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IFAD
Investing in rural people

Debt Sustainability Framework Reform

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Abbreviations and acronyms

DSA	debt sustainability analysis
DSF	Debt Sustainability Framework
ECL	expected credit loss
FOD	Financial Operations Department
IDA	International Development Association
IFAD11	Eleventh Replenishment of IFAD's Resources
IFI	international financial institution
IMF	International Monetary Fund
PBAS	performance-based allocation system
PoLG	programme of loans and grants
SHC	super highly concessional

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IFAD's Financial Operations Department (FOD) would like to express special thanks for the cross-divisional collaboration among FOD divisions, the Office of the General Counsel and the Operational and Policy Results Division, which contributed to bringing this transformational paper to completion.

While managing various corporate initiatives with their daily responsibilities, this IFAD-wide team has invested much time and effort into reforming the Debt Sustainability Framework since proposals were first presented to the Board in 2018.

FOD would like to especially express its gratitude for the leadership and technical expertise provided by Malek Sahli (Financial Management Services Division), Allegra Saitto (Accounting and Controller's Division) and Marco Penna (Treasury Services Division), who have all acted as focal points and resource persons in their areas of expertise.

Recommendation for approval and transmittal to the Governing Council

The Executive Board is invited to:

- Consider and approve this document, which includes a Governing Council draft resolution in annex IV; and
- Approve the transmittal of the draft resolution provided in annex IV to the Governing Council, including the recommendation that the Governing Council adopt the draft resolution at its forty-third session.

Executive summary

1. IFAD's Debt Sustainability Framework (DSF), adopted by the Governing Council in 2007 (see GC 29/L.4), has provided much-needed support to the poorest countries experiencing debt distress, with US$2.5 billion in grants estimated to be approved by the end of the Eleventh Replenishment of IFAD's Resources.

2. In the medium term, IFAD is facing three major issues, which have required the Fund and its Member States to initiate a thoughtful reform of this mechanism: (i) an unsustainable allocation of grant resources compared to replenishment contributions; (ii) a reduction in IFAD's programme of loans and grants due to a lack of full reimbursement of past DSF grants; and (iii) growing debt distress among borrowers, requiring concessional financing that can exacerbate the first two issues.

3. The proposed DSF reform aims to build a tailored IFAD response and maximize the use of official development assistance for the poorest countries, while adhering to the international architecture of support for debt distress management. This implies: using the World Bank/International Monetary Fund DSF for Low-Income Countries as the basis for grant resource allocations; no unsustainable additional debt burden to highly indebted countries; and a reinforced high level of concessionality.

4. IFAD Management is proposing a set of combined measures to address the three issues mentioned above:

   (i) Recognition of a replenishment baseline covering: the agreed level of grant financing (past and future DSF, and regular grant programme); general operating costs; and a contribution to longer-term capital sustainability, which would avoid erosion of IFAD's capital over time;

   (ii) Establishing a dynamic pre-funded mechanism, which would ensure that new DSF approvals are linked with Member States' up-front commitments on a replenishment-by-replenishment basis;

   (iii) Introducing granularity for the countries eligible for DSF, tailored to concessionality levels;

   (iv) Allocation of IFAD's scarce DSF grant resources to specifically support countries in the highest debt distress, including the poorest and most vulnerable countries;

   (v) Introducing a new lending term with a higher concessionality level known as the super highly concessional loan.

5. At the forefront of the proposed reform presented in this paper, Members are expected to continue supporting IFAD for DSF commitments made in 2007 up to 2021 on a pay-as-you-go basis and, in every new replenishment, an up-front

contribution for all future DSF financing. This will allow IFAD to preserve its overall mandate. Without robust support for a strong replenishment baseline, the volume of future general and DSF grants would need to decrease compared to prior levels in order to ensure IFAD's financial sustainability.

6. Management has provided an indicative scenario for illustrative purposes to assist Members in understanding potential outcomes for IFAD12 in terms of concessionality, allocations and a more granular analysis of debt distress. The results show a slightly lower level of DSF grant allocations for the countries in highest debt distress while allowing IFAD to provide 100 per cent concessionality to these countries. At the same time, it maintains high allocations and concessionality for countries in moderate debt distress.

7. Fundamentally, this proposal preserves IFAD's financial sustainability and provides flexibility for Members to pledge additional resources in a way that directly increases commitments to lower-income countries on a replenishment-by-replenishment basis in a transparent and predictable manner. The pre-funded nature of the mechanism underpins this proposal and has been supported by the Executive Board in previous discussions.

8. Management has explored options for "ring fencing" pledges for the DSF mechanism from IFAD's regular contributions. It recommends maintaining the DSF within its existing accounting and reporting structure both for efficiency and in light of legal constraints some Members face in pledging to more than one instrument.

9. This document proposes a set of flexible principles and actions as a reform to the DSF policy, and provides an example for illustrative purposes. Management has updated the document based on feedback from Members in September 2019 and is bringing the revised document to the Audit Committee in November 2019 for review, and the Executive Board in December 2019 for approval and onward transmission to the Governing Council for creation of the new super highly concessional loan. This would require a revision to the Policies and Criteria for IFAD Financing.

Debt Sustainability Framework Reform

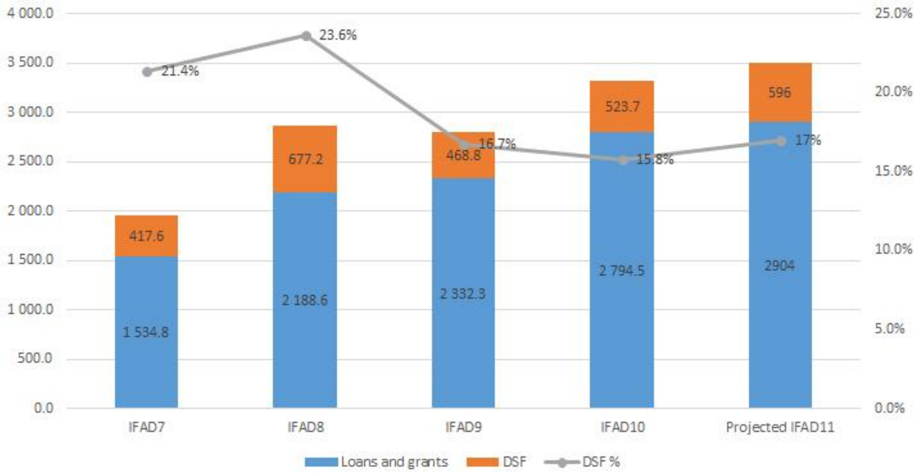
I. Background

1. Debt sustainability frameworks (DSFs) were adopted by multilateral financial institutions as part of the global architecture to address the challenges of debt distress and re-accumulation of debt in the poorest countries. IFAD's Governing Council adopted the DSF in 2007 (see GC 29/L.4). Member States agreed to compensate IFAD for the reflows that would have occurred if financing had been issued through loans instead of grants when principal repayments fall due. IFAD Management forecast DSF grants totalling US$2.5 billion up to the end of the Eleventh Replenishment of IFAD's Resources (IFAD11) – compared with a US$8.2 billion equity position – to be reimbursed by Member States (see appendix).

2. In the medium term, IFAD is facing three main issues, which have required a thoughtful reform of this mechanism:

   (i) Unsustainable size of new grant approvals. The allocation of large amounts of grant resources provided by IFAD since 2007 is not sustainable. The level of DSF grants has ranged from 17 per cent to 24 per cent of IFAD's programme of loans and grants (PoLG) since IFAD7 (see figure 1 below), over and above the level of other grant financing[1] at 6.5 per cent. These resources have not been underpinned by sufficient new replenishment contributions. The significant negative impact of the current DSF mechanism on the Fund's financial sustainability was highlighted by two independent reviews conducted in 2018.[2] For example, Members' contributions to IFAD11 of approximately US$1.03 billion do not cover the forecast expenses for DSF grants and the IFAD11 administrative budget, which alone are forecast to total US$1.3 billion.[3] Similarly in IFAD10, contributions totalled US$1.1 billion compared to expenses of US$1.22 billion and IFAD9 contributions were US$1.07 billion versus expenses of US$1.16 billion.

Figure 1
Evolution of DSF volume for IFAD7 to IFAD11



[1] Global/regional and country-specific grants currently account for 6.5 per cent of the PoLG.
[2] Reports by the Independent Office of Evaluation of IFAD and Alvarez & Marsal advisory services.
[3] Expenses include administrative budget expenses, DSF and regular grant approvals.

(ii) PoLG reduction due to lack of reimbursement of past DSF approvals. Unlike in other international financial institutions (IFIs), IFAD's DSF mechanism, which covers only principal due and not interest, is not legally binding upon its Member States. Any reflows not compensated must be provided through IFAD's own equity, creating a gradual erosion of IFAD's capital base and in turn constraining IFAD's financial capacity to approve new concessional loans and grants. Experience from IFAD10 shows that Members have generally not made full DSF contributions in addition to their core contributions.

(iii) Growing trends of debt distress, requiring concessional financing. During the initial years of the DSF financing scheme, the number of grant-eligible countries remained stable. However during recent years, global debt has been increasing: approximately 58 per cent of eligible countries under the joint World Bank/International Monetary Fund (IMF) DSF for Low-Income Countries are currently at high risk of debt distress or in debt distress – double the number in these categories in 2013 (see annex I). This exacerbates the impact of the first two issues.

3. Since 2017, IFAD Management has consulted Member States in order to assess possible reform measures for the DSF. This document proposes a reform of the DSF mechanism with the goal of creating a more predictable link between Member States' specific support for poor indebted countries and IFAD's ability to provide financing to these countries in a sustainable manner.

4. If the DSF mechanism is not reformed, IFAD will need to decrease its PoLG starting in IFAD12 by carving out the funds needed to reimburse DSF disbursements made between 2007 and the end of IFAD11 from new replenishment contributions. This will have repercussions on IFAD's ability to deliver on its mandate and sustain its development impact.

5. Section II of this document outlines the principles for effective reform of the DSF. Section III describes the determination of a sustainable total grant size going forward. Section IV provides an initial estimate for simulated concessionality in IFAD12 and DSF allocations in line with the proposed reform. Section V provides the preferred option for structuring the DSF mechanism. Section VI describes the related amendments to IFAD's basic documents. Section VII provides conclusions and proposes next steps going forward.

II. DSF reform: Principles and actions

6. In line with the options presented to the Executive Board between December 2018 and September 2019, the proposed reform is guided by the principles of:

- Effective compensation for DSF approved from 2007 until the end of IFAD11;
- Ex ante financing for future DSF approvals according to IFAD's financial capacity; and
- Allocation of IFAD's scarce DSF grant resources to specifically support countries in the highest debt distress.

7. Accordingly, IFAD Management is proposing a set of actions which, combined, will represent a flexible reform of the DSF policy in IFAD from IFAD12 onwards, allowing the solution to be refined through each replenishment. The action plan is described below and explained further in paragraphs 8 to 16:

(i) Adopt the principle of a replenishment baseline which would ensure that IFAD is fully reimbursed in a timely manner for all approved DSF projects up to the end of IFAD11. This will reflect a set level of maximum grant compensation and funding to ensure that there is no erosion of IFAD's capital over time;

(ii) Establish a dynamic pre-funded (ex ante) mechanism to ensure that new DSF financing is based on Member States' up-front commitments on a replenishment-by-replenishment basis;

(iii) Introduce granularity for the countries eligible for the DSF, tailored to concessionality levels;

(iv) Allocate IFAD's scarce DSF grant resources only to support countries in the highest debt distress, including the poorest and most vulnerable countries; and

(v) Introduce a new lending term – the super highly concessional (SHC) loan – with greater concessionality, including a long-term maturity and grace period.

8. Continued support for DSF. One of the most important elements of the DSF reform is that Member States continue to: honour DSF obligations arising from DSF approvals from 2007 until the end of IFAD11;[4] and support the DSF in the future. To avoid erosion of capital and liquidity, DSF compensation has to be part of Members' equity contributions to cover outflows that will not be otherwise reimbursed. If the overall DSF grant resources exceed expected levels due to the deterioration of debt distress levels or other reasons, other resources will be required, such as those allocated to the grant programme and resources from unused or cancelled grant allocations; or other sources.[5]

9. The replenishment baseline, described in the next section, will include a proposed level of total grants (including DSF and other grants) according to the level of Members' contributions and other flows.

10. Granularity of concessionality. The framework will introduce the possibility of providing granularity in the level of concessionality of resources among countries. At the request of Members, IFAD can accommodate additional factors in granularity such as fragility. The depth and orientation of granularity, and the number of levels or bands may be decided at each replenishment.

11. Super highly concessional loan. In addition to DSF grants, IFAD has three lending terms: ordinary, blend and highly concessional. Under the current proposal, "yellow" countries[6] would no longer be eligible for DSF grants. To provide these countries with the maximum sustainable concessionality, a fourth lending instrument has been proposed in the form of a loan with concessionality higher than the current highly concessional loan. The financial conditions of the SHC could be reset for each replenishment period.

12. Countries would be offered an overall package blending grants, SHC and highly concessional financing according to each country's debt distress situation and granularity. Blending of financing instruments according to expected resources would result in the highest possible allocations to poor countries, taking into account each country's debt conditions and IFAD's financial sustainability.

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[4] DSF commitments are estimated to reach US$2.5 billion by the end of IFAD11 based on the May 2019 DSF allocation of US$586 million. As of 31 December 2018, IFAD had already approved US$1.9 billion. The debt distress of several eligible borrowers is deteriorating in 2019, and it is likely that based on the current situation, softened financing conditions could be applied to five countries in 2020, which have related PBAS allocations totalling approximately US$180 million. Softened conditions could also be applied for 2021 depending on the deterioration of country debt distress at that time. This will not necessarily result in a direct increase in DSF financing; the updated financing conditions will be applied at year end for the following financial year based on agreed criteria.

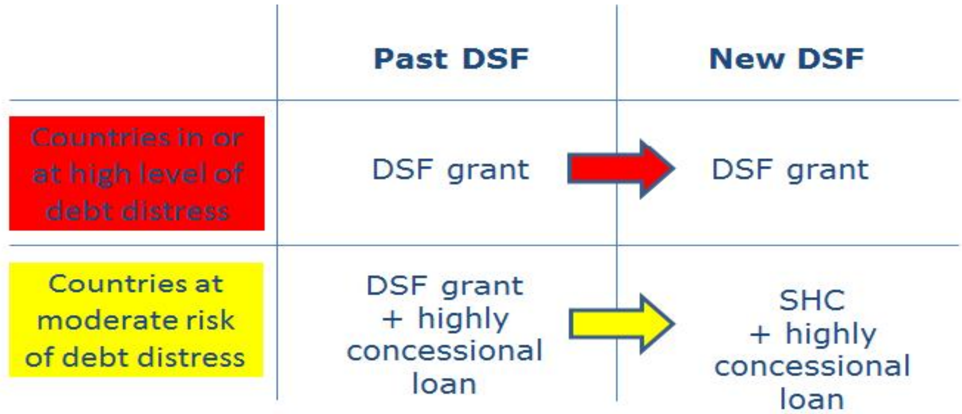
[5] The modified volume approach (MVA) can be used as a source of funding. The MVA is a mechanism in which a portion of allocated DSF financing is held back and either redistributed to other countries or used to compensate for interest foregone in the DSF framework. Historically, IFAD has reallocated 5 per cent to all countries benefitting from the PBAS and not withheld any funds to compensate for forgone interest, resulting in a weaker financial situation. Other IFIs (except the International Development Association in its Eighteenth Replenishment) hold back most or part of 20 per cent of grant resources, which are added to their liquidity in order to offset forgone interest. They then redistribute the remaining allocation as loans using the PBAS methodology. IFAD is not considering to change its current policy.

[6] According to the World Bank/IMF traffic-light system, countries in or at a high risk of debt distress are considered "red" countries and countries at moderate risk of debt distress are "yellow".

13. This proposal focuses on the use of the DSF grant funding for "red" countries and aims to provide the maximum allocation to DSF-eligible countries with the highest concessionality that countries and IFAD can sustain. Given the scarce nature of grant resources, this proposal will prioritize the provision of these resources to countries at the highest risk of (or in) debt distress.

14. Figure 2 summarizes IFAD's proposed approach to lending to both categories of countries:

Figure 2
Evolution of DSF Framework



15. "Yellow" countries would no longer receive a DSF grant component but would receive a mix of SHC loans and highly concessional loans according to their capacity to absorb shocks (see section IV for more details).

16. Each future replenishment would be subject to a stand-alone estimation of the level of DSF volumes and concessionality given to recipient countries. These would be determined in the context of updated financial projections, financial capacity and development priorities.

III. Determination of sustainable DSF and grant size

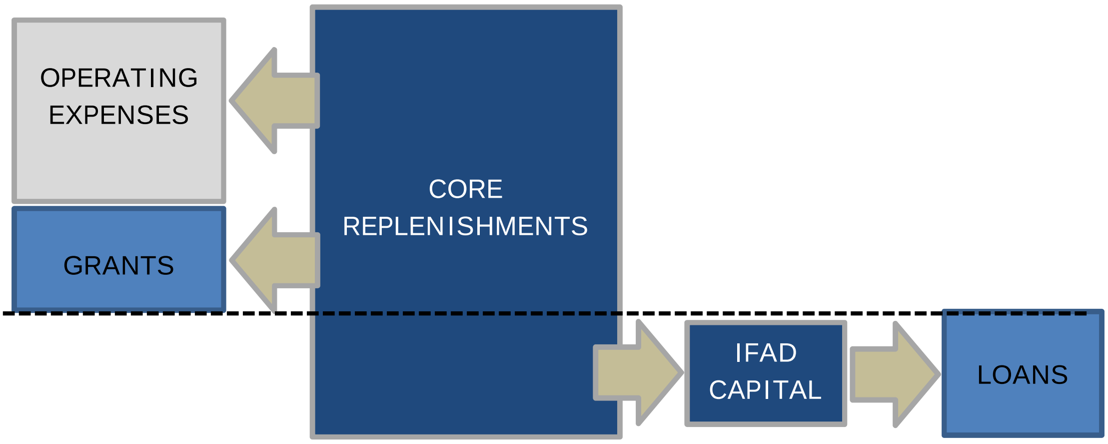
17. As discussed in section I, internal and external studies have indicated that IFAD's basic financial structure and grant mechanism are not sustainable. This section proposes an approach for estimating a more sustainable DSF and regular grant portfolio size.[7]

18. IFAD's financial sustainability must be preserved by implementing a prudent and financially disciplined approach to allocating the Fund's core resources. It is therefore essential to identify the components of the replenishment baseline, which will include the level of funding IFAD can afford to provide as grants, and the required resources that must be allocated to loans to preserve capital, both linked to how much funding is received by IFAD from Member States.

19. To provide an estimate of this allocation, IFAD's replenishment baseline measure would establish the maximum level of total grants in the Fund's PoLG according to the size of Members' contributions. IFAD's replenishment contributions need to cover at least: its operational costs; regular grants; new DSF grants; and any portion of past approved DSF not otherwise reimbursed by Members.[8]

[7] In IFAD11, the current PBAS formula initially allocated US$850 million in DSF grants to DSF-eligible countries, whereas the actual total after adjusting for concessionality is US$586 million. The total of other grants in IFAD11 is US$227.5 million.
[8] This may include an increase in countries' debt distress within a replenishment cycle. Management will consider further measures to buffer against any negative impacts of intra-cycle changes in order to ensure greater predictability for donors and the Fund.

Figure 3
Simplified allocation of the replenishment baseline



20. As indicated in figure 3 above, a sustainable portfolio of DSF and regular grants would result whenever the replenishment baseline is greater than the sum of DSF and other grants, so that a portion of the new replenishment would also fund new loans. An unsustainable DSF and regular grant size would result whenever the replenishment baseline could not fund the total of grants allocated and it would need to be funded by reflows. In the medium and long term, this would result in a smaller core PoLG and an erosion of IFAD's capital base since these funds would not flow back to IFAD (in contrast to loans, which remain on IFAD's balance sheet).

21. To date, the amount of grant financing allocated by IFAD has exceeded a sustainable size, thus reducing the Fund's capacity to finance new loans through an erosion of its capital base. This reduces IFAD's ability to continue providing the same level of loans in the future. With the new mechanism, the level of core replenishment contributions, and the gap between expected and actual reimbursement for past DSF approvals would be the key drivers determining a sustainable grant and DSF size in each replenishment – enabling IFAD to maintain its PoLG in the future. As a result, the regular grant size would no longer be determined by a fixed percentage of the PoLG.

IV. Simulated concessionality and allocation in IFAD12

22. In any allocation exercise that is dependent on limited resources, levels of concessionality and country allocations are intertwined. This section provides an indicative scenario to assist Members in understanding how these two variables could interact in IFAD12 within the current proposed mechanism.

23. This simple example is provided for illustrative purposes only and shows the resulting levels of concessionality and mix of instruments that IFAD could offer. The exercise assumes the following financing conditions:

- Countries in debt distress or at high risk of debt distress will receive 100 per cent of their allocation on grant terms;
- Countries at moderate risk of debt distress with limited or some space to absorb shocks[9] will receive 80 per cent of their allocation on SHC terms and 20 per cent on highly concessional terms through the application of repayment terms for small states; and
- Countries at moderate risk of debt distress with substantial space to absorb shocks will receive 100 per cent of their allocation on improved highly

[9] See annex II for a description of the robustness of the debt position and classification of the nature and diversity of debt vulnerabilities according to the World Bank/IMF DSF.

concessional terms (lending terms with higher concessionality than regular highly concessional terms) through the application of repayment terms for small states).

24. Table 1 below compares the grant element of IFAD's current offer and the proposed scenario. Annex II includes an estimation of the potential composition of "red" and "yellow" countries in IFAD11 for each category.[10]

Table 1
Comparison of grant element for countries in debt distress

	Grant element for countries in debt or at high risk of debt distress – "red traffic light"		
	Initial DSF policy	**IFAD11**	**Proposed reform IFAD12 specific**
Countries in debt distress and at high risk of debt distress	100 per cent	91 per cent	100 per cent
	Grant element for countries at moderate risk of debt distress – "yellow traffic light"		
	Initial DSF policy	**IFAD11**	**Proposed reform IFAD12 specific**
Countries with limited or some space to absorb shocks	79 per cent	69 per cent	71 per cent
Countries with substantial space to absorb shocks			63 per cent

25. The expected outcome of this option in dollar terms is shown in table 2 of annex II, which indicates the separate allocations for the grant element, SHC terms and highly concessional terms. The scarcity of sustainable DSF grant availability would result in a slight decrease in the allocation to "red" countries relative to IFAD11, but this reduction would allow IFAD to maintain 100 per cent grant terms to these highly indebted countries. The allocation size to "yellow" countries would be maintained at the expense of a slight reduction in concessionality.

26. Experience to date in IFAD11 shows that indebted countries generally prefer greater volumes to greater concessionality. This observation is also confirmed by the International Development Association (IDA) in the midterm review of its scale-up facility during its Eighteenth Replenishment. In this review, several countries called for a scale-up facility for non-concessional resources in order to blend their IDA concessional resources – softening the overall financing terms for projects in socially important sectors.[11]

27. Subject to the assessment of countries' eligibility for the proposed blended resources, the effect of a tailored calibration of concessionality and estimated grant size would preserve an allocation of 90 per cent of core resources to lower-income countries and lower-middle-income countries, and also preserve the minimum ratio of 45 per cent to sub-Saharan Africa.

V. DSF mechanism structure

28. Several mechanisms for sustainable DSF funding have been explored, which vary depending on the contribution modality and the possibility of "ring fencing" this funding from the rest of IFAD's resources. At its September 2019 session, the Executive Board confirmed its preference for option A. This option is for a pre-

[10] The financing conditions for SHC loans are shown in section II of annex II. In this scenario, no deduction is made for the modified volume approach in order to maximize country allocations to "red" and "yellow" countries.
[11] To date, changes in the grant proportion of the IFAD11 allocation to DSF-eligible countries have been accepted by 24 out of 32 countries, amounting to US$1.02 million out of US$1.2 billion. Only three countries with a total allocation of US$59 million have declined the optional portion of a highly concessional loan.

funded DSF mechanism within IFAD's resources. The new mechanism would work as follows:

- Pledging: Member States would contribute to IFAD in its entirety with a unique pledge as described in section III above.
- Monitoring: Since the DSF window would be administered within IFAD's regular governance structure (Executive Board and Audit Committee), there would be no need to establish additional ledgers or incur additional overhead costs. Approved DSF financing would be monitored and reported to the Board.

VI. Amendments to IFAD basic documents

29. The Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing set out the roles and responsibilities of IFAD's Governing Bodies for policies governing financing by the Fund as follows:[12] "The Governing Council, while retaining its authority to establish the broad policies, criteria and regulations that govern financing by the Fund, acknowledges that the Executive Board has the primary responsibility to set out the detailed policies governing such financing…"

30. Implementation of these proposed changes will require an amendment to the Policies and Criteria for IFAD Financing, particularly for the introduction of the SHC loan as a new lending term and its related financing conditions, as contained in annex IV.

31. These changes will enter into force in IFAD12 on 1 January 2022.

VII. Conclusion and way forward

32. Management recognizes Member States' commitment to finding a solution to a complex challenge that has far-reaching strategic, operational and financial consequences. Management believes that the proposal outlined in this paper represents a realistic, flexible and sustainable approach, in terms of principles, which in turn can be translated into a practical set of actions. Management commits to continue providing assistance to countries with the highest developmental needs in the future, tailored to the trends and circumstances in each replenishment.

33. This proposal preserves IFAD's financial sustainability both in terms of capital and liquidity, and provides flexibility for Members to pledge additional resources in a way that directly increases commitments to poorer countries on a replenishment-by-replenishment basis in a transparent and predictable manner.

34. Finally, this proposal ensures that IFAD remains part of the international architecture of support for debt relief and management in the poorest countries. This architecture has been evolving in the past years, with IFIs adopting different practices within the overall framework. The proposed solution takes into account the evolving IFAD11 experience, in which higher allocations are in general more important to IFAD's borrowers than concessionality.

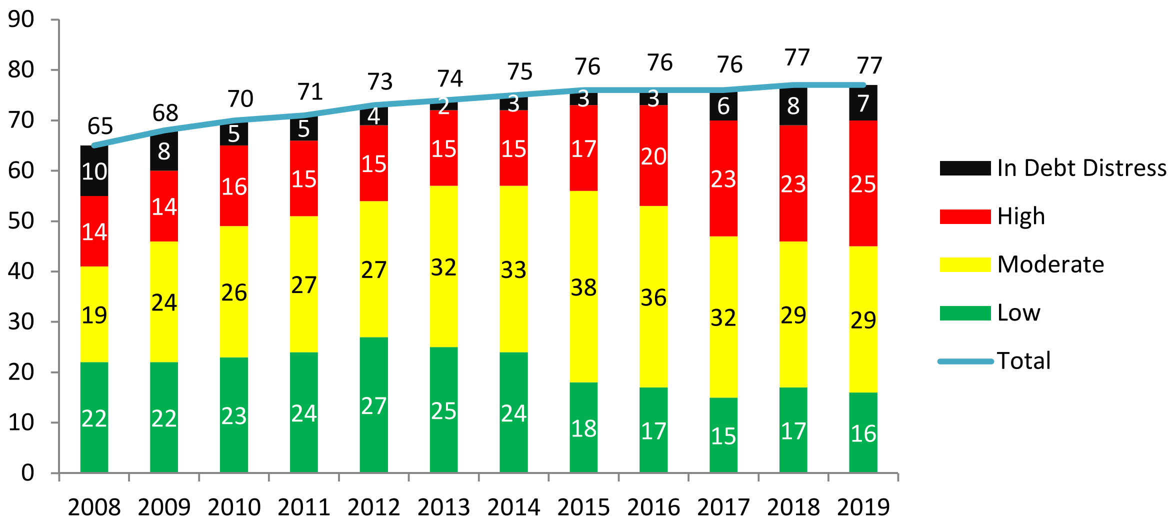
35. This document was presented for review by the Audit Committee and Executive Board in September 2019. An updated document is being presented to the Audit Committee in November 2019 for review and will be submitted to the Executive Board in December 2019 for approval. A draft resolution on the required amendments to the Policies and Criteria for IFAD Financing will be submitted to the Audit Committee in November for review and to the Board at its December session for review to transmit to the Governing Council in February 2020.

[12] Policies and Criteria for IFAD Financing, paragraphs 4 and 5.

Global debt context and IFAD DSF experience

1. Debt distress of IFAD borrowers: As shown in figure 1 below, over 40 per cent of low-income countries are currently assessed as at high risk of external debt distress or in debt distress – double the number in these categories in 2013. These categories include 32 countries – 58 per cent of IFAD DSF-eligible countries covered under the joint World Bank/IMF DSF for Low-Income Countries. This share declines to 42 per cent without small states. IFAD borrowing countries at high risk of or in debt distress have received 20 per cent of overall performance-based allocation system (PBAS) resources and 54 per cent of PBAS resources under the DSF.

Figure 1
Evolution of debt distress risk ratings for DSF-eligible countries



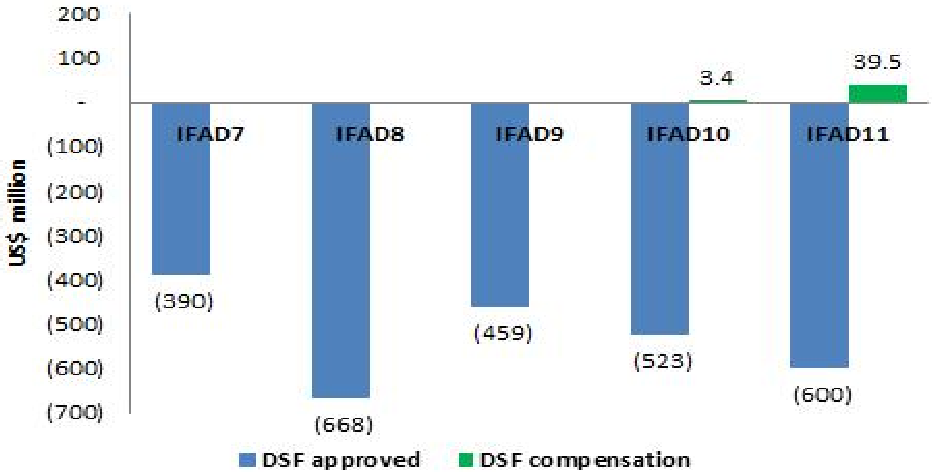
Source: World Bank/IMF low-income country debt sustainability analysis database, June 2019.

2. Higher debt accumulation has implications for IFAD's financial sustainability. Higher volumes of grants and higher borrower credit risk will reduce the Fund's overall financing capacity and ability to offer high levels of concessionality unless donors increase their contributions.

3. DSF history in IFAD. Figure 2 below illustrates the timing differences between approved DSF financing[13] (blue bars) and DSF compensation due (green bars).

[13] Balances represent DSF financing net of cancellations and reductions.

Figure 2
Size of DSF financing and size of compensation due



4. Through the DSF, eligible Member States assessed to be at moderate risk of debt distress historically received 50 per cent of their allocation on grant terms and 50 per cent on highly concessional loan terms, which provided a level of concessionality (grant element) of 79 per cent. Those assessed to be at high risk of or in debt distress received 100 per cent of their allocation on grant terms as per EB 2007/90/R.2 – Proposed arrangements for implementation of a DSF at IFAD.

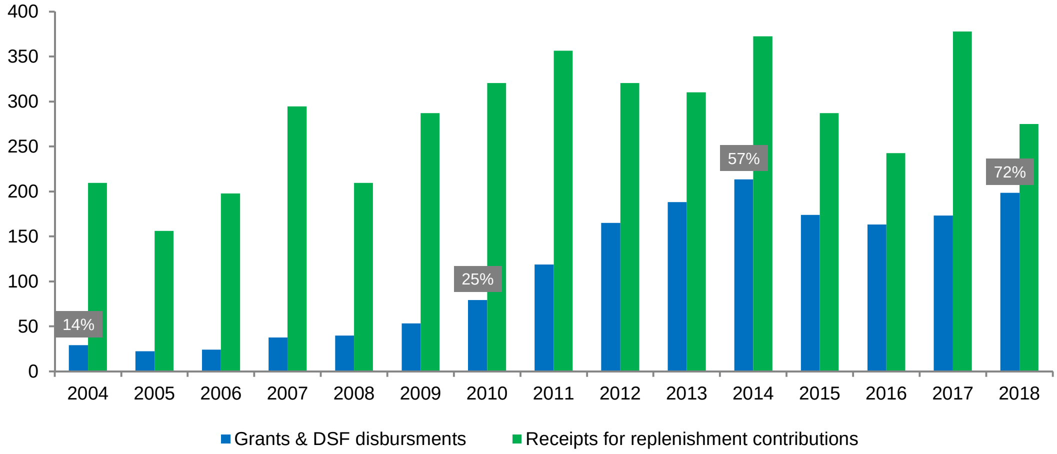
5. In May 2019, taking into account the effect of the DSF on IFAD's financial sustainability, the Executive Board approved a one-off revision of the percentage of DSF grant resources offered to eligible countries for IFAD11 only:[14]

- Countries in or at high risk of debt distress are offered 80 per cent of their allocation on DSF grant terms, and the remaining 20 per cent on highly concessional terms (optional), providing a level of concessionality (grant element) of 91 per cent.
- Countries at moderate risk of debt distress are offered 27 per cent of their allocation on DSF grants terms and the remaining 73 per cent on highly concessional terms (optional for 46 per cent of the latter group), providing a minimum level of concessionality of 69 per cent.

6. When the DSF was established in IFAD7, disbursements of DSF and other grants accounted for 17 per cent of contributions received compared to 60 per cent for IFAD10. Figure 3 shows how IFAD's financial profile has deteriorated since the DSF was created. In 2007, DSF and grant disbursements represented 13 per cent of regular contributions' encashment (paid-in equity); this figure increased to 72 per cent in 2018.

[14] Although the risk of debt distress (including a gross national income threshold) drives the concessionality level of DSF financing to eligible countries, in practice poorer and countries with more fragile situations receive the highest concessionality.

Figure 3
Effective encashment from replenishments and disbursements of grants and DSF
(Millions of United States dollars)



Concessionality, eligibility criteria and granularity

A. Debt granularity of countries at moderate risk of debt distress

1. The recent reform of World Bank/IMF Debt Sustainability Framework for Low-Income Countries[15] introduced a new level of granularity in the moderate risk rating in order to reflect the nature and diversity of debt vulnerabilities, and examine the fiscal space. The robustness of the debt position of a country at moderate risk of external debt distress is determined by its estimated available "space" to absorb shocks without being downgraded to a high risk of debt distress.

- Limited space to absorb shocks: At least one baseline debt burden indicator is close enough to its respective threshold that occurrence of the median observed shock would result in a downgrade to high risk.
- Substantial space to absorb shocks: All baseline debt burden indicators are well below their respective thresholds so that only shocks in the upper quartile of their observed distribution would result in a downgrade to high risk of debt distress.
- Countries assessed as at moderate risk of debt distress but not falling into the categories mentioned above are characterized as having some space to absorb shocks.

Box 1
Example of debt sustainability analysis of a country at moderate risk of debt distress with limited space to absorb shocks

The IDA and IMF conducted a joint debt sustainability analysis (DSA) for Niger in November 2018, published in December 2018. The report stipulated, "Niger's risk of external and overall public debt distress is rated **'moderate'**…. While all thresholds are observed in the baseline, the present value of external debt-to-exports ratio still breaches its threshold under stress test scenarios. Debt-carrying capacity continues to be rated "medium" according to the new methodology. **The analysis shows that Niger has limited space to accommodate negative shocks.** It remains particularly vulnerable to adverse developments of its exports…. The debt sustainability analysis is predicated on the government continuing to implement its reform program…. **The continued vigilance on debt accumulation and the priority put on concessional borrowing has helped Niger maintain a "moderate" rating for risk of public debt distress**."

(Highlights in bold by IFAD Management)

Box 2
Example of debt sustainability analysis of a country at moderate risk of debt distress with substantial space to absorb shocks

IMF/IDA conducted a joint DSA for Madagascar in June 2018, published in July 2018. The report stipulated "Madagascar's risk of external debt distress is assessed to be 'moderate'… since the dynamics of Madagascar's external public and publicly guaranteed (PPG) debt remain sustainable under the baseline....... stress tests breach the prudent benchmark for the public DSA (covering both domestic and external debt) and, in only some instances, for the external DSA…… **The significant difference between the nominal value and present value terms indicates that concessional (external) borrowing and grants will remain an important source of financing;** [but] over the long term, the importance of semi-concessional borrowing relative to concessional loans (and grant financing) is assumed to increase, reducing the average grant element of new borrowing from over 40 per cent in the short term to 26 per cent in 2038".

(Highlights in bold by IFAD management).

[15] This reform was implemented in 2018. In assessing debt sustainability, the low-income country DSF compares debt burden indicators to indicative thresholds over a projection period. There are four ratings for the risk of external public debt distress: (i) low risk – when all the debt burden indicators are below the thresholds in both baseline and stress tests; (ii) moderate risk – when debt burden indicators are below the thresholds in the baseline scenario, but stress tests indicate that thresholds could be breached in case of external shocks or abrupt changes in macroeconomic policies; (iii) high risk – when one or more thresholds are breached under the baseline scenario, but the country does not currently face repayment difficulties; or (iv) in debt distress – when the country is already experiencing difficulties in servicing its debt. See www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/39/Debt-Sustainability-Framework-for-Low-Income-Countries.

B. Introduction of new lending term with higher level of concessionality

2. Given the scarcity of DSF funds, Management assessed how to create a lending term with a high degree of concessionality that could be used to provide DSF-eligible "yellow" countries with an alternative when a DSF grant cannot be sustainably provided. The objective was to maintain a high level of concessionality that could be blended with a grant portion or highly concessional loan. This would: (i) preserve the minimum concessionality required by the IMF for countries with fiscal or economic constraints in place; and (ii) maintain the required level of concessionality for IFAD's sustainability.

3. Several analyses were conducted of possible maturity and grace periods, levels of service charge and principal repayment profiles. The default minimum concessionality required for eligible countries by the IMF ranges from 35 per cent to 60 per cent. Table 1 below shows the different simulations and their related concessionality. As a comparison, the Inter-American Development Bank (IDB) offers a financing instrument with a maturity of 40 years, a "bullet payment" at year 40 and a service charge of 0.25 per cent for United States dollar-denominated loans.

Table 1
Simulations of the SHC instrument

SHC loans: Elements	*Scenario 1 IDB*	*Scenario 2*	*Scenario 3*	*Proposed scenario 4*
Maturity	40 years	40 years	40 years	50 years
Grace period	0 years	0 years	10 years	10 years
Service charge (US$)	0.25 %	0.00 %	0.10 %	0.10 %
Principal repayment	100 % at year 40	50 % at year 20 50 % at year 40	10 % at year 10 10 % at year 20 40 % at year 30 40 % at year 40	2.5 % linear from year 10 to 50
Level of concessionality (percentage)	**82.6**	**74.4**	**77.3**	**72.5**

4. Scenario 4 was adopted for this proposal since it retains a high level of concessionality, but its approach of linear repayments represents a lesser credit risk to IFAD. The principal repayment is on a straight-line basis in order to prevent the accumulation of large reimbursements for beneficiary countries. The overall concessionality (grant element) of this instrument equals 73 per cent based on current parameters.[16]

5. Comparison of SHC and former "yellow" DSF countries:

	Yellow DSF country current policy 50 per cent grant/50 per cent highly concessional loan	*SHC as per above*
Allocation	50 per cent grant expenditure and 50 per cent loan	100 per cent loan
Maturity	exposure for 40 years	exposure for 50 years
Credit risk – expected credit loss (ECL)	shorter ECL – smaller exposure	longer ECL – larger exposure
Interest rate risk	service charge 0.75 per cent lower interest rate risk	service charge 0.10 per cent higher interest rate risk

[16] Non-US$ loan characteristics will be determined and offered on a financial equivalence basis.

C. Indicative allocation and classification of countries

6. Table 2 below is based on the proposed financing conditions of 100 per cent grant for "red" countries and granularity for "yellow" countries as described in paragraphs 23 and 24 of the main report. It is presented for indicative purposes only and its methodology may be refined.[17] It uses the DSF eligibility of countries at the start of IFAD11 and the financial parameters described in annex IV, based on a total PoLG of US$3.5 billion.

Table 2
Breakdown of allocation by country granularity
(Millions of United States dollars)

	Simulation for IFAD12				*IFAD11*		
Country classification by granularity	*Total allocation*	*Grant volume*	*SHC loan volume*	*Highly concessional loan volume*	*Total allocation*	*Grant volume*	*Highly concessional loan volume*
Countries in or at risk of high debt distress	360	360	-	-	503	402	101
Countries at moderate risk of debt distress with limited or some space to absorb shocks	423	-	338	85	715	193	522
Countries at moderate risk of debt distress with substantial space to absorb shocks	344	-	-	344			
Total	**1127**	**360**	**338**	**429**	**1218**	**595**	**623**

7. Table 3 below shows an indicative classification of granularity for countries classified in table 2, indicating which countries would be eligible for each band of concessionality as described in section IV of the main report.[18]

Table 3
Indicative classification of countries by granularity

Countries in debt distress and at high risk of debt distress		*Countries at moderate risk of debt distress with some or limited space to absorb shocks*	*Countries at moderate risk of debt distress with substantial space to absorb shocks*
Afghanistan	Mauritania	Comoros	Benin
Burundi	Mozambique	Guinea	Democratic Republic of the Congo
Central African Republic	Sao Tome and Principe	Guinea-Bissau	Ethiopia
Chad	Samoa	Kyrgyzstan	Madagascar
Eritrea	South Sudan	Liberia	Sierra Leone
Gambia (The)	Sudan	Malawi	
Haiti	Tonga	Mali	
Kiribati	Yemen	Niger	
		Tajikistan	
		Togo	

[17] Management carried out various analyses of trends in debt distress over the last decade, the total volume of resources made available, the level of concessionality of the overall package offered by IFAD, debt absorption capacities and options available to borrowers. Management also compared its own approach with those of other IFIs. The scenarios will be updated for the IFAD12 Consultation based on replenishment commitments and updated statistics to determine concessionality, granularity and sizes which will continue providing developmental assistance to the most indebted countries with the highest allocations and concessionality, while preserving the Fund's sustainability. This example is for illustrative purposes only and is subject to refinement of the underlying methodology, taking into account emerging trends from other IFIs' ongoing replenishment consultations and IMF reform.
[18] Six countries at moderate risk of debt distress have not received updated World Bank/IMF debt sustainability analysis. They are considered eligible for the highest concessionality in that category.

Financial assumptions for IFAD12 simulation

Assumption	*Description*
Financial statements and date of model update	31 December 2018
IFAD11 PoLG (US$ billions)	3.5
IFAD12 PoLG (US$ billions)	3.5
IFAD11 contributions (US$ billions)	1.1
Contribution and PoLG growth (per year)	1 per cent
IFAD11 borrowing (US$ millions)	547
Minimum liquidity requirement	60 per cent of gross annual outflows
Estimated maximum envelope for new DSF grants (US$ millions)	360

Proposed changes to the Policies and Criteria for IFAD Financing

Draft resolution …/XLII

Revision of the Policies and Criteria for IFAD Financing

The Governing Council of IFAD,

Recalling resolution 178/XXXVI, in which it decided upon the proposal of the Executive Board to approve the Policies and Criteria for IFAD Financing;

Having reviewed the proposed revisions to the Policies and Criteria for IFAD Financing submitted by the Executive Board as contained in document GC 43/;

Adopts the Policies and Criteria for IFAD Financing, as revised below, which shall take effect on 1 January 2022; and

Hereby decides:

1. Paragraph 3 section I of the Policies is hereby amended to read as follows (added text is underlined):

   3. The Lending Policies and Criteria were amended by the Governing Council several times between 1994 and 1998, but the document was not updated or reviewed thereafter. In 2010, the Governing Council instructed the Executive Board to "submit to the thirty-fourth session of the Governing Council in 2011 revised Lending Policies and Criteria that shall take into account all developments since the last revision of the Lending Policies and Criteria in 1998 and express concisely and clearly the broad policies and criteria applicable to financing by the Fund." As a result, the Policies and Criteria for IFAD Financing were adopted by the Governing Council in February 2013. In 2018 and in 2019, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the transition framework, to reflect IFAD's engagement with the private sector and to update the financing terms. <u>In 2020, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the new Debt Sustainability Framework measures.</u>

2. Section IV paragraph 15 (a) (iii) will read as follows (added text is underlined):

The conditions for <u>super highly concessional</u>, highly concessional, blend and ordinary lending terms shall be as follows:

3. A new sub-paragraph (1) of Section IV paragraph 15 (a) (iii) is added and reads as follows (added text is underlined):

(1) Loans granted on super highly concessional terms shall be free of interest but bear a service charge on the principal amount outstanding of ten of one per cent (0.1 per cent) per annum for loans expressed in special drawing rights and as determined by the Executive Board for other currencies on a financial equivalence basis, and have a maturity period of fifty (50) years (unless a shorter maturity is requested by the borrower), including a grace period of ten (10) years starting from the date of approval by the Executive Board. Loans on super highly concessional terms shall be granted exclusively to countries eligible to the debt sustainability mechanism;

The following paragraphs are renumbered accordingly.

4. Paragraph 15 section IV (a) (iv) of the Policies is hereby amended to read as follows (added text is underlined):

(iv) The Executive Board shall:

(1) Determine the service charge and related interest applicable to loans on super highly concessional terms, on highly concessional terms and blend terms expressed in a unit of denomination other than special drawing rights.

5. Paragraph 15 section IV C. of the Policies is hereby amended to read as follows (added text is underlined and deleted text is stricken):

C. Debt sustainability mechanism. Financing under the debt sustainability mechanism is provided to eligible Member States in the form of grants or a combination of ~~a grant and a~~ loans on a super highly concessional terms and highly concessional terms, in accordance with arrangements for implementation of a debt sustainability framework at the Fund established by the Executive Board. Eligible Member States are also subject to the Non-Concessional Borrowing Policy and the associated remedies.

DSF compensation due by country

1. The table below shows the DSF compensation due by country for DSF approvals from IFAD7 (2007) until the end of the IFAD11 period (2021).[19] The details below include various assumptions including the final level of DSF approvals during IFAD11, as well as future cancellations/reductions of DSF unused commitments.

				Forecast	*Forecast*	*Forecast*	
List	*Country*	*IFAD10*	*IFAD11*	*IFAD12*	*IFAD13*	*IFAD14 onwards (IFAD25)*	*Total*
List A							
	Australia		-	-	-	-	-
	Austria	60 706	661 450	1 991 348	2 845 574	43 115 479	48 674 556
	Belgium	90 266	1 258 849	2 987 022	-	39 355 993	43 692 130
	Canada	172 001	2 871 353	6 688 648	9 149 596	146 747 362	165 628 960
	Cyprus					129 010	129 010
	Denmark	55 556	602 633	1 419 610	-	19 832 945	21 910 743
	Estonia	-	-	-	-		-
	Finland	44 968	719 342	1 493 511	2 312 029	32 346 406	36 916 255
	France	165 626	2 098 081	4 356 074	6 224 693	118 953 342	131 797 817
	Germany	224 838	2 756 040	6 520 296	9 317 298	156 484 482	175 302 953
	Greece	-	-	-	-	625 201	625 201
	Hungary	-	-	-	-	47 781	47 781
	Iceland	-	-	-	-	176 791	176 791
	Ireland	47 557	359 671	746 756	1 073 419	20 475 782	22 703 185
	Israel	-		14 003	-	91 241	105 244
	Italy	286 699	3 149 760	7 220 752	11 350 289	174 812 468	196 819 969
	Japan	185 491	2 362 320	6 524 776	7 585 784	134 886 672	151 545 043
	Luxembourg	-	94 493	208 793	320 127	5 140 311	5 763 724
	Netherlands	220 835	2 952 900	6 524 776	10 010 684	167 455 205	187 164 400
	New Zealand	-	-	321 999	502 920	5 121 702	5 946 622
	Norway	182 175	1 791 426	4 317 549	6 794 178	106 359 830	119 445 158
	Portugal	-	70 870	-	-	1 372 007	1 442 876
	Russian Federation	-	-	521 982	798 504	10 034 078	11 354 563
	Spain	165 626	2 277 917	-	-	41 723 703	44 167 246
	Sweden	186 445	2 282 729	6 315 983	5 249 552	125 621 582	139 656 292
	Switzerland	94 997	792 126	2 936 652	6 604 582	77 714 767	88 143 123
	United Kingdom	281 047	2 559 180	7 212 053	12 687 542	181 173 581	203 913 403
	United States	303 531	3 543 480	7 829 731	11 977 554	154 811 483	178 465 779
	Total List A	**2 768 365**	**33 204 617**	**76 152 314**	**104 804 325**	**1 764 609 203**	**1 981 538 824**
List B							
	Algeria	-	393 720	869 970	1 330 839	14 859 991	17 454 521
	Gabon	-	13 708	28 461	52 870	798 363	893 401
	Indonesia	28 105	196 860	869 970	1 330 839	19 112 529	21 538 303
	Iran (Islamic Republic of)	-	-				-
	Iraq	11 242	59 058		-	1 672 346	1 742 646
	Kuwait	44 968	472 464	1 304 955	1 996 259	30 102 233	33 920 878
	Libya	-	-	-			-
	Nigeria	28 105	590 580	1 304 955	1 996 259	26 279 727	30 199 626

[19] Commitments are denominated in euros, SDR as well as United States dollars; the United States dollar values due in future replenishments will be crystallized upon approval of respective replenishment rates. The figures are based on the May 2019 DSF allocation for IFAD11 of US$586 million.

				Forecast	*Forecast*	*Forecast*	
List	*Country*	*IFAD10*	*IFAD11*	*IFAD12*	*IFAD13*	*IFAD14 onwards (IFAD25)*	*Total*
	Qatar	56 209	-		-	4 778 132	4 834 342
	Saudi Arabia	56 209	787 440	2 000 931	3 060 930	48 402 479	54 307 990
	United Arab Emirates	-	39 372	86 997	399 252	4 300 319	4 825 940
	Venezuela (Bolivarian Republic of)	84 314	258 630	-	-	10 305 901	10 648 846
	Total List B	**309 152**	**2 811 832**	**6 466 240**	**10 167 249**	**160 612 020**	**180 366 493**
List C							
	Afghanistan	-	-		-	-	-
	Albania	-	-	-	-	14 334	14 334
	Angola	-	74 807	165 294	266 168	3 822 506	4 328 775
	Antigua and Barbuda	-	-				-
	Argentina	11 242	98 430	652 478	998 129	10 511 891	12 272 170
	Armenia	-	-	-	-	23 380	23 380
	Azerbaijan	-	-	-		95 563	95 563
	Bangladesh	-	23 623	56 548	133 084	2 078 488	2 291 743
	Barbados	-	-				-
	Belize	-	-				-
	Benin	-	-	-	-	-	-
	Bhutan	-	-	-	-	71 672	71 672
	Bolivia (Plurinational State of)	-	-		-	143 344	143 344
	Bosnia and Herzegovina	-	-	-	-	134 656	134 656
	Botswana	-	-	15 659	17 966	322 524	356 150
	Brazil	44 497	526 010	1 452 850	2 222 502	28 991 921	33 237 779
	Burkina Faso	-	-	-	-	-	-
	Burundi	-	-	-	-	-	-
	Cambodia	-	-	18 269	41 921	666 549	726 740
	Cameroon	-	39 372	104 396	159 701	2 577 188	2 880 657
	Cape Verde	-	-	-	-	20 612	20 612
	Central African Republic	-	-	-	-	-	-
	Chad	-	-	-	-	-	-
	Chile	-	-		-	76 450	76 450
	China	89 935	866 184	2 348 919	7 985 036	98 429 523	109 719 597
	Colombia	-	-	17 399	-	272 536	289 935
	Comoros	-	-				-
	Congo	-	11 812		-	286 688	298 500
	Democratic Republic of the Congo	-		25 222	-	-	25 222
	Cook Islands	-					-
	Costa Rica	-					-
	Côte d’Ivoire	-		-	-	84 218	84 218
	Croatia	-					-
	Cuba	-			-	56 624	56 624
	Djibouti	-			-	-	-
	Dominica	-	-				-
	Dominican Republic	-	-		133 084	573 376	706 460
	Ecuador	-	-	34 799	-	286 688	321 487
	Egypt	16 863	118 116	260 991	399 252	7 167 198	7 962 420
	El Salvador	-	-		-	47 781	47 781
	Equatorial Guinea	-	-				-
	Eritrea	-	-	-	-	-	-

				Forecast	*Forecast*	*Forecast*	
List	*Country*	*IFAD10*	*IFAD11*	*IFAD12*	*IFAD13*	*IFAD14 onwards (IFAD25)*	*Total*
	Eswatini					35 740	35 740
	Ethiopia	-	-	-	-	-	-
	Fiji	-		-	13 308	110 056	123 365
	Gambia (The)	-		-	-	-	-
	Georgia	-			-	14 334	14 334
	Ghana	-	15 749	34 799	66 542	1 098 970	1 216 060
	Grenada	-					-
	Guatemala	-			66 542	358 360	424 902
	Guinea	-		-	-	-	-
	Guinea-Bissau	-					-
	Guyana	-	19 002	62 446	95 773	1 030 955	1 208 177
	Haiti	-		-	-	-	-
	Honduras	-	-		26 617	95 563	122 179
	India	95 556	984 300	2 609 910	4 924 105	73 160 479	81 774 351
	Jamaica	-					-
	Jordan	-		-	13 308	238 907	252 215
	Kazakhstan	-		-	-	28 669	28 669
	Kenya	-		43 499	66 542	1 051 189	1 161 230
	Kiribati	-		-	-	-	-
	Democratic People's Republic of Korea	-			-	-	-
	Republic of Korea	16 863	236 232	600 279	1 064 671	17 153 495	19 071 540
	Kyrgyzstan	-					-
	Lao People's Democratic Republic	-		-	-	131 399	131 399
	Lebanon	-	11 812		-	181 569	193 381
	Lesotho	-		-	13 308	191 125	204 434
	Liberia	-		-	-	-	-
	The former Yugoslav Republic of Macedonia	-					-
	Madagascar	-		-	-	-	-
	Malawi	-			-	-	-
	Malaysia	-			-	83 617	83 617
	Maldives	-			-	-	-
	Mali	-	-	-	-	-	-
	Malta	-	-				-
	Marshall Islands	-	-				-
	Mauritania	-	-		-	-	-
	Mauritius	-	-	-	-	-	-
	Mexico	16 863	-	434 985	665 420	8 600 638	9 717 906
	Micronesia (Federated States of)	-	-				-
	Republic of Moldova	-	-	-	-	47 304	47 304
	Mongolia	-	-	-	13 308	101 774	115 083
	Morocco	-	27 560	60 898	106 467	1 576 784	1 771 709
	Mozambique	-	-	-	-	-	-
	Myanmar	-	-	-	-	-	-
	Namibia	-	-		-	-	-
	Nauru	-	-				-
	Nepal	-	-	-	-	124 248	124 248
	Nicaragua	-	-	17 399	19 963	248 463	285 825
	Niger	-	-		-	-	-

				Forecast	*Forecast*	*Forecast*	
List	*Country*	*IFAD10*	*IFAD11*	*IFAD12*	*IFAD13*	*IFAD14 onwards (IFAD25)*	*Total*
	Niue	-	-				-
	Oman	-	-	-	-	71 672	71 672
	Pakistan	22 484	314 976	695 976	1 064 671	17 679 089	19 777 196
	Panama	-	-	-	-	135 221	135 221
	Papua New Guinea	-	-				-
	Paraguay	-	19 721	13 050	26 617	406 566	465 954
	Peru	-	11 812	32 624	47 910	769 279	861 625
	Philippines	-	-	17 399	26 617	286 688	330 704
	South Sudan	-	-	-	-	-	-
	Romania	-	-		-	95 563	95 563
	Rwanda	-	-		-	122 941	122 941
	Saint Kitts and Nevis	-	-				-
	Saint Lucia	-	-				-
	Samoa	-	-				-
	Sao Tome and Principe	-	-				-
	Senegal	-	-	17 399	-	266 837	284 237
	Seychelles	-	-	-	-	54 949	54 949
	Sierra Leone	-	-	-	-	-	-
	Solomon Islands	-	-				-
	Somalia	-	-				-
	South Africa	-	35 931	43 499	-	674 960	754 390
	Sri Lanka	-	39 411	87 084	133 217	2 391 455	2 651 168
	Saint Vincent and the Grenadines	-	-				-
	Sudan	-	-	-	-	-	-
	Suriname	-	-				-
	Syrian Arab Republic	-	-		-	406 141	406 141
	Tajikistan	-	-	-	-	-	-
	United Republic of Tanzania	-	-	10 442	16 155	201 359	227 956
	Thailand	-	11 812	26 099	39 925	645 048	722 884
	The Bahamas	-	-				-
	Timor-Leste	-	-		13 308	47 781	61 090
	Togo	-	-	-	-	-	-
	Tonga	-	-				-
	Trinidad and Tobago	-	-				-
	Tunisia	-	23 623	65 248	133 084	1 887 362	2 109 317
	Turkey	-	47 246	104 396	665 420	6 354 916	7 171 978
	Tuvalu	-	-				-
	Uganda	-	-	-	13 308	207 849	221 157
	Uruguay	-	-	17 399	26 617	286 688	330 704
	Uzbekistan	-	-	-	1 331	16 723	18 054
	Vanuatu	-	-		-	-	-
	Viet Nam	-	19 686	52 198	79 850	1 051 189	1 202 924
	Yemen	-	-	-	-	-	-
	Zambia	-	-	-	39 925	471 501	511 426
	Zimbabwe	-	-	-	39 925	334 469	374 394
	Total List C	**314 302**	**3 577 226**	**10 199 857**	**21 880 599**	**297 285 596**	**333 257 580**
	Grand total	**3 391 819**	**39 593 675**	**92 818 410**	**136 852 173**	**2 222 506 820**	**2 495 162 897**