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Enabling poor rural people
to overcome poverty

Requirements for the thirty-second drawdown of Member State contributions in 2011

Note to Executive Board representatives

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Executive Board — 102nd Session
Rome, 10-12 May 2011

For: Approval

Recommendation for approval

The Executive Board is invited to consider the requirements for the thirty-second drawdown of Member State contributions in 2011 and adopt the following decision:

The Executive Board, in accordance with article 4, section 5(c), of the Agreement Establishing IFAD and regulation V of the Financial Regulations of IFAD, approves the drawdown of 35 per cent of Eighth Replenishment contributions in May 2011 or as may be stipulated in agreements with individual Member States, to meet loan and grant disbursements for 2011. Any further funds required for disbursement needs in 2011 not covered by the drawdown of these contributions will be met from the liquid assets of the Fund. The Executive Board authorizes the President to proceed accordingly.

Requirements for the thirty-second drawdown of Member State contributions in 2011

1. This document proposes a level of drawdown of Member State contributions for 2011 based on estimates of loan and grant disbursements for 2011.
2. Article 4, section 5(c) of the Agreement Establishing IFAD outlines the provisions to be applied regarding drawdowns. At its seventy-first session (December 2000), the Executive Board adopted a policy of 100 per cent drawdown of Member State contributions for disbursement requirements. Member States are allowed to enter into separate arrangements for individual encashment schedules of drawdown calls. The drawdown policy was based on the premise that these individual arrangements should not adversely affect the operational needs of the Fund and would remain in force until changed within the context of a replenishment, if so required, or until such time as callable resources are depleted.
3. The drawdown (liquidity) necessary to meet 100 per cent of projected loan and grant disbursements for 2011 is estimated at US\$566.9 million. As per normal practice, this liquidity requirement will be met by using the Fund's existing liquid assets, the encashment from contributions, investment income and loan reflows. The 2011 drawdown currently requested reflects the second instalment due (i.e. 35 per cent) for unqualified contributions under the Eight Replenishment resolution. Based on the level of instruments of contributions received at the end of January 2011, the second instalment corresponds to an amount of approximately US\$268.8 million. The balance will have to be covered by using the other sources cited above.
4. A list of Member States that have not paid calls against previous replenishments is reported in the 2010 consolidated financial statements of IFAD (EB 2011/102/R.42). The Fund will make every effort to secure encashment of promissory notes and/or secure cash payments, as appropriate. In accordance with the procedure for the calculation of drawdowns of Member State contributions approved by the Executive Board at its fifty-fifth session (September 1995), no increase will be made in the drawdown call to cover anticipated non-payment of drawdown calls.
5. Information on the approved drawdowns for the Seventh and Eighth Replenishments is provided in the annex. The annex also includes an estimate of future disbursements and expected drawdowns based on the current level of pledges for the Eighth Replenishment.

Estimate of future drawdowns

(as at 31 January 2011 US\$ million)

	<i>2010 actual</i>	<i>2011 forecast</i>	<i>2012 forecast</i>
Drawdown in year			
Eighth Replenishment	30%	35%	35%
Cumulative percentages drawn down to year end			
Eighth Replenishment	30%	65%	100%
Based on:			
A. Projected disbursements ^a	504.0	541.0	584.0
B. Actual disbursements	529.9		
C. Difference	(25.9)		
D. 100% Disbursement requirements (A – C prior year)	497.0 ^b	566.9	
Current value of Member State contributions			
Eighth Replenishment			
- Target level	1 200.0	1 200.0	-----
- Pledges received as at 31 January	993.5	1 007.5	-----
- Instruments of contribution received as at 31 January	517.1	768.1	-----
- Amount called (drawdown)	155.1	268.8 ^c	-----

^a These estimates are based on exchange rates prevailing at 31 December 2010. Projected disbursements take into account the normal disbursement pattern of the loan portfolio. The 2010 disbursement figure reflects the actual amount.

^b This amount includes the excess from 2009 of US\$7.0 million.

^c Estimate based on instruments of contribution received as at 31 January 2011.