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Investing in rural people

Non-Concessional Borrowing Policy Corrigendum

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For: Approval

Non-Concessional Borrowing Policy

Corrigendum

The attention of the Executive Board is drawn to the following corrigendum to the Non-Concessional Borrowing Policy (EB 2018/125/R.46).

For ease of reference, the changes to the document are shown in boldface, while strikethrough indicates deleted text.

Page 4, paragraph 17(a) should read:

- (a) In the case of a low-level breach (as described in paragraph 18 below), any volume cuts applied by IFAD to the amount of available financing would be not higher than ~~20~~ **10** per cent of the original allocation;

Similarly, page 4, box 1 should read:

Box 1
Example of disincentive measure by cutting volume

In 2020, the IMF and the World Bank declare that a country has accumulated external debt greater than that allowed under the NCBP. The breach was in relation to unreported increases in non-concessional debt, with minimal information provided on the projects the loan was expected to finance. This country is eligible for 100 per cent grant resources under the Debt Sustainability Framework for IFAD financing, with an allocation of US\$100 million as per the performance-based allocation system (PBAS) for the replenishment cycle IFAD11. IFAD's OTC will examine, in consultation and dialogue with country counterparts, the level of this breach and its impact on the country's debt capacity. Since the country is found to be at very high risk of debt distress, and is using its allocation for a capacity-building project, the OTC opts to apply a volume cut and submits to the President of IFAD a proposal to reduce the allocation of the country up to a maximum of ~~20~~ **10** per cent. This decision reflects the objective to encourage countries to not consider official development assistance resources as a subsidy to non-concessional resources.