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Investing in rural people

Requirements for the Forty-first Drawdown of Member State Contributions in 2020

Addendum

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For: Information

Requirements for the Forty-first Drawdown of Member State Contributions in 2020

Addendum

Comment by the United States of America

“It appears as though Management’s proposal to have contribution encashments be based on the payment clauses of replenishment resolutions would maximize IFAD’s liquidity and lead to encashment schedules earlier than previous replenishments. Is this correct? Would these adjustments in any way impinge on contributors seeking early encashment credits in IFAD-12? As previously noted, we welcome and support any effort to introduce a policy on early encashment in IFAD-12.”

Response

The objective of the proposal contained in document AC 2020/156/R.19 is to promote greater efficiency by reducing the documentation presented at Executive Board and Audit Committee meetings. The proposal would not lead to faster encashment. Faster encashment may be discussed separately during the Consultation on the Twelfth Replenishment of IFAD’s Resources (IFAD12).

As per current procedures, when Management seeks the Board’s approval of the yearly drawdown, contribution encashments already follow the terms as defined in the replenishment resolution (Eleventh Replenishment of IFAD’s Resources, resolution 203/XLI, section VI), which has a three-year encashment schedule: 30 per cent in the first replenishment year, and 35 per cent in both the second and the third replenishment years.

The Board’s approval of drawdown requirements was particularly relevant in earlier years, when replenishment contributions received were in excess of disbursement needs and the Executive Board would therefore authorize Management to encash contributions at a lower level than that foreseen in the replenishment resolution.