAD score 2019	Income category classification ²	Lending terms	Maturity premium category ³	Grant portion ^{4,*} (percentage)	Initial DSF allocations for eligible HC countries**	Highly concessional	Additional HC allocation	Total IFAD11 allocation as of 2020
Angola ^{10,11}	3 370	10 625 055	1.56	3.29	1.00	LMIC	O	Exemption	-	-	-	-	19 363 424
Burundi ^{5,11}	280	9 719 003	1.6	3.22	5.93	LIC	HC	-	100	54 911 328	-	13 727 832	68 639 160
Comoros ^{5,8,11}	1 320	591 240	1.45	2.95	3.95	LMIC	HC	-	50	2 686 478	2 686 478	4 576 962	9 949 918
Eritrea ^{5,11}	520	2 874 049	1.78	1.93	4.06	LIC	HC	-	100	24 345 495	-	6 086 374	30 431 869
Ethiopia ¹¹	790	86 546 264	1.56	3.47	5.94	LIC	HC	-	50	35 655 870	35 655 870	60 747 037	132 058 777
Kenya ⁷	1 620	37 501 479	1.51	3.91	5.91	LMIC	B	-	-	-	-	-	79 102 373
Lesotho ^{7,11}	1 380	1 514 630	1.31	3.54	5.11	LMIC	B	-	-	-	-	-	17 026 823
Madagascar ¹¹	440	16 495 131	1.66	3.43	5.91	LIC	HC	-	50	22 647 491	22 647 491	38 584 615	83 879 597
Malawi ¹¹	360	15 070 382	1.6	3.53	5.83	LIC	HC	-	50	22 305 113	22 305 113	38 001 303	82 611 528
Mozambique ^{5,11}	440	18 880 955	1.67	3.64	5.91	LIC	HC	-	100	69 639 256	-	17 409 814	87 049 071
Rwanda ¹¹	780	10 184 652	1.54	4.06	5.87	LIC	HC	-	-	-	-	-	57 263 284
South Sudan ⁵	390	10 142 816	1	1.87	-	LIC	HC	-	100	11 125 778	-	2 781 445	13 907 223
United Republic of Tanzania ¹¹	1 020	37 296 263	1.56	3.66	5.82	LIC	HC	-	-	-	-	-	58 800 000
Uganda ¹¹	620	32 566 140	1.59	3.73	5.63	LIC	HC	-	-	-	-	-	98 332 291
Zambia ^{6,7,11}	1 430	9 800 136	1.45	3.69	4.30	LMIC	B	-	-	-	-	-	36 714 212
Zimbabwe ⁵	1 790	9 788 355	1.63	3.26	3.90	LMIC	HC	-	-	-	-	-	34 888 428
Total East and Southern Africa										243 316 809	83 294 952	181 915 382	910 017 977

* Per 2007 DSF implementation formula EB/2007/90/R.2.

** For countries eligible for 100 per cent grants, column shows grant at 80 per cent of total allocation. For countries eligible for 50 per cent grants, column shows grants at 27 per cent of total allocation.

Latin America and the Caribbean

Country	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
	GNIpc 2018 (US\$) ¹	Rural population 2018	IVI score (2019-2021)	RSPA score (2019-2021)	PAD score 2019	Income category classification ²	Lending terms	Maturity premium category ³	Grant portion ^{4,*} (percentage)	Initial DSF allocations for eligible HC countries**	Highly concessional	Additional HC allocation	Total IFAD11 allocation as of 2020
Argentina	12 370	3 617 403	1.32	4.12	3.06	UMIC	O	Standard	-	24 864 573		6 216 143	11 402 494
Bolivia (Plurinational State of) ¹⁰	3 370	3 471 223	1.42	4.04	5.92	LMIC	O	Exemption	-				23 913 273
Brazil	9 140	28 133 826	1.18	4.16	5.74	UMIC	O	Standard	-				35 653 793
Cuba	6 570	2 603 577	1.37	3.76	5.77	UMIC	O	Standard	-				16 250 770
Dominican Republic	7 370	2 011 297	1.33	3.78	5.55	UMIC	O	Discount	-				13 323 160
Ecuador	6 120	6 180 950	1.33	4.13	5.84	UMIC	O	Discount	-				23 952 343
Guatemala	4 410	8 442 112	1.32	3.99	1.00	UMIC	O	Discount	-				11 544 118
Guyana ^{6,8}	4 760	571 742	1.32	3.6	5.69	UMIC	HC		-				8 541 950
Haiti ^{5,11}	800	4 974 507	1.61	3.25	4.69	LIC	HC		10				31 080 716
Mexico	9 180	25 041 300	1.31	4.31	5.13	UMIC	O	Standard	-				36 009 934
Nicaragua ⁶	2 030	2 681 765	1.45	3.67	5.87	LMIC	B		-	23 982 067			
Peru	6 530	7 067 386	1.28	4.29	4.43	UMIC	O	Discount	-				21 488 807
Total Latin America and Caribbean										24 864 573		6 216 143	257 143 426

* Per 2007 DSF implementation formula EB/2007/90/R.2.

** For countries eligible for 100 per cent grants, column shows grant at 80 per cent of total allocation. For countries eligible for 50 per cent grants, column shows grants at 27 per cent of total allocation.

Near East, North Africa and Europe

Country	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
	GNIpc 2018 (US\$) ¹	Rural population 2018	IVI score (2019-2021)	RSPA score (2019-2021)	PAD score 2019	Income category classification ²	Lending terms	Maturity premium category ³	Grant portion ^{4,*} (percentage)	Initial DSF allocations for eligible HC countries**	Highly concessional	Additional HC allocation	Total IFAD11 allocation as of 2020
Djibouti ^{5,6,8,11}	2 180	213 101	1.6	3.17	4.64	LMIC	HC		-				7 295 821
Egypt	2 800	56 392 783	1.5	3.6	5.62	LMIC	O	Discount	-				72 661 925
Iraq ⁵	4 770	11 375 982	1.62	3.42		UMIC	O	Exemption	-				25 925 592
Jordan	4 210	898 132	1.37	3.76	5.77	UMIC	O	Discount	-				13 143 183
Kyrgyzstan	1 220	4 019 944	1.43	3.77	5.88	LMIC	HC		50	8 597 935	8 597 935	14 648 333	31 844 203
Morocco	3 090	13 527 860	1.38	4.04	5.36	LMIC	O	Discount	-				37 970 097
Republic of Moldova	2 990	2 034 309	1.41	4.31	5.77	LMIC	B		-				20 088 450
Sudan ^{5,11}	1 560	27 320 646	1.74	3.03	4.69	LMIC	HC		100	49 332 543		12 333 136	61 665 679
Syrian Arab Republic ⁵	1 840	8 495 489	1.73	2.34	1	LIC	HC		-				13 805 303
Tajikistan	1 010	6 631 416	1.49	3.45	5.88	LIC	HC		50	6 750 000	6 750 000	11 500 000	25 000 000
Tunisia	3 500	3 591 574	1.44	3.91	4.69	LMIC	O	Discount	-				21 644 602
Turkey	10 380	20 462 214	1.34	3.8	2	UMIC	O	Standard	-				18 581 747
Uzbekistan	2 020	16 320 173	1.36	3.24	5.75	LMIC	B		-				46 705 454
Yemen ^{5,11}	1 030	18 075 749	1.69	2.79		LIC	HC		100	8 000 000		2 000 000	10 000 000
Total Near East, North Africa and Europe										64 680 478	15 347 935	40 481 469	406 332 056

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100 per cent grants, column shows grant at 80 per cent of total allocation. For countries eligible for 50 per cent grants, column shows grants at 27 per cent of total allocation.

West and Central Africa

Country	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
	GNI/pc 2018 (US\$) ¹	Rural population 2018	IVI score (2019- 2021)	RSPA score (2019- 2021)	PAD score 2019	Income category classification ²	Lending terms	Maturity premium category ³	Grant portion ^{4,*} (percentage)	Initial DSF allocations for eligible HC countries**	Highly concessional	Additional HC allocation	Total IFAD11 allocation
Benin ¹¹	870	6 051 242	1.52	3.59	1.97	LIC	HC		50	6 512 697	6 512 697	11 095 706	24 121 099
Burkina Faso ¹¹	660	13 952 879	1.57	3.89	5.88	LIC	HC		-				69 491 662
Cameroon ⁷	1 440	11 000 836	1.48	3.5	5.87	LMIC	B		-				47 542 822
Central African Republic ^{5,11}	480	2 736 177	1.56	2.83	5.58	LIC	HC		100	27 232 499		6 808 125	34 040 624
Chad ^{5,11}	670	11 908 736	1.7	2.98	5.87	LIC	HC		100	50 237 629		12 559 407	62 797 036
Congo ⁵	1 640	1 735 045	1.57	2.98	3.25	LMIC	B		-				12 294 387
Democratic Republic of the Congo ^{5,11}	490	46 691 418	1.54	2.74	3.10	LIC	HC		50	15 570 267	15 570 267	26 527 124	57 667 658
Côte d'Ivoire ^{5,6}	1 610	12 339 325	1.38	3.78	1.00	LMIC	B		-				18 031 683
Gabon	6 800	225 279	1.4	3.25	1.84	UMIC	O	Discount	-				4 985 557
Gambia (The) ^{5,11}	700	883 084	1.53	3.19	5.77	LIC	HC		100	16 179 664		4 044 916	20 244 580
Ghana ⁶	2 130	13 079 667	1.38	4.01	4.10	LMIC	B		-				38 595 625
Guinea ¹¹	830	7 927 783	1.55	3.38	4.65	LIC	HC		50	10 042 712	10 042 712	17 109 806	37 195 230
Guinea- Bissau ^{5,11}	750	1 061 609	1.46	3.04	5.79	LIC	HC		50	5 378 465	5 378 465	9 163 310	19 920 240
Liberia ^{5,11}	600	2 354 022	1.5	3.12	2.08	LIC	HC		50	5 837 041	5 837 041	9 944 589	21 618 671
Mali ⁵	830	10 997 144	1.58	3.59	5.90	LIC	HC		50	15 346 266	15 346 266	26 145 492	56 638 025
Mauritania ¹¹	1 190	2 039 970	1.58	3.46	5.90	LMIC	HC		100	20 006 818		5 001 705	25 008 523
Niger ¹¹	380	18 756 694	1.67	3.41	5.92	LIC	HC		50	24 572 546	24 572 546	41 864 338	91 009 431
Nigeria	1 960	97 263 561	1.46	3.54	3.55	LMIC	B		-				78 439 671

Sao Tome and Principe ^{8,11}	1 890	57 393	1.48	3.56	5.79	LMIC	HC	100	4 079 953	1 019 988	5 099 941
Senegal ¹¹	1410	8 372 370	1.59	3.68	4.08	LMIC	HC	-			41 352 726
Sierra Leone ¹¹	500	4 432 882	1.47	3.35	5.88	LIC	HC	50	11 236 232	11 236 232	41 615 676
Togo ^{5,11}	650	4 599 184	1.61	3.33	1.00	LIC	HC	50	4 230 881	4 230 881	15 669 931
Total West and Central Africa									216 463 670	98 727 107	197 635 887
Total IFAD											3 325 000 000

Acronyms: GNlpc = gross national income per capita; IVI = IFAD Vulnerability Index; RSPA = rural sector performance assessment; PAD = portfolio and disbursement measure;

DSF = Debt Sustainability Framework; HC = highly concessional; O = ordinary; B = blend; LIC = low-income country; LMIC = lower-middle-income country; MIC = middle-income country;

UMIC = upper-middle-income country.

Footnotes

1. As per the World Bank Atlas methodology, available at <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD>.

2. As per World Bank Country and Lending Groups, available at <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

3. Reclassifications to a lower maturity premium category will be effective from the following calendar year, while reclassifications to a higher maturity premium category will be effective in the first calendar year of the next replenishment period. This is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

4. The grant portion for countries eligible for highly concessional terms is determined through the DSF. Eligibility for grants through the DSF may change during the calendar year.

5. The country is classified as a Fragile and Conflict-affected Situation Country as per the World Bank Harmonized List. Countries eligible for ordinary terms are exempt from the maturity premium increase (this is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45).

6. The country's GNlpc has been above the IFAD operational cut-off for more than two years, but not considered creditworthy for ordinary terms financing. Unless also classified as a Small State Economy and therefore eligible for highly concessional terms, it receives financing on blend terms.

7. The country's lending terms have changed from highly concessional to blend from this replenishment period; the country will transition to the new lending terms with the phasing-out/phasing-in mechanism, if approved by the Executive Board as per documents EB 2018/125/R.7 and EB 2018/125/R.8.

8. The country is classified as a Small State Economy. If the country would normally be eligible for blend terms, it instead receives IFAD financing on highly concessional terms. If the country is eligible for ordinary terms, it is exempt from the maturity premium increase (this is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45).

9. The country's GNlpc has been above the IFAD operational cut-off for one or two years, therefore still eligible for highly concessional terms at IFAD.

10. The country became eligible for ordinary term loan financing in IFAD9 or IFAD10, therefore exempt from the maturity premium increase. This is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

11. The country is classified as a Least Developed Country as per the United Nations classification, available at www.un.org/development/desa/dpad/least-developed-country-category.html.