

Document: EB 2019/127/R.46
Agenda: 12(d)
Date: 13 August 2019
Distribution: Public
Original: English

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Proposal to accept supplementary funds from the Government of Australia

Note to Executive Board representatives

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Executive Board — 127th Session
Rome, 10-12 September 2019

For: Approval

Recommendation for approval

The Executive Board is invited to accept supplementary funds from the Government of Australia of up to AUD 200,000 and to authorize the President to negotiate and finalize a letter of agreement between IFAD and the Government of Australia in accordance with the provisions presented in the annex to this document.

Proposal to accept supplementary funds from the Government of Australia

I. Background

1. The Executive Board is the competent organ to decide on the acceptance of administering supplementary funds and the related conditions and restrictions. The Board resolved to delegate to the President part of the authority to receive and administer grants from any source for the financing of ongoing IFAD projects, and from Member States for the financing of studies and short-term technical assistance related to IFAD operations on similar conditions as those specified in EB 86/28/R.47 and EB 87/30/R.28. Since Australia is not an IFAD Member State, and the proposed supplementary funds contribution will not directly finance the implementation of IFAD's programme of loans and grants, the Executive Board is invited to accept supplementary funds from Australia to support the Pacific small island developing states in preparing proposals for the call for proposals on the Global Agriculture and Food Security Programme, and to authorize the President to negotiate and finalize a letter of agreement.
2. IFAD and the Government of Australia have agreed to collaborate in providing financial and technical support to the Republic of Kiribati, the Republic of the Marshall Islands, the Federated States of Micronesia, the Solomon Islands and Tuvalu in preparing such proposals. These are of strategic importance to address climate vulnerability, improve nutrition and food security, and contribute to the 2030 Agenda for Sustainable Development (leaving no one behind).
3. The funds from the Government of Australia will also contribute to the commitment for the Eleventh Replenishment of IFAD's Resources to expand the Fund's engagement in small island developing states, and its role as an assembler of funds.
4. The Government of Australia and IFAD have the intention of signing a letter of agreement (included in the annex) governing the management of the funds provided by the Government of Australia. The signed letter of agreement will be submitted to the Board for information at a subsequent session. A letter of agreement constitutes the legal instrument for receiving supplementary funds up to US\$500,000.

II. Recommendation

5. The Executive Board is invited to accept supplementary funds from the Government of Australia of up to AUD 200,000, and to authorize the President to negotiate and finalize a letter of agreement between IFAD and the Government of Australia substantially in accordance with the provisions presented in the annex to this document.

OBJECT: Letter of Agreement – Government of Australia funding to the International Fund for Agricultural Development (IFAD).

Dear Madam/Sir,

I am pleased to refer to the decision of the Government of Australia to provide up to AUD 200,000 in supplementary funds to IFAD.

The funds will support the design by IFAD of investment projects in the Pacific subregion (the Solomon Islands and countries in the North Pacific) to be submitted to the Global Agriculture and Food Security Programme for funding.

The contribution will be administered in accordance with IFAD's Financial and Administrative Regulations and Rules, and will be treated as supplementary funds. IFAD will maintain separate records and ledger accounts in respect of the funds deposited by the Government of Australia. All records and financial reports related to this contribution will be expressed in United States dollars. In order to assist in defraying the costs of administration, IFAD will deduct and retain, for its own accounts, an amount equal to 8 per cent of the total available budget plus complete interest retention.

The accounting records for the contribution will be audited on an annual basis by an external audit firm as part of IFAD's consolidated financial statements, from which IFAD will extract the annual statement of expenditures related to this specific contribution. Funds will be converted into United States dollars at the market rate prevailing on the date of receipt of the contribution. Within 180 days of the end of each year (31 December), IFAD shall provide the donor with a financial report (in United States dollars) related to the contribution extracted from IFAD's annual consolidated financial statements.

Any balance of the contribution remaining unspent upon completion of the activities and settlement of all commitments entered into under the current letter of agreement will be refunded to the Government of Australia.

Both parties agree that in the event of any controversy or dispute arising out of, or in connection with, the implementation of this agreement, every effort will be made to reach a settlement amicably by direct negotiation. In cases where consultation or negotiation do not allow the parties to come to an agreement, the parties may take all appropriate measures to settle any dispute, controversy or claims arising from this agreement by another mutually agreed mode of settlement.

Nothing shall be deemed as a waiver of or otherwise affect the privileges and immunities of IFAD under the Agreement Establishing IFAD, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations (1947), any other international treaty or convention, or international customary law.

The contribution will be paid in one instalment in United States dollars into IFAD's bank account as follows:

Bank name:	Wells Fargo Bank N.A., New York, USA
Routing No.:	026005092
SWIFT BIC:	PNBPUS3NNYC
Beneficiary name:	IFAD CLG
Account No.:	2000192008552

The purpose of payment will be specified in order to identify credit on receipt. IFAD will immediately acknowledge receipt of the funds in writing.

I would be grateful if you could kindly confirm your approval by countersigning this letter of agreement and returning one original copy to my attention at your earliest convenience. Following your approval and counter-signature of this letter of agreement, we would be grateful for arrangements to be made for payment of the funds into the bank account listed above.

I take this opportunity to express my gratitude to the Government of Australia for its strong and continued support to IFAD.

Ronald Thomas Hartman
Director
Global Engagement, Partnership and Resource
Mobilization Division

Countersigned on behalf of the Government of Australia:

Date: _____

Signature: _____