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Investing in rural people

IFAD's Liquidity Policy Corrigendum

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Rome, 7-9 December 2020

For: Approval

IFAD’s Liquidity Policy Corrigendum

The attention of the Executive Board is drawn to the following corrigendum to IFAD’s Liquidity Policy (EB 2020/131(R)/R.20).

Annex IV, page 12,

The chart “Current versus projected new liquidity requirements” should be substituted by the chart shown below. The additional text below the chart, detailing the scenario assumptions, should also be included.



The key assumptions driving these figures are: weighted average loan disbursement profiles of between five and six years; administrative expenses growing at 15 per cent in 2021 and subsequently at 1 per cent per year; an investment portfolio rate of return conservatively reduced to zero, to reflect ongoing de-risking and other restructuring strategies aimed at minimizing the impact of the haircut on non-liquid assets; and an encashment profile of Members’ replenishment contributions over six years, based on the historical trend. IFAD11 contributions are assumed to be US\$1.08 billion, which include the level of contribution for IFAD11 pledged to date and pledges for which an instrument of contribution is likely to be received before the end of 2020. IFAD12 contributions are assumed to be US\$1.1 billion, flat in real terms from IFAD11, consistent with the past modelling approach. Subsequent replenishment amounts and levels of PoLG are assumed to grow at 1 per cent per year. Disbursements of loans and grants reflect historical data and management strategies. Management have assumed projected new liquidity requirements that are expected to be implemented starting from 2022. Accordingly, Management started the implementation of liquidity management strategies during IFAD11, in order to meet the new requirement from IFAD12 onwards.