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Enabling poor rural people
to overcome poverty

Improving the implementation of the performance-based allocation system

Consultation on the Eighth Replenishment of
IFAD's Resources – Fourth Session
Rome, 21-22 October 2008

For: **Review**

Note to Consultation members

This document is submitted for review by the Consultation on the Eighth Replenishment of IFAD Resources.

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Abbreviations and acronyms

AfDB	African Development Bank
AsDB	Asian Development Bank
CDB	Caribbean Development Bank
DSF	Debt Sustainability Framework
GEF	Global Environmental Facility
IDA	International Development Association (World Bank)
IDB	Inter-American Development Bank
IFI	international financial institution
PBAS	Performance-based allocation system

Improving the implementation of the performance-based allocation system

I. The introduction of performance-based allocation at IFAD

1. At its twenty-sixth session, held in February 2003, the Governing Council endorsed the view that the Executive Board would henceforth apply the performance-based allocation required under the Lending Policies and Criteria in a more systematic way, along the lines of the approaches found at other international financial institutions (IFIs), and adopt a performance-based allocation system (PBAS). Authority was delegated to the Executive Board to develop the details of the system's design and implementation.

2. Several other development finance institutions use performance-based allocation systems, including the African Development Bank (AfDB), the Asian Development Bank (AsDB), the Caribbean Development Bank (CDB), the Global Environmental Facility (GEF), the Inter-American Development Bank (IDB) and the International Development Association (IDA) of the World Bank. All systems assess both performance and need. A comparative table of the approaches adopted by the seven major institutions, including IFAD, is included as an appendix to this paper.

3. The PBAS is based on annual allocation exercises that operate in the context of three-year cycles, or allocation periods. Within each cycle, IFAD reviews the ex ante allocations annually to reflect the results of the annual country performance assessments, as these capture significant changes in country needs and/or achievements in the sphere of policy and institutional frameworks. The first allocation exercise covered the period 2005-2007. The current exercise covers the period 2007-2009, coinciding with the Seventh Replenishment. The report of the Consultation on the Seventh Replenishment of IFAD's Resources[1] confirmed that the uniform system of allocation across the IFAD lending programme as a whole would become effective in the 2007 programme of work (i.e. the first year of the Seventh Replenishment period), and that fixed regional allocations would no longer apply.

II. Adjustments to the PBAS

4. Since the system's introduction, it has been recognized by all practitioners that adjustments and improvements would be needed. At its April 2006 session, the Board agreed that:

   (a) Pursuant to the Agreement Establishing IFAD, the resources of the Fund would continue to be used with due regard to a fair geographic distribution. Moreover, with the application of a uniform system of allocation as from 2007, IFAD would, in line with the decisions reached during the Seventh Replenishment, "continue to direct at least the current percentage share of resources to sub-Saharan Africa, provided that the performance of individual countries warrants it".

   (b) The weight of 0.45 was regarded as a point of balance where population still carried significant influence as a determinant of "needs" in the formula but at the same time allowed performance and gross national income (GNI) per capita to have a strong role. It was therefore agreed that the formula would be modified accordingly to reflect a revised weight of population at 0.45.

[1] IFAD's Contribution to Reaching the Millennium Development Goals: Report of the Consultation on the Seventh Replenishment of IFAD's Resources (2007-2009), document GC 29/L.4.

(c) There was broad agreement that, given IFAD's specific focus on rural poverty, the criterion of rural population (rather than total population) would better reflect IFAD's mandate. In this regard, it was agreed that the concept of rural population would be applied as of the 2008 work programme.

5. In April 2006 it was agreed that a working group would be convened to develop a broader understanding of evolving issues in PBAS implementation. The working group met in February, April and September 2007 and in September 2008 to review the technical and methodological issues, including amendments being introduced as a result of the approval of the Debt Sustainability Framework (DSF) by the Executive Board, introduction of the criterion of rural population in place of total population, and issues being discussed and reviewed with other IFIs implementing a performance-based allocation system.

III. Application of the PBAS during the 2007-09 allocation period

6. With about 130 eligible borrowing countries and some 33 loans and DSF grants being approved by the Executive Board each year, there have always been countries that have not received new loans every year, or even over a longer period. Nevertheless, portfolios remain active even for countries not scheduled to receive a loan or DSF grant. There are currently 197 projects under implementation in 82 member countries.

7. With the introduction of PBAS in 2005, 119 countries were identified as potentially requiring financing during the 2005-2007 allocation period. Given their number, many of those countries subsequently received low allocations, including 36 that received the minimum allocation of US$1.0 million per year. Moreover, unused allocations subsequently needed to be reallocated. Given the number and amounts of such reallocations, this made country-level programming difficult.

8. Therefore, the practice introduced for the 2007-2009 allocation period included only those countries designated as active, for new commitments where IFAD expected to have lending or DSF grant operations in 2007-2009. This identified 90 countries as potentially requiring financing[2] and has facilitated more reliable and higher allocations at country level (only nine countries received the minimum allocation). This should reduce the extent of reallocations required when countries do not use their allocations. On this basis, final country scores and allocations for 2007 and provisional figures for 2008 and 2009 were arrived at, giving an overall country allocation for the three-year allocation period. The figures for 2008 and 2009 were indicative and subject to changes in annual performance (based on an assessment of projects at risk, rural sector performance, the IDA resource allocation index, population and GNI per capita).

9. This process was repeated in September/October 2007 (for the 2007 country scores and 2008 updated allocations) as updated data on portfolio and rural sector performance became available. Where appropriate, weighted averages have been used to reduce statistical variance over time. With the move to uniform allocations, the data has been subject to interregional review and benchmarking to ensure consistency in assessments and, as a result, the scoring approach of the rural sector performance assessment indicators is currently being improved.

[2] "Active" refers only to new financing commitments and does not refer to the level or status of ongoing portfolios.

10. All loans and country-specific grants presented to the Executive Board for approval in 2007 and 2008 have been within a country's PBAS allocation. In line with DSF implementation, those countries assessed as not at risk of future debt distress (classified as "green"), and therefore continuing to be eligible to receive loans from IFAD, have received slightly higher allocations.

11. Currently, in October 2008, an analysis is being undertaken to calculate 2008 country scores and allocations for 2009, the final year of the three-year allocation period. The Executive Board decided in April 2006, as reflected in the minutes,[3] that given IFAD's specific focus on rural poverty, the concept of rural population would be applied. The latest rural population figures, as available through the World Bank, have been used for 2008 and will be updated for the 2009 country scores.

12. In 2007 and 2008, the first two years of the allocation period, no reallocations have been necessary. This is similar to the situation at other IFIs having adopted performance-based allocation systems. However, in developing the PBAS within IFAD, the Executive Board recognized that there would be situations in which it would not be possible to deliver commitments against ex ante country allocations within the allocation period. This might occur, for example, owing to a lack of demand for IFAD loans or the absence of opportunities to engage in operations in priority activities as identified in the results-based country strategic opportunities programmes. In such cases, the unused allocation would be reabsorbed into the allocable resource pool[4] for redistribution through the prevailing PBAS allocation system (document EB 2003/79/R.2/Rev.1, paragraph 40). In 2009, therefore, all unused resources from the 2007-09 allocation periods will be treated as part of the allocable pool of resources for the final year of the allocation period. The unused resources will be allocated according to the PBAS methodology.

IV. The PBAS working group

13. The Executive Board in April 2006 agreed to convene a working group, as referred to in the Consultation report on the Seventh Replenishment, to develop a broader understanding of the current issues in PBAS implementation and evolving best practice. The working group met in February, April and September 2007 to review the technical and methodological issues, including amendments being introduced as a result of the approval of the DSF by the Executive Board; the introduction of rural population in place of total population; and the issues being discussed and reviewed with other IFIs implementing such systems. In September 2008, the working group discussed in more detail the comparable systems being implemented by IFIs, noting the similarities of IFAD's system with the others and the modifications and adjustments made to the latter. Several areas of best practice were discussed and would merit further analysis and reflection by the working group in terms of their relevance for IFAD, possibly in consultation with the IFI concerned. Such issues for further examination could include the following.

14. **Introduction of new "active" countries.** In 2009, the final year of the allocation period, it may be necessary in the light of changing country circumstances to admit a limited number of new countries[5] to eligibility for an allocation to finance a new loan or grant. Countries such as Haiti and Liberia have been identified; this would require that a country or countries with a similar country score be removed from the list in order to maintain the balance of allocations between the borrowing countries.

15. **Set-asides.** Several multilateral development banks, notably IDA, AfDB and AsDB have adopted set-asides to finance regional programmes and, in the case of AfDB, fragile states. While IFAD already follows IDA methodology and provides up to 100

[3] Document EB 2006-87-Minutes.
[4] The concept of the pool as a source of funds for reallocation was also noted in the section on reallocation of uncommitted resources in document EB 2003/79/C.R.P.3.
[5] The Executive Board would need to approve this modification at the December 2008 session.

per cent increases in allocations to post-conflict states, the use of such set-asides could be further examined.

16. **Minimum and maximum allocations.** IFAD currently applies a minimum allocation of US$1.0 million per year for those designated countries and a maximum allocation (ceiling) of 5 per cent of IFAD's lending resources over the relevant allocation period. In line with the levels now applied by other PBAS practitioners to ensure programmes of an appropriate level to both warrant member country commitment and support and obtain a relevant level of anticipated benefits, consideration could be given to raising the annual minimum allocation to US$1.5 million. In the same process, the level of maximum allocations would also be reviewed in the light of the experience of other IFIs.

17. **Reallocations.** All allocations and reallocations follow the existing formula and guidelines. This includes reallocations, as noted in paragraph 12 above. In addition, it is noted that IDA has a specific approach for reallocation from low to better performing countries with absorptive capacity.[6] This approach could be examined further by the working group.

V. The way forward: key actions

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

[6] "IDA's Performance-Based Allocation System: Simplification of the Formula and Other Outstanding Issues". IDA 15. September 2007.

Comparison of Performance-based Allocation Systems

I. OVERVIEW OF MAIN MULTILATERAL CONCESSIONAL FUNDS

Table 1.1: Basic Facts: Concessional Funds, Costs of Borrowing, Eligibility Criteria, and Number of Countries Served

Institution	Fund	Founded	Replen. Phase	Cost of Borrowing	Number of Countries Eligible or with Access[7]			Country eligibility criterion
					Concess.	Blend[8]	Total	
African Development Bank	African Development Fund	1973	AfDF-11	50 years to pay, 10 years grace, interest free, 0.75% p.a. service charge; and 0.5% commitment fee on undisbursed credits	38	2	40	AfDB Credit Policy, 1995. AfDB uses IDA's country classification in Africa until such time that AfDB develops its own new credit policy
Asian Development Bank	Asian Development Fund	1973	AsDF 9	32 year maturity, 8 years grace, 1% during grace, 1.5% thereafter	17	12	29	AsDB's Graduation Policy, 2008
Caribbean Development Bank	Special Development Fund	1984	SDF 6		1	18**	19	All member countries (Group 1 has limited access)
European Union, Africa Caribbean & Pacific Program	European Development Fund							
Global Environmental Facility (GEF)	GEF Trust Fund	1991	GEF-4	Primarily grants, provision for non-grant instruments	160	0	160	Guidance from global environmental conventions, and/or eligibility to either borrow from World Bank or receive technical assistance from UNDP
Inter-American Development Bank	MODE 1: T 200. Intermediate Financing Facility (IFF)	1982	1998 tp present	Existing IFF portfolio receives annual subsidies up to 3.62%. For the parallel loan structure: 20% in 40-year FSO bullet loans with 25bp interest rate, and 80% in single-currency-facility adjustable rate OC loans with a 30-year term and 5½ years grace period.	0	5	5	Limited to Suriname, Ecuador, El Salvador, Guatemala, Paraguay.
	MODE 2: Post-2007. Intermediate Financing Facility (IFF)	2008	2008	Previous IFF countries can access concessionary funds (from the Fund for Special Operations) up to 20% of each loan, the other 80% being ordinary capital at ordinary interest rates and conditions.	0	5	5	Limited to Suriname, Ecuador, El Salvador, Guatemala, Paraguay.
Inter-American Development Bank	Fund for Special Operations (FSO)	1961	Agreement 1998	Fixed at 0.25% annually, collected twice annually, 40 years maturity, 39 years grace period, single payment of principal in year 40.		5	5	Five countries (Bolivia, Guyana, Haiti, Honduras and Nicaragua (+ small amount to the Caribbean Development Bank)
International Fund for Agricultural Development	IFAD	1977	Eighth	*Ordinary terms*: Maturity 15 to 18 years, 3 year grace period, variable LIBOR SDR composite *Intermediate terms*: Maturity 20 years, 5 year grace period, one-half of rate for ordinary terms *Highly concessional*: 0.75% annually, 40 years maturity, 10 years grace period.	Highly concessional, intermediate and ordinary terms		121	All member countries
World Bank Group (IDA)	International Development Association	1961	IDA15	35-40 years to pay, 10 years grace, interest free	66	15	78 + Kosovo	Countries with GNP per capita <$1095 in FY09

[7] In some funds, there are countries that are technically eligible but in practice do not have borrowing access to resources.

[8] Blend borrowers can access both concessionary funds and ordinary capital resources in one loan.

II. THE ALLOCATION FORMULAE

Table 2.1: Allocation Formulae

Institution	Began PBA	Allocation Formula				Min. Alloc.	Ceiling
		Needs Factors		**Performance Factors**	**Result**		
AfDB	1999	$POP^{1.0} x\ GNPPC^{-0.125}$	x	$[(0.26CPIA_{A-C} + 0.58CPIA_D + 0.16PORT)]^{4.0}$	= allocation share weight	SDR 5 million	
AsDB	2001	$POP^{0.6} x\ GNPPC^{-0.25}$	x	$[(ES\_CPIA^{0.7}\ x\ PORT^{0.3})\ x\ GOV]^{2.0}$	= allocation share weight	None	The largest ADF borrowers are subject to a ceiling.
CDB	2000	$LogPOP\ x\ GNPPC^{0.9} x\ VUL^{2.0}$	x	$[0.7CPIA + 0.3PORT]^{2.0}$	= allocation share weight		Haiti is subject to a fixed ceiling and does not get a formula-based allocation.
EU (ACP)		$LogPOP\ x\ 0.2GNPPC^{-1.0}\ x\ 0.2HDI^{-1.0}$ $x\ DEBT\ x\ VUL$			= allocation share weight		
GEF	2006	GBI $^{0.8}$ (The Global benefits Index is calculated separately for the two focal areas: The GBI for Biodiversity is 0.8 x TERRESTRIAL BIODIVERSITY + 0.2 MARINE BIODIVERSITY (Terrestrial Biodiversity is defined as 0.55 x represented species + 0.20 x threatened species + 0.15 x represented eco-regions + 0.10 * threatened eco-regions; and Marine Biodiversity is defined as represented marine species The GBI for Climate change is defined as Baseline GHG emissions X carbon intensity adjustment factor.)	x	$[0.2CPIA + 0.10PORT + 0.70CEPIA]$ (The World Bank CPIA scores are used, with 0.7 weight to environmental criteria and 0.2 weight to "broad framework indicator" (governance). Portfolio performance, PORT, is judged on ten year's of GEF and World Bank environmental projects.)	= allocation share weight for each focal area	$1 million for each focal area	
IDB (IFF)	2002 to 2008 (IFF discontinu ed after 2007)	$(0.133FUND)\left(\frac{POP}{\sum POP}\right) + (0.133FUND)\left(\frac{\frac{1}{GNPPC}}{\sum \frac{1}{GNPPC}}\right) +$ $(0.133FUND)\left(\frac{DEBT}{\sum DEBT}\right)$	+	$(0.6FUND) x \left[\frac{0.7CIPE + 0.3PORT}{\sum (0.7CIPE + 0.3PORT)}\right]$	= 50% $allocation (Component I)		
IDB (FSO)	2002 (current formula 2007)	$Pop^{0.50}\ x\ GNIPC^{-1}$	x	$[0.3PORT + 0.7CIPE]^{2.0}$	= 50% $allocation (Component II)		US$25 Million per year
		$(0.22FUND)\left(\frac{POP}{\sum POP}\right) + (0.133FUND)\left(\frac{\frac{1}{GNPPC}}{\sum \frac{1}{GNPPC}}\right)$	+	$(0.6FUND) x \left[\frac{0.7CIPE + 0.3PORT}{\sum (0.7CIPE + 0.3PORT)}\right]$	= 50% $allocation (Component I)		US$54 Million per year
IFAD	2005	Rural $POP^{0.45} x\ GNIPC^{-0.25}$	x	$[0.2CPIA + 0.35PORT + 0.45RuralCPIA]^{2.0}$	= allocation share weight	$1 million	5% of total allocated
World Bank (IDA)	1977	$POP^{1.0} x\ GNPPC^{-0.125}$	x	$[0.24CPIA_{A-C} + 0.68CPIA_D + 0.08PORT]^{5.0}$	= allocation share weight	SDR 4.5 million per country per replenishment	SDR 19.8 per capita

Note: Variables: CIPE= Country Institutional and Policy Evaluation (IDB); CPIA = Country Policy and Institutional Assessment; DEBT = Debt service ratio; ES_CPIA= Economic and Social Performance Criteria in CPIA (for ADB); FSO=Fund for Special Operations (IDB); Fund= Size of IFF and FSO Envelope; GOV= Average of the five criteria in the "public sector management cluster" for ADF; average of the six criteria in the Governance and Public Sector Performance for AfDF; average of the five criteria in the public sector management cluster (Cluster D) for IDA; GNPPC = GNP per capita; Log = logarithm; HDI = Human Development Index; PCEF= Post-conflict Enhancement Factor (AfDB);POP = Population; PORT= Portfolio rating; RuralCPIA= Performance rating on policies and institutions for rural development (IFAD); VUL = Country Vulnerability (EU ACP).

Table 2.2: Weights of Policy and Institutional Performance and Country Portfolio Ratings in the Resource Allocation Formula

Institution	Weight in the 'Country Performance Rating' of: Policy and Institutional Performance	Portfolio Performance	Basis of Portfolio Performance Rating	Extra Weight to Governance?
AfDB	26%	16%	Projects at risk	
AsDB	85%	15%	Projects at risk	
CDB*	70%	30%	All active projects: performance scores based on OECD/DAC project performance criteria**	
EU (ACP)*	80%	20%	Resource utilization rate	
GEF	90%	10%	Development objectives and implementation progress ratings for GEF portfolio and ICR ratings of World Bank environment related projects	
IDB (FSO)	70%	30%	Based on the percentage of undisbursed balances represented by projects classified as "problem" or "on alert" in the Bank's portfolio monitoring system. The variables are measured on a scale ranging from 1 to 6, being 6 the highest performance level.	
IFAD		35%	Actual problem projects and projects at risk (5 of 11 flags up)	
IDA	92%	8%**	Actual problem projects	

Note: * The European Union (EDF ACP) and the Caribbean Development Bank (SDF) are not quite comparable with the others in this table, because additional factors in their formulae, not shown here, modify the effective weight of the performance components. ** At different times the World Bank IDA has given portfolio performance different weights – zero, 7%, 10% and 20%.

Table 2.3: Transformation of '% Projects at Risk' into 'Portfolio Performance Rating'

Rating	AfDB	AsDB[9] (illustrative)	CDB	EU (ACP)	GEF	IFAD	IDA	IDB
6.0						0%, 2 or more years		
5.5								
5.0	0; portfolio size>5		0-19%			0%		
4.5	0; portfolio size<5	0-3%					0%	
4.0	0% to 20%	4-6%	20-39%		Not applicable	1% to 34%	1-4%	Ratio of undisbursed $ in problematic or on-alert projects as percentage of total undisbursed amount in all current projects in the country.
3.5	21% to 40%	7-14%					5-15%	
3.0	41% to 60%	15-29%	40-59%			35 to 67%	16-26%	
2.5	61% to 80%	30-100%					27-67%	
2.0	46% to 70%		60-79%			68 to 100%	68-100%	
1.5	>100% for 2 years or more							
1.0			80-100%			100% 2 years or more		

9 ADB, Policy on Performance-Based Allocation for Asian Development Fund Resources, R20-01, 20 Feb. 2001, Appendix 2 Page 2.

Table 2.4: Criteria for Assessing Country Policy and Institutional Performance (IRAI/CPIA)

	AfDF	AsDF	CDB	IDB (FSO and IFF)**	IDA*	GEF	IFAD
I. Criteria for CPIA Assessment							
Macroeconomic Management	• Fiscal policy • General macroeconomic performance • Macroeconomic & external debt management capacity	• Macroeconomic management • Fiscal policy • Debt policy •	• Macroeconomic management • Fiscal policy • Debt policy	• Macroeconomic imbalances (fiscal & monetary policies) • Management of external debt	• Macroeconomic management • Fiscal policy • Debt policy		Same as IDA
Structural & Social Policies	• Regional Integration & Trade • Financial sector • Business regulatory environment	• Trade • Financial sector • Business regulatory environment •	• Trade policy • Financial sector • Business regulatory environment	• Trade & commercial policy • Banking & financial sector stability • Policies & institutions for environmental stability.	• Trade policy • Financial sector • Business regulatory environment	Policies & institutions for environmental sustainability as in IDA	Same as IDA
Policies for social inclusion/ equity	• Gender equality • Equity of public resource use • Building human capital • Social protection and labour • Environmental policy & regulations	• Gender equality • Equity of public resource use • Building human resources • Social protection and labor • Policies and institutions for environmental sustainability	• Gender equity • Equity of public resource use • Building human resources • Social protection & labour • Policies and institutions for environmental sustainability	• Gender equality, indigenous & other minorities inclusion issues • Building human resources & social protection • Monitoring & analysis of poverty	• Gender equity • Equity of public resource use • Building human resources • Social protection & labour • Policies and institutions for environmental sustainability		Same as IDA
Governance & Public Sector Performance	• Property rights & rule-based governance • Quality of budgetary & financial management • Efficiency of revenue mobilization • Quality of public administration • Transparency, accountability & Corruption in the public sector	• Property rights and rule-based governance • Quality of budgetary and financial management • Efficiency of revenue mobilization • Quality of public administration • Transparency, accountability, and corruption in the public sector	• Property rights & rule-based governance • Quality of budgetary & financial management • Efficiency of revenue mobilization • Quality of public administration • Transparency, accountability, and corruption in the public sector	• Property rights, governance & private sector development • Transparency & accountability in the public sector	• Property rights & rule-based governance • Quality of budgetary & financial management • Efficiency of revenue mobilization • Quality of public administration • Transparency, accountability, and corruption in the public sector	Same as IDA	Same as IDA

II. Weight in CPIA							
	AfDF	**A. AsDF**	**CDB**	**IDB**	**IDA***	**GEF**	**IFAD**
Macroeconomic Management	33.33%	11. 7%	25%	15%	25%		Same as IDA
Structural and Social Policies	33.33%	11. 7%	15%	20%	25%		Same as IDA
Policies for social Inclusion and equity	33.33%	11.7%	25%	35%	25%	70%	Same as IDA
Governance and Public Sector Performance	100% (separated from 3 CPIA clusters) 33.33%	50.0%	25%	30%	25%	20%	Same as IDA
III. CPIA Scoring Process							
Frequency of performance scoring	Annual	Annual	Biennial	Two-year period	Annual	Same as IDA	Same as IDA
Benchmarking	Yes	No	Yes. Joint with World Bank for two or three Caribbean countries each year.	No	Yes, typically about 20 countries per year are scored first as benchmarks		
Written substantiation	Yes	Yes	No	Yes	Yes		

Note: * GEF only uses the policies & institutions for environmental sustainability from IDA. IFAD uses the same criteria as IDA.

III. Extra-Formula Considerations

Table 3.1 Special Allocations, Allocation Constraints, and Allocations Management

	AfDB	AsDB	CDB	EU ACP	GEF	IDB	IFAD	IDA
Constraints on Allocation								
Minimum allocations?	Yes, SDR 5 million	No, but not zero	No. Zero is possible.	No, but not zero.	$1 million in each focal area	No, but not zero	US$ 1 million	SDR 4.5 million for 3 years
Separate $ pool for special group of countries?	No	Yes. 4.5% of commitment authority for Pacific COUNTRIES.	Yes. Group 4: Guyana and Haiti			No. The Intermediate Financing Facility (for middle-income countries) was discontinued in 2007 and replaced with blending provisions (max. 20% FSO funds).	No	
Allocation caps? (ceilings)	Yes, 10% cap for countries with large populations	Soft cap. Blend countries with PBA shares above 14% will receive only half of the share above that threshold.			(1) Biodiversity, 10% of total resources. No country affected. (2) Climate Change 15% of total resources. Only China affected.		Capped allocations at 5% of cycle	Capped allocations to two credit worthy blend countries below IDA's operational cutoff: India, Pakistan
General reserve		No			No specific provision, administratively managed	$100M	No	No
Special Allocations								
Small country preference?	Yes, minimum allocation	Yes. Weight on population in PBA formula biased toward small countries.			Yes, minimum allocation	Yes, performance $pot advantages small countries.	Yes, minimum allocations	Yes, minimum allocation of SDR 1.5 million per year, which benefits small countries
Different allocation rules for post-conflict/ fragile states?	Yes, topping up allocation for fragile states after their PBA	Yes, for eligible countries			No	NO	Yes, for eligible countries	Yes, for eligible countries
Definition of post-conflict/ fragile countries	Yes	Post-conflict countries refer to countries that are emerging from a situation of violent, protracted conflict			No			Post-conflict: A country which has experienced a recent, intense conflict as measured by: (a) extent of human casualties caused by the conflict, or (b) proportion of population that is either internally displaced or in exile, and/or (c) extent of physical destruction. Re-engaging: countries reengaging after a prolonged period of disengagement, accumulation of sizeable arrears, and/or partial collapse of state.
Duration/ pattern of assistance for post conflict/ fragile states?	6 years	In accordance with IDA framework	Haiti joined CDB in 2005. Not included in		No			Post-conflict: 10 years, of which the last 6 yrs are gradual phase down to PBA level.

	AfDB	AsDB	CDB	EU ACP	GEF	IDB	IFAD	IDA
			formula allocations. Fixed allocation.					Re-engaging: 5 years, of which the last 3 yrs are phase-down
Set aside for emergency/disaster response?	6 years	Softer loan terms	Yes, $10M	Envelope B (about 20% of ACP funds)	No	General reserve can be used		No
Set aside for priority action areas, like AIDS	Yes: 17.5% for regional projects & 7.5% for fragile states	No	Yes		No	No		No
Debt Sustainability and Grants								
DSF adopted for determining grants and credits?	Yes	Yes			n/a	The appropriate degree of concessionality for each eligible country is derived from the debt distress indicators (DSA).	Same as IDA	Yes, a country's risk of debt distress (as determined through a DSA) determines the credit-grant mix
Modified volume discount, percentage and methodology	Yes	20% discount, all available for hard term facility			n/a		Grant allocations subject to 5% upfront volumen reduction	Grant allocations subject to a 20% upfront volume reduction, of which 11% is an incentive-related discount while 9% is a charges-related discount
MDRI netting out applied in allocation?					n/a	No		Yes
Regional (multi-country) Projects								
Set aside for regional projects (% replenishment, and $ value)	17.5% of ADF-11 replenishment; SDR 953 million	10% OF ADF commitment authority	2001 ($15M)		5% of available resources ($50 million for biodiversity and $50 million for climate change)	No	No	Yes, about 4% of IDA15 (SDR1.2 billion) set aside for regional projects or SDR400 million per year, of which roughly 80% goes to Africa
Criteria for regional projects	Yes	• Country borrower must have access to ADF; • Project cannot have component activities in a country with ADF arrears; • Project concept must demonstrate consistency with the Regional Cooperation Strategy, OM on Regional Cooperation, national poverty reduction strategies, and country partnership strategies and country operations			Based on extent of spill-over benefits			Criteria: (i) at least three countries participating, (ii) evidence of cross-border benefits, (iii) country and regional ownership, (iv) coherence with regional strategy and (v) potential to contribute to policy harmonization

	AfDB	AsDB	CDB	EU ACP	GEF	IDB	IFAD	IDA
		business plans; • Project benefits must include more than one country; and Country ownership demonstrated through partial financing from country's PBA						
Country contributions required? If so, how much?	Yes; 1/3 of project cost in country, with ceiling of 10% if country's PBA is below SDR 20m	Of the total ADF financing, 2/3 will come from the sub-regional pool and 1/3 from PBA. The required contributions from biennial PBA will be subject to a 20% ceiling, beyond which contribution from country PBA will not be mandatory.			Yes	No		A participating country must contribute one-third of the regional project costs, with a cumulative ceiling on country contribution at 20 percent of its annual allocation.
Allocation Periods and Reallocation								
Period covered by a single allocation	3 years	Biennial with midterm review	Four years		Four years with a reallocation after two years	Two years	Three years	One year
Any limits on front-loading and back-loading?	Yes, 50% firm for Y1, and can front load up to 50% of Y2. In Y2 can backload 100% of Y1 is not used	Share in biennial allocation for countries with allocation of: • ≥$40m – 62.5% • <$40m and population ≥ 1 million – 100% <$40m and population < 1 million – 175%			Maximum access in the first two years of the four-year cycle is 50%.		No	Limited front loading (of up to 30 percent) of allocations in the first two years allowed; small countries and capped blend countries can frontload higher percentages. No limits on backloading in the first two years.
Any reallocations among countries? Any limits on reallocation?	Yes, reallocation in 3rd year of non-used resources. Use PBA to allocate to all others	Towards end of replenishment period, unused allocation will be reallocated according to PBA			Reallocation after two years. If a country has an individual allocation in the first half of the replenishment period it is guaranteed an individual allocation in the second half (rather than being in the "pool" of countries).	No carry-overs and reallocations. Any unused FSO resources available from the two-years allocations will be added to the resources available for the next two-years period.	Yes, reallocations in third year	In year 3 of the replenishment cycle funds can be reallocated on a case-by-case basis, but only from lesser-performing to better-performing countries

	AfDB	AsDB	CDB	EU ACP	GEF	IDB	IFAD	IDA
Conditional approvals when insufficient commitment authority remains at end of allocation period?	Yes	Yes	Yes		No specific policy provision	Yes	N/a	Not applicable
Borrowing or carryover of allocations across replenishment periods					No	Limited provision for carry-over of projects under active consideration into the first six months of a new replenishment period	Yes, minimum allocation countries only	No

IV: Disclosure of Information

Table 4.1: Disclosure of Country Performance Scores and Allocation

Institution	Disclosure Practices				
	Overall CPR/CPIA score disclosed	CPR/ CPIA Criteria scores disclosed	CPR/ CPIA Score justification disclosed	CPR/ CPIA Posted on website	Allocation disclosed?
African Development Bank	Yes				
Asian Development Bank	Actual scores	Yes	No	Yes	Only to the Board
Caribbean Development Bank	Actual score	Yes	No	No	
European Commission (ACP)					
Global Environmental Facility (GEF)	Inferable from allocations and Benefits index	No	No		Yes
Inter-American Dev. Bank	Actual score	No	No	Yes	
International Fund for Agricultural Development	Actual score	Actual score	No	Yes	Yes, posted on Internet as Board document
World Bank (IDA)	Yes	Yes	No	Yes	Yes, disclosed to the Board of IDA for information only starting from end-FY09