



8th Replenishment

# Improving the Implementation of the Performance-based Allocation System

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Enabling poor rural people to overcome poverty



# Outline

- Decisions taken and progress made
- Implementation of the approach
- PBAS Working Group and IFI coordination
- Evolving best practices

# Decisions taken and progress made

- 2003 GC approved Consultation Report including the establishment of PBAS;
- September 2003 EB approved Operational Framework;
- April 2005 EB approved first set of loans and country grants developed under PBAS;
- 2006 GC approved Consultation Report including uniform system of allocation across lending programme beginning with the 2007 programme of work;
- April 2006 EB approved modification in weight given to population and introduction of rural population; and
- April 2007 EB approved introduction of Debt Sustainability Framework (DSF).

# Countries included in allocation periods

- Lending to Member States has always been over a multi-year period;
- 2005-07: 119 countries (36 minimum allocation);
- Countries in which new IFAD commitments were expected to have lending or DSF grant operations (“active”) in 2007-09;
- 2007-09: 90 countries (9 minimum allocation);
- To date: loans or grants presently committed or planned in 84 out of the 90 countries;
- Portfolio: 197 ongoing projects under implementation in 82 member countries; and
- Countries not included in 2007-09 can anticipate to return to the lending/grant programme in next allocation period.

# Application of the allocation formulae

- IFAD similar to best practices in other IFIs and funds that use a performance-based allocation system;
- Variables that are common to almost all IFI formulae:
  - Needs variables and
  - Performance variables;
- Each year country scores updated and allocations revised;
- October 2008: analysis for the calculation of 2008 country scores and the allocations for 2009; and
- Applied to all lending and country grants.

# PBAS Working Group

- To develop a broader understanding of evolving issues in PBAS implementation and evolving best practice;
- February, April and September 2007: reviewed the PBAS issues, both technical and methodological;
- September 2008: comparable PBA systems of other IFIs; and
- Working Group may consider areas of best practice which merit further analysis and examination.

# Evolving best practices of other IFIs

- **Adjustment of ‘active’ countries:** in the final year of the allocation period a limited number of new countries may be introduced;
- **Set-asides:** the need for financing for fragile states;
- **Minimum and maximum allocations:** review the levels of the annual minimum and maximum allocations; and
- **Reallocation:** examine the modalities for reallocation of unused funds in the final year of the allocation period.

# The way forward

The PBAS working group will review and assess how IFAD's PBAS could benefit from evolving best practices at other IFIs and report to the Executive Board accordingly.



**Thank you for your attention.**

