

Document: EB 2014/111/R.15
Agenda: 9(b)
Date: 25 February 2014
Distribution: Public
Original: English

E



Investing in rural people

Requirements for the thirty-fifth drawdown of Member State contributions in 2014

Note to Executive Board representatives

Focal points:

Technical questions:

Ruth Farrant
Director and Controller
Controller's and Financial Services Division
Tel.: +39 06 5459 2281
e-mail: r.farrant@ifad.org

Allegra Saitto
Accounting Officer and Contribution Manager
Tel.: +39 06 5459 2405
e-mail: a.saitto@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Executive Board — 111th Session
Rome, 8-9 April 2014

For: Approval

Recommendation for approval

The Executive Board is invited to consider the requirements for the thirty-fifth drawdown of Member State contributions, to take place in 2014, 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 the Ninth Replenishment contributions in April 2014 or as may be stipulated in agreements with individual Member States, to meet loan and grant disbursements for 2014. Any further funds required for disbursement needs in 2014 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-fifth drawdown of Member State contributions in 2014

1. This document proposes a level of drawdown of Member State contributions for 2014 based on estimates of loan and grant disbursements for 2014.
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 2014 is estimated at US\$673.2 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 2014 drawdown currently requested reflects the second instalment due (i.e. 35 per cent) for unqualified contributions under the Ninth Replenishment resolution. Based on the level of instruments of contributions received at the end of January 2014, the drawdown would correspond to an amount of approximately US\$ 357.3 million. This figure will change as Member States make payments during the course of 2014. The difference between projected disbursement needs and the funds available as a result of this drawdown will have to be covered by using other sources cited above.
4. A list of Member States that have not paid calls against previous replenishments is reported in the 2014 consolidated financial statements of IFAD (EB 2014/111/R.16). 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 Ninth Replenishment 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 Ninth Replenishment.

Estimate of future drawdowns

(as at 31 January 2014 US\$ million)

	<i>2013 actual</i>	<i>2014 forecast</i>	<i>2015 forecast</i>
Drawdown in year			
Ninth Replenishment	30%	35%	35%
Cumulative percentages drawn down to year end			
Ninth Replenishment	30%	65%	100%
Based on:			
A. Projected disbursements ^a	743.9	747.0	751.0
B. Actual disbursements	670.1		
C. Difference (B - A)	(73.8)		
D. 100% disbursement requirements (A - C prior year)	728.3 ^b	673.2 ^c	751.0
Current value of Member State contributions			
Ninth Replenishment			
- Pledges received as at 31 January ^d	-----	1 061.3	-----
- Instruments of contribution received as at 31 January ^d	-----	1 020.9	-----
- Amount called (drawdown)	-----	357.3	-----

^a These estimates are based on exchange rates prevailing at 31 December 2013. Projected disbursements take into account the normal disbursement pattern of the loan portfolio.

^b This amount includes the excess from 2012 of US\$15.6 million.

^c This amount includes the excess from 2013 of US\$73.8 million.

^d The Ninth Replenishment pledges and instruments of contributions refer to balances excluding complementary contributions.