



## CLE - IFAD's Performance-based Allocation System

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Investing in rural people

# Key evaluation messages



- The PBAS has contributed to a more systematic, transparent, accessible and predictable allocation process
- However, **transparency** in implementation needs improvement
- The **country needs** component of the formula is a **major driver in determining allocations** with relatively less emphasis on country performance
- Link between PBAS, budget and pipeline development needs strengthening

# An improvement compared with the past but with some qualifications



- The country needs indicators (GNI, rural population) had limited focus on rural poverty, vulnerability and fragility
- Rural population had a major impact on country but limited representativeness of country needs
- The rural sector performance (RSP) was a critical variable in the PBAS formula, but challenges remained with its rating process
- The Portfolio at risk (PAR) rating process was good but the PAR did not fully reflect the performance of IFAD's assistance at the country programme level

# Recommendations



## **1. Relevance: revision to the PBAS's design, in particular**

- i. Sharpen the PBAS objective
- ii. Strengthen the rural poverty focus
- iii. Refining the RSP variable
- iv. Reassessing the balance between country needs and performance

**2. Effectiveness:** (e.g. strengthen the performance component of the formula, improve transparency of implementation, RSP scoring process, usage of CPIA, minimum allocation)

**3. Efficiency** (e.g. reallocations, spread commitments during the replenishment period, inclusion of countries, frequency of RSP)

## 4. Management

- Creation of a standing inter-department committee
- Development of a system manual
- Institutionally customized software

## 5. Reporting

- Areas to further enhance the transparency of the reporting of the system are: the country selectivity, the rationale for capping, quality assurance of RSP scores, and reallocation exercises

## 6. Learning

- Challenges and learning opportunities for system improvement



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# CLE - IFAD's Decentralization Experience

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# Findings - Relevance

- ❖ Objectives for the decentralization process were overall valid
- ❖ Some assumptions were not realistic:
  - Cost neutrality and “light touch” approach vs. broad range of expectations for country offices
  - Leeway to experimenting country presence but little analysis of needs, costs and performance
  - Initially, focus on country presence but less attention to reorganizing headquarters

# Findings - Effectiveness



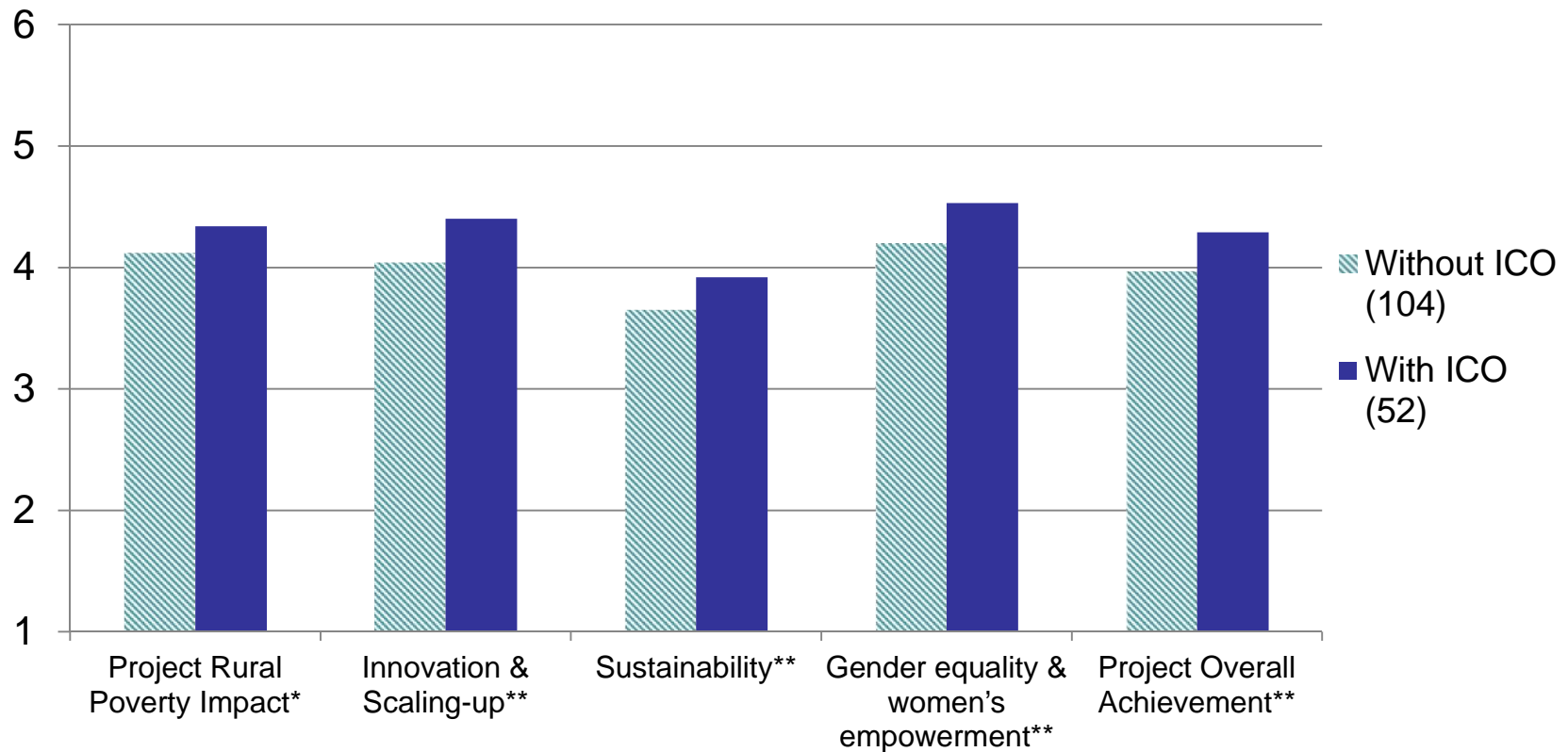
1. Operational effectiveness:
  - Better strategy and project design (understanding country context)
  - Enhanced IFAD implementation support (problem solving)
2. Development results. Significant rating differences (with/without)
  - Impact on: (i) household's income, assets; (ii) agricultural productivity
  - Gender equality
  - Sustainability of benefits
3. Mixed contribution to non-lending activities
  - Stronger partnerships with Governments and donors; but uneven effects on knowledge management and policy dialogue
  - Limited resources and varying interest and experience of staff



# Effectiveness – An illustration



IOE Project Ratings with and without ICOs (projects completed 2007 – 2015)



# Findings - Efficiency



- ❖ Difficult to reconstruct costs of decentralization due to accounting system
- ❖ IFAD managed to contain costs associated with country presence
  - However, not all cost reducing options pursued. E.g., re-adjustment of HQ staffing
  - Strategic and cost-efficiency advantages of sub-regional hubs not fully brought to bear
- ❖ A number of organizational issues. E.g.
  - Delegation of authority
  - Orientation and training, career opportunities for national staff

# Main recommendations



## 1. Consolidate country presence and enhance cost-efficiency

- In the field: build “critical mass” upon advantages of sub-regional hubs
- Re-organize staff between headquarters and country offices, based on functional analysis exercise

**2. Non-lending activities.** Differentiate expectations by type of country office. Establish dedicated budget line in country offices

**3. Enhance delegation of authority:** budget holding, communication

**4. Enhance staff incentives and capacity to operate in a decentralized environment**

**5. Improve the quality of data, monitoring and self-assessment**