Improving the Implementation of the Performance-based Allocation System

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Enabling poor rural people to overcome poverty
IFAD
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.