IFAD
Investing in rural people
Independent Office of Evaluation

Corporate-level evaluation
IFAD's Performance-based Allocation System (PBAS)
2005-2015

PBAS: How does it work?

1 Determination of country score

$$[(\text{RuralPOP}^{0.45}) \times (\text{GNIpc})^{-0.25}] \times (0.2\text{IRAI} + 0.35\text{PAR} + 0.45\text{RSP})^{2}$$

Country needs: Rural population; Per capita gross national income

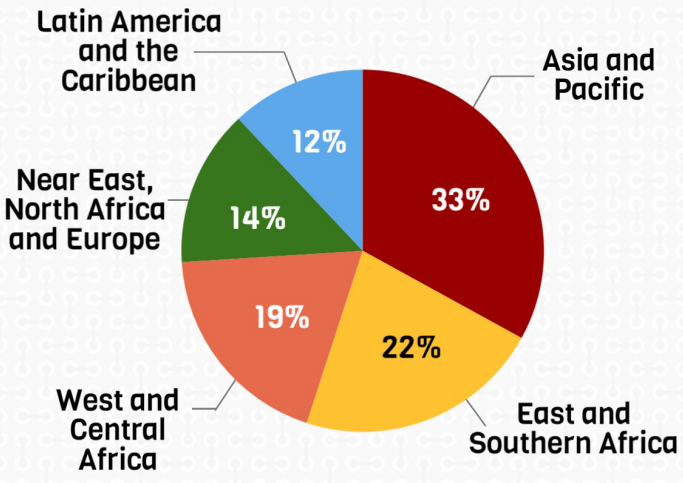
Country performance: IDA resource allocation index; Projects at risk; Rural sector performance score

2 Determination of country allocation

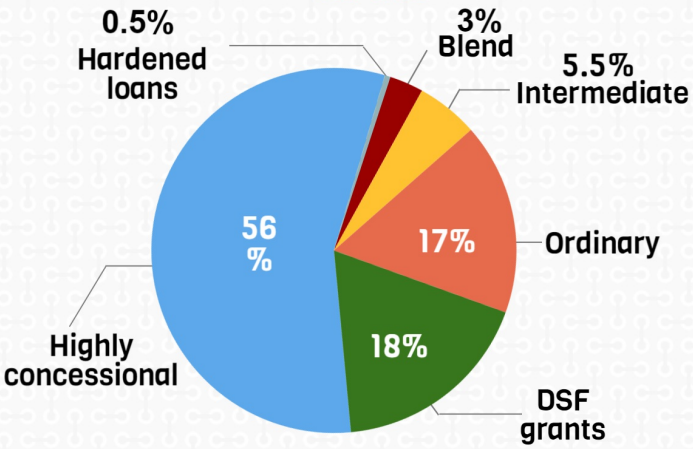
(Allocation envelope / Sum of final country scores) x Country score

Allocation of resources (2005-2015)

Share, by region



Share, by lending terms



PBAS features

Min/Max allocations

PBAS has provisions for minimum and maximum allocations to selected countries

Reallocations

Unused funds are normally reallocated in the final year of the three-year PBAS cycle, allowing IFAD to make full use of its total resources

Capping

Some countries receive less than the allocation generated by the formula if they are not able to absorb the full amount of funds to be allocated, for example in crisis situations

Key findings

Rural population variable

The adoption of the rural population variable (RuralPOP), instead of total population, was a good decision. However, it does not capture country needs in terms of poverty profile of the rural poor

GNI per capita variable

The evaluation questions how appropriate the per capita GNI (GNI/pc) variable is for IFAD, in light of the focus on smallholder agricultural development in rural areas

Rural sector performance

The indicators of the RSP have never been revised and do not reflect some of IFAD's current priorities. The process in determining the RSP scoring is not systematic and its quality assurance varies from division to division

Country performance component

The three country performance variables (IRAI, PAR, RSP) are mutually reinforcing, but data for these three variables (IRAI in particular) are not always available for all recipient countries

Engagement of Governing Bodies

The Governing Bodies played a key role in introducing the PBAS. More recently, however, they have not been proactive on providing guidance on the PBAS

Transparency

Even tough the PBAS made allocations more transparent, the process of capping and the countries receiving reallocations are not made public

Conclusions

The PBAS has enhanced the Fund's credibility, transparency and predictability of resource allocation, but the formula does not factor in some key dimensions of IFAD's mandate and priorities, such as food security, nutrition and climate change

The variables in the country performance component provide a good picture of country performance, but he PBAS has not provided adequate incentives to achieve better country performance in the rural sector

The PBAS features of minimum and maximum allocations, reallocations and capping have enhanced the system's flexibility, but the implementation of the reallocation system has not been sufficiently transparent

Recommendations

1 Enhance the PBAS's design

by sharpening the PBAS objectives; strengthening the rural poverty focus of country needs; refining the RSP variable; and reassessing the balance between country needs and country performance components of the formula

2 Streamline process for better effectiveness

by reflecting on whether to retain the IRAI variable of the country performance component and on systematizing and strengthening the RSP, its scoring and associated quality assurance

3 Improve efficiency

by scoring the RSP variable less frequently rather than on an annual basis and processing reallocations earlier in any three-year allocation cycle

4 Enhance management and governance

by taking a more corporate approach to the PBAS in general, for example through the establishment of an inter-departmental committee. Reports to the Executive Board should include information on reallocation, capping and other strategic issues

5 Promote better learning

through more explicit monitoring and continuous learning from the implementation of the system and cross-fertilization of experiences across country programme managers, regional divisions and countries

IFAD
Investing in rural people

IFAD - International Fund for Agricultural Development - Independent Office of Evaluation
Via Paolo di Dono 44 - 00142 Rome, Italy
Telephone +39 0654591 - Facsimile +39 065043463
E-mail evaluation@ifad.org
Web site www.ifad.org/evaluation