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Investing in rural people

Requirements for the thirty-seventh drawdown of Member State contributions in 2016

Note to Executive Board representatives

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Executive Board — 117th Session
Rome, 13-14 April 2016

For: Approval

Recommendation for approval

The Executive Board is invited to consider the requirements for the thirty-seventh drawdown of Member State contributions, to take place in 2016, 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 30 per cent of the Tenth Replenishment contributions in April 2016, or as may be stipulated in agreements with individual Member States, to meet loan and grant disbursements for 2016. Any further funds required for disbursement needs in 2016 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-seventh drawdown of Member State contributions in 2016

1. This document proposes a level of drawdown of Member State contributions for 2016 based on estimates of loan and grant disbursements for 2016.
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 2016 is estimated at US\$634.1 million. As per normal practice, this liquidity requirement will be met by using the Fund's existing liquid assets, the encashment of contributions, investment income and loan reflows. The 2016 drawdown currently requested reflects the first instalment due for unqualified contributions under the Tenth Replenishment resolution. Based on the level of instruments of contributions received and payments received at the end of December 2015, the drawdown would correspond to an amount of approximately US\$204.3 million. This figure will change as Member States make payments during the course of 2016. 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 2015 consolidated financial statements of IFAD (EB 2016/117/R.15). 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 Tenth Replenishment and forecast for the Tenth Replenishment are 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 and Tenth Replenishments.

Estimate of future drawdowns(As at 31 December 2015)
(Millions of United States dollars)

	<i>2015 actual</i>	<i>2016 forecast</i>	<i>2017 forecast</i>
Percentage drawdown in year			
Ninth Replenishment	35%	-	-
Tenth Replenishment	-	30%	35%
Cumulative percentages drawn down to year end			
Ninth Replenishment	100%	-	-
Tenth Replenishment	-	30%	65%
Based on:			
A. Projected disbursements ^a	754.9	728.5	763.5
B. Actual disbursements	660.5	-	-
C. Difference (B - A)	(94.4)	-	-
D. 100% disbursement requirements (A - C of prior year)	707.0 ^b	634.1 ^c	763.5
Current value of Member State contributions			
Tenth Replenishment			
Pledges received as at 31 December ^d	-	1 173.0	-
Instruments of contribution received as at 31 December ^d	-	680.9	-
Payments received as at 31 December ^d	-	79.3	-
Amount called (drawdown) ^e	-	204.3	-

^a These estimates are based on exchange rates prevailing at 31 December 2015. Projected disbursements take into account the normal disbursement pattern of the loan and grant portfolio.

^b This amount includes the excess from 2014 of US\$47.9 million.

^c This amount includes the excess from 2015 of US\$94.4 million.

^d The Tenth Replenishment pledges and instruments of contributions refer to balances including complementary contributions.

^e Calculated as: 30 per cent of instruments of contribution received as at 31 December.