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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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

Rome, 14-15 December 2005

PERFORMANCE-BASED ALLOCATION SYSTEM

The Consultation is hereby requested to consider the text below in replacement of paragraph 34 of the report.

34. The Consultation reiterated that the PBAS will be extended as a uniform system of comparison and allocation across the lending programme as a whole, taking into account the need both for reflecting priorities in terms of the regional distribution of development assistance (in particular regarding Africa and other similar highly concessional borrowers) and to maintain at least a two-thirds share for them. In this regard, IFAD will continue to direct at least the current percentage share of resources to sub-Saharan Africa, provided that the performance of individual countries warrants it, to support the efforts of these countries to use these resources effectively in helping the rural poor overcome poverty and achieve food security.

35. In order to achieve this, further careful analysis and consultation based on experience of implementation to date of the PBA system is required to ensure that the PBAS fully reflects the strategic orientations, priorities and mandates of the Fund.

36. Prior to the April 2006 Executive Board meeting, IFAD will convene an informal seminar for the membership to consider modifications to the formula. The April 2006 Executive Board will decide how to operationalize the revisions for the uniform system of comparison and allocation across the lending programme as a whole. To this end, the Executive Board may establish a working group to review the relevant issues of the existing system, including modifications based on elements of the formula itself, including performance assessments, and the weights of population and income, while maintaining the overall weight of performance. This is to become effective with the 2007 programme of work, the first year of IFAD VII, to be presented at the September 2006 Board.