PBAS and BRAM
Agenda

Overview of PBAS

PBAS in IFAD11

PBAS in IFAD12

BRAM

Next Steps
PBAS is a Managerial Tool...

Enabling IFAD to...

1. Allocate resources transparently and predictably.

2. Provide a performance incentive for member countries, particularly in regard to the quality of policies and institutions in the rural sector.

3. Allocate resources according to need when countries perform equally well.
Country allocations are based on the score that each country obtains in the PBAS, which represents the relative share of the country on the overall PBAS resources, calculated as:

$$Country\ Score_i = (RuralPop^{0.405} \times GNIpc^{-0.265}) \times (1 + IVI)^{0.95} \times (0.35RSP + 0.65PAD)$$

**Key allocation results**

**IFAD 11**

- Country selectivity: 80 countries
- Min Allocation: US$4.5m
- Max Allocation: 5% of POLG
- Sub-Saharan Africa: 59% of core
- Fragile: 25% - 30% of core
- Highly Concessional: ~66% (2/3)
- LICs and LMICs: 90% of core
- UMICs: 10% of core
PBAS in IFAD11 increased resources to the poorest

Country Classification:
- LIC
- LMIC
- UMIC
- Fragile States

Change in allocation between IFAD10 and IFAD11:
- Added
- 40%+ increase
- 20% - 39% increase
- 1-19% increase
- 1-19% decrease
- 20%+ decrease
- Dropped

Target:
- 59% Sub-Saharan Africa
  Above target
- 90% LICs & LMICs
  On target
- 25% Fragile Situations
  On target
And projected PBAS in IFAD12 will reinforce this trend

Reaching the poorest of the poor: GNIpc of countries receiving financing through PBAS

17% 25% 29%
3256 2811 1731
2642 2233 1456

IFAD10 IFAD11 IFAD12
Average GNIpc

1For IFAD11 and IFAD12 amounts refer to actual and projected allocations respectively. Fragility is assessed using the WB List of Fragile Situations FY17, FY19 and FY20 for each Replenishment Cycle. Fragility and SSA refer to Core Resources only.
Resource allocation and access in IFAD12
Overall structure and PBAS/BRAM interactions – Example Scenario D

Nature of resources and process

**CORE**
- Resource Allocation
- 2,650*

**BORROWED**
- Resource Access
- 1,000*

Mechanism for allocation and access

**PBAS**
- Stratified with two pots: DSF and non-DSF
- 2,650

**BRAM**
- Demand-based access mechanism
- 1,000

Structure and eligibility

**LICs and LMICs**
- Pot 1: DSF eligible only (20 countries)
  - 600
- Pot 2: non-DSF eligible (46 countries)
  - 2,050

Rationale

Allocate a sustainably pre-determined DSF amount to the neediest countries. PBAS will be run in two separate steps:

1) DSF resources allocated to DSF countries;
2) Remaining Core resources (non-DSF) allocated to non-DSF countries

Primarily UMICs and selected LICs/LMICs upon compliance with operational and financial criteria

1,000

1) Ensure UMICs get at least 11% of PoLG as in IFAD11;
2) Allow selected LICs and LMICs to access additional resources to scale-up projects to achieve rural transformation;
3) Strengthen IFAD’s overall financial sustainability;

*All figures are based on Scenario D Mid-High as presented in the Business Model Paper
Example from Scenario D – Mid High

<table>
<thead>
<tr>
<th>LICs + LMICs</th>
<th>UMICs</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORE Resources</td>
<td></td>
<td>TOTAL</td>
</tr>
<tr>
<td>$2,650 (100%)</td>
<td>$0 (0%)</td>
<td>$2,650</td>
</tr>
<tr>
<td>BORROWED Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At most $598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least $402 (11% of total PoLG)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At most $3,248 (89%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least $402 (11%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,650</td>
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</tbody>
</table>

All conditions are met for all categories.
PBAS in IFAD12: Resources to LICs depends on DSF

Reaching the poorest of the poor: A strong replenishment is key for Low Income Countries
-Core Resources distributed through PBAS-

<table>
<thead>
<tr>
<th>Scenario</th>
<th>LIC %</th>
<th>LMIC %</th>
</tr>
</thead>
<tbody>
<tr>
<td>C Mid-low</td>
<td>450</td>
<td>52%</td>
</tr>
<tr>
<td>D Mid-high</td>
<td>600</td>
<td>48%</td>
</tr>
<tr>
<td>E High</td>
<td>690</td>
<td>50%</td>
</tr>
</tbody>
</table>
LICs comprises 27 countries with 412 million of rural population.

LMICs includes 35 countries with 1597 million of rural inhabitants.

In IFAD12 total per capita allocation to LICs will be more than three times higher than to LMICs, increasing in higher scenarios.

PBAS and IFAD12: LICs / LMICs ratios

The poorest rural people in the poorest countries receive more IFAD resources per capita.
Principles and Eligibility for the BRAM

**Principles**

- **Alignment** with IFAD mandate and development effectiveness
- **Demand** from governments
- **Financial** safeguards

**Eligibility**

- Eligible LICs and LMICs & UMICs
- Up to 80 / 20 distribution of all resources
- At least 11% for UMICs
- Additional borrowers (non IFAD11) within ceiling of total number of IFAD countries
Synergies and benefits

Eligible LICs and LMICs with PBAS resources can scale, expand and deepen programmes to generate synergies with PBAS.

Can fund multi-phased approaches or projects which have expanded impact.

UMICs access equal or greater finance to continue addressing pockets of rural poverty when demonstrating demand.
Questions and Way Forward

1. Do members agree that the new formula has performed well in IFAD11, and will perform well for LICs and LMICs in IFAD12?

2. What is the work plan for the PBAS WG going forward, and what is needed from management to facilitate its work?
Questions and discussion

Any questions?

Thank you