



**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Consultation on the Sixth Replenishment of IFAD's Resources – Fifth Session**

Rome, 12-13 December 2002

**ENABLING THE RURAL POOR TO OVERCOME THEIR POVERTY:  
REPORT OF THE CONSULTATION ON THE SIXTH REPLENISHMENT  
OF IFAD'S RESOURCES (2004-2006)**

The Consultation is hereby requested to consider the revised version of Part V – Section B of the report.

**B. Linking Resource Allocations to Performance**

41. In pursuing the objective of maximizing the impact of its resources on rural poverty, IFAD will further its practice of focusing resources on the best opportunities for accelerated and sustained rural poverty reduction through design and implementation of an explicit, transparent performance-based allocation system (PBAS). In line with systems already in place in other IFIs, the objective of the system should be to ensure that countries having created or creating a conducive national, sectoral and local framework for sustainable rural poverty reduction receive *ex ante* allocations of IFAD resources in line with their demonstrated ability to use such resources effectively with higher performing countries receiving higher allocations than lower performers. The system should also provide that countries that have had less success in creating such a framework, but which show a clear commitment to reform, receive support of the appropriate level and nature to enable them to confront the challenge.



42. The IFAD PBAS should draw upon the experience and general approach of other IFIs (notably AfDF, AsDF and IDA) in developing their performance-based allocation systems, but it should also clearly reflect the specificity of IFAD's mandate, its mechanisms of assistance, and its financial and governance structure. Resource allocations should be generated by an appropriate combination of performance and need assessments so as to ensure that IFAD's engagement in the poorest countries is properly reflected. The country performance assessments within the IFAD PBAS should include three measurements: general performance, sectoral performance and portfolio performance. Performance assessments should explicitly include and reflect assessment and appropriate weighing of relevant governance factors.

43. Assessments of performance will be produced independently by IFAD, after any national-level consultations that may be required to collect necessary data. In order to ensure full transparency, the PBAS and its results, when fully implemented will be made public. The development and implementation of this system shall involve IFAD's Member States. The objective is a fully transparent system agreed by IFAD's Members.

44. The functional details of the system will be developed in consultation with Members. An informal panel under the chairmanship of the Vice-President of IFAD and including four nominees from each List, would be formed to consider development of this proposal. In consultation with the panel, IFAD would present a more-detailed set of proposals to a seminar in conjunction with the Twenty-Fifth Anniversary Session of the Governing Council in February 2003. On the basis of discussion at the seminar and inputs from the panel, IFAD would prepare a revised and expanded proposal to be presented to an informal seminar of the Executive Board in April 2003. Subsequent to the seminar, and again in consultation with the informal panel, IFAD would further revise and expand its proposals, which would be submitted for the approval of the Executive Board at its Seventy-Ninth Session in September 2003. During the following year, country assessments would be undertaken to allow integration of the PBAS into the programme of work considered by the Executive Board in 2004. The programme of work to be approved in 2004 for activities in 2005 would involve the application of the PBAS within the framework of regional allocations. The proposed programme of work for 2006 presented to the Executive Board in September 2005 would reflect the experience of applying the PBAS within the system of regional allocations and would extend the PBAS as a uniform system of comparison and allocation across the lending programme as a whole, taking into account the need both to reflect priorities with regard to the regional distribution of development assistance. and to maintain the at least two-thirds share of highly concessional borrowers in the IFAD lending programme.. In considering the programme of work for 2006, the Executive Board will review the proposal with regard to whether the system and its resultant allocations effectively satisfies development goals with regard to regional priorities or whether the operation of the PBAS within the framework of regional allocations should be maintained.