



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Sixty-Sixth Session
Rome 28-29 April 1999

**REQUIREMENTS FOR THE TWENTIETH DRAWDOWN OF MEMBERS'
CONTRIBUTIONS IN 1999**

1. This document outlines the provisions in the Agreement Establishing IFAD regarding drawdowns and describes a provision for an accelerated encashment of promissory notes. It takes into account discussions at the Special Committee on IFAD's Resource Requirements and Related Governance Issues (the Special Committee) and related decisions of IFAD's governing bodies. Based on estimates of loan and grant disbursements for 1999 it proposes a level of drawdown of members' contributions for 1999.
2. Article 4 Section 5(c) of the Agreement Establishing IFAD provides:
 - "(c) Contributions to the Fund shall be made in cash or to the extent that any part of such contributions is not needed immediately by the Fund in its operations such part may be paid in the form of non-negotiable irrevocable non-interest-bearing promissory notes or obligations payable on demand. In order to finance its operations the Fund shall draw down all contributions (regardless of the form in which they are made) as follows:
 - (i) contributions shall be drawn down on a pro rata basis over reasonable periods of time as determined by the Executive Board;
 - (ii) where a contribution is paid partly in cash the part so paid shall be drawn down in accordance with paragraph (i) before the rest of the contribution. Except to the extent that the part paid in cash is thus drawn down it may be deposited or invested by the Fund to produce income to help defray its administrative and other expenditures;
 - (iii) all initial contributions as well as any increases in them shall be drawn down before any additional contributions are drawn down. The same rule shall apply for further additional contributions."



3. At its Seventeenth Session in January 1994 the Governing Council established the Special Committee. Part of its mandate was to review the modalities of financing IFAD's operations including the question of its liquidity levels. In light of the Special Committee's mandate the Executive Board at its Fifty-First Session in April 1994 agreed to withhold the notification of the second tranche of the 1994 drawdown. At its Fifty-Second Session in September 1994 the Executive Board agreed to the President's proposal that suspension of the call for the second tranche of the 1994 drawdown should be maintained in order for the Board to reconsider the issue in light of decisions to be taken by the Governing Council. The Special Committee reported to the Eighteenth Session of the Governing Council in January 1995 and recommended a policy of no further build-up in nominal terms of the level of IFAD's liquidity including the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification over the three-year period of the Fourth Replenishment. A reduction over the longer term was also called for. This policy was to be implemented in the first year by drawing down in the ratio of 65% from internally generated resources to 35% from members' contributions. This ratio will be reviewed annually by the Executive Board and a revision of the ratio will be made as appropriate.

4. The President recommended to the Executive Board that implementation of the intentions of the Special Committee should commence with the sixteenth drawdown. Accordingly the Executive Board approved the sixteenth drawdown in the amount of USD 73.5 million in one tranche in April 1995 to cover 35% of the 1995 loan and grant disbursement programme.

5. The Executive Board at its Fifty-Seventh Session approved a drawdown of up to USD 204.2 million for 1996. A tranche of 35% was called from contributions in April 1996. At the same session the Board also decided that a second tranche of 65% may be called in September 1996 based upon the Executive Board's review of the status of the Fourth Replenishment and the financial sustainability of the institution. The President at the Fifty-Eighth Session of the Executive Board in September 1996 recommended the postponement of the discussion on the call for the second tranche until December 1996 so that the outcome of the review of the issues and options of IFAD's resource requirements could be taken into account when making policy recommendations.

6. The Executive Board at its Fifty-Ninth Session in December 1996 approved the drawdown from members' contributions for 1996 to be effected by means of the first tranche of 35% that was called in April 1996 and by Member States providing the balance 65% in the form of advance encashments and/or cash contributions as appropriate. Advance encashments and/or cash contributions greater than the minimum of 35% shall be considered as voluntary. This flexible policy was continued in 1997.

7. Eleven Member States responded positively to the second voluntary tranche of the seventeenth drawdown called in December 1996. The total amount received by IFAD from these eleven Member States amounted to USD 16.4 million. For the voluntary second tranche of the eighteenth drawdown called in July 1997 only three Member States responded positively and the amounts encashed amounted to USD 1.9 million. In addition a number of Member States have used the opportunity for more flexible drawdown arrangements by agreeing to individual drawdown schedules with the Fund. In view of the differing preferences of Member States the President proposed a drawdown of 35% of estimated loan and grant disbursements for 1998 while strongly urging members to make use of this flexible policy to voluntarily accelerate encashment of their promissory notes. The President proposes that the flexible policy continue in 1999 and recommends a drawdown of 35% of estimated loan and grant disbursements for 1999.



8. The Executive Board will recall that the amount called each year is adjusted to reflect the difference between the total drawdown and the total disbursed in the previous year. Thus as can be seen from Annex III the excess actual encashment from the previous year as shown in the last column is USD 12.2 million. The projected requirement for 1999 for loan and grant disbursements amounts to USD 338.0 million. This requirement is reduced by the over-drawn brought forward of USD 12.2 million resulting in a net drawdown requirement for 1999 of USD 325.8 million.

9. As at 31 December 1998 the USD equivalent of Third Replenishment instruments of contribution of all Member Countries was USD 566.0 million. There are some members who have for some time not paid calls against previous drawdowns. The Fund will make every effort to secure encashment of these promissory notes. In accordance however with the revised procedure for the calculation of drawdowns of members' contributions approved by the Executive Board at its Fifty-Fifth Session in September 1995 no increase in the drawdown call will be made to cover anticipated non-payment of drawdown calls. The amount of the drawdown to meet 35% of projected loans and grants disbursements for 1999 is therefore being proposed at USD 114.0 million which represents 20.14% of the Third Replenishment contributions.

10. For the information of the Executive Board an estimate of future disbursements and expected drawdowns based on exchange rates as at 31 December 1998 is shown in Annex I.

11. Annex II provides a listing of drawdown calls unpaid by members in provision status as at 31 December 1998.

12. Annex III shows the approved drawdowns the amounts called and the actual drawdown and disbursements.

13. Annex IV shows the source of funding for disbursements from 1978 to 1998.

Recommendation

14. Upon concluding its consideration of this item the Executive Board may wish to adopt the following decision:

"The Executive Board in accordance with Article 4 Section 5(c) of the Agreement Establishing IFAD and Regulation V of the Financial Regulations of IFAD approves the drawdown of 35% of USD 325.8 million which amounts to USD 114.0 million in April 1999 to meet loan and grant disbursements for 1999 which shall be effected by drawing down from the contributions to the Third Replenishment and authorizes the President to proceed accordingly. The Executive Board encourages Member States to accelerate the encashment of their promissory notes over and above the minimum requirement."



ANNEX I

ESTIMATES OF FUTURE DRAWDOWNS ^{1/}

	1997	1998	1999	2000	2001	2002
TOTAL POSITION						
Cumulative percentages drawn down to 31 December						
- Initial Contributions	100.00					
- First Replenishment	100.00					
- Second Replenishment	100.00					
- Third Replenishment	20.07	37.27	57.41	80.66	100.00	
- Fourth Replenishment					8.13	49.50
Estimate of future drawdown in year (in percentage)						
- Third Replenishment			20.14	23.25	19.34	
- Fourth Replenishment					8.13	41.37
Based on: (USD million)						
- Projected disbursements			338	376	401	449
Current value of members' contributions						
- Third Replenishment			566	566	566	
- Fourth Replenishment					380	380

^{1/} These estimates are based on exchange rates as at 31 December 1998. Future movements in the exchange rates will impact, *inter alia*, the projected disbursements, the value of members' contributions at the time of the drawdowns and the estimated percentage for the drawdown. The estimates also assume that the projected disbursements figure will be attained and that there will be no amount carried forward from 1999 into 2000 from 2000 into 2001 and from 2001 into 2002.



ANNEX II

SUMMARY OF CALLS UNPAID BY MEMBERS IN PROVISION STATUS

(Expressed in USD)

As at 31 December 1998

Source	Drawdown Number	Country	Date	Unpaid Call	Total per Drawdown	Total per Replenishment	
Initial Contributions	2nd	Iran	1/81	6 102 000	6 102 000		
	3rd	Iran	1/82	14 624 430	14 624 430		
	4th	Iran	1/83	19 443 070			
			Iraq	1/83	<u>2 116 800</u>		21 559 870
	5th	Iran	9/83	5 177 125			
			Iraq	9/83	<u>830 000</u>		6 007 125
	6th	Iran	1/84	15 431 575			
			7/84	13 972 000			
			Iraq	1/84	2 474 000		
			7/84	<u>2 240 000</u>	34 117 575		
	7th	Iran	1/85	21 369 675			
			7/85	16 404 625			
			Iraq	1/85	3 426 000		
				7/85	2 630 000		
		Comoros		9 000	<u>43 857 300</u>		
Total Initial Contributions						126 250 300	
First Replenishment contributions	8th	Iraq	1/86	4 695 950			
			7/86	3 762 978			
	9th	Iraq	7/86	<u>93 460</u>	8 552 388		
			1/87	3 980 672			
	10th	Iraq	7/87	2 239 128			
			1/87	1 789 440			
			7/87	<u>1 006 560</u>	9 015 800		
			1/88	2 969 955			
	11th	Iraq	7/88	2 789 580			
			1/88	1 335 090			
	12th	Iraq	7/88	<u>1 254 006</u>	8 348 631		
			1/89	3 192 312			
	13th	Iraq	7/89	2 865 773			
			1/89	1 435 047			
7/89			<u>1 288 257</u>	8 781 389			
1/90			3 078 801				
14th	Iraq	7/90	1 523 851				
		1/90	1 384 020				
		Qatar	7/90	685 020	<u>6 671 692</u>		
Total First Replenishment contributions						41 369 900	
Second Replenishment contributions	12th	Iraq	7/90	155 200			
			7/90	<u>388 000</u>	543 200		
	13th	Iraq	1/91	331 000			
			7/91	185 200			
	14th	Iraq	1/91	827 500			
			7/91	<u>463 000</u>	1 806 700		
			1/92	323 600			
			7/92	156 400			
	15th	Iraq	1/92	809 000			
			7/92	<u>391 000</u>	1 680 000		
			1/94	424 400			
	16th	Iraq	1/94	1 061 000			
			1/94	<u>53 190</u>	1 538 590		
	17th	Iraq	5/95	250 400			
			5/95	626 000			
	18th	Iraq	5/95	<u>187 800</u>	1 064 200		
			5/96	173 800			
5/96			434 500				
19th	Iraq	5/96	130 350				
		5/96	<u>2 172</u>	740 822			
Total Second Replenishment contributions						7 373 512	



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ANNEX II

Source	Drawdown Number	Country	Date	Unpaid Call	Total per Drawdown	Total per Replenishment
Third Replenishment contributions	17th	D.P.R. Korea	5/96	23 100	1 063 948	
		Libyan Arab Jamahiriya	5/96	616 000		
		Mauritania	5/96	963		
		Nigeria	5/96	385 000		
		Qatar	5/96	38 500		
		Sao Tome and Principe	5/96	<u>385</u>		
	18th	D.P.R. Korea	5/97	97 320	4 482 397	
		Libyan Arab Jamahiriya	5/97	2 595 200		
		Mauritania	5/97	4 055		
		Nigeria	5/97	1 622 000		
		Qatar	5/97	162 200		
		Sao Tome and Principe	5/97	<u>1 622</u>		
	19th	D.P.R. Korea	5/98	103 200	4 753 220	
		Libyan Arab Jamahiriya	5/98	2 752 000		
		Mauritania	5/98	4 300		
		Nigeria	5/98	1 720 000		
		Qatar	5/98	172 000		
		Sao Tome and Principe	5/98	<u>1 720</u>		
Total Third Replenishment contributions						10 299 565
Grand total calls unpaid by members in provision status						185 293 277



ANNEX III

SUMMARY OF DRAWDOWNS
1978-1998
(USD million)

Drawdowns	Approved Drawdown	Amount Called		Actual Drawdown		Disbursements From Drawdowns For Year	Over(Under) Drawdown/Disbursement Adjusted in Following Year
		For Year	Cumulative	For Year	Cumulative		
1978 first	100	100	100	100	100.0		
1979	-	-	100	-	100.0	5.4	
1980	-	-	100	-	100.0	53.7	
1981 second	50	50	150	44	144.0	78.6	6.3
1982 third	125	125	275	111	255.0	110.2	7.1
1983 fourth and fifth	190	190	465	161	416.0	156.5	11.6
1984 sixth	238	226	691	192	608.0	211.0	(7.4)
1985 seventh	286	286	977	242	850.0	216.0	18.6
1986 eighth	290	265	1 242	249	1 099.0	231.2	36.4
1987 ninth	260	205	1 447	192	1 291.0	218.3	10.1
1988 tenth	205	200	1 647	188	1 479.0	200.4	(2.3)
1989 eleventh	215	205	1 852	191	1 670.0	191.0	(2.3)
1990 twelfth	207	200	2 052	193	1 863.0	165.6	25.1
1991 thirteenth	189	145	2 197	142	2 005.0	158.6	8.5
1992 fourteenth	186	138	2 335	121 ^{1/}	2 125.5	142.1	(13.1)
1994 fifteenth ^{2/}	233	115	2 450	134 ^{3/}	2 259.5	120.9 ^{4/}	
1995 sixteenth	73.5	73.5	2 523.5	69.1 ^{5/}	2 328.6	58.2 ^{6/}	10.9
1996 seventeenth	71.4 ^{7/}	71.4	2 594.9	74.3 ^{8/}	2 402.9	83.1 ^{9/}	2.1
1997 eighteenth	90.8 ^{10/}	90.8	2 685.7	107.6 ^{11/}	2 510.5	87.3 ^{12/}	22.4
1998 nineteenth	95.8	95.8	2 781.5 ^{13/}	85.7 ^{14/}	2 596.2	95.9 ^{15/}	12.2

1/ This amount includes USD 3 303 496 received as encashment of part of the remaining balance of the First Replenishment Promissory Note of the United Arab Emirates. The figure assumed that amounts outstanding totalling USD 1 255 798 and relating to Mauritania and Venezuela in respect of 1992 drawdowns would be paid by end of 1993. The amount from Venezuela has been received. The amount from Mauritania was received in 1998.

2/ The Forty-Seventh Session of the Executive Board in December 1992 decided to forego any drawdown of members' contributions in 1993. IFAD's disbursement needs in 1993 were met from the Fund's existing assets, i.e., loan repayments. The second tranche of the 1994 drawdown was suspended by the Executive Board at its Fifty-Second Session in September 1994.

3/ This amount includes USD 17 438 400 received from Saudi Arabia in payment of the fourteenth drawdown and USD 4 002 464 received from the United Arab Emirates in payment of the eleventh drawdown.



ANNEX III

- 4/ Total disbursements for 1994 amount to USD 170.7 million. Disbursements amounting to USD 120.9 million for 1994 and the closing under-encashment of 1992 of USD 13.1 million were met from the 1994 encashment of USD 134 million. The remaining 1994 disbursements of USD 49.8 million were met from the Fund's existing resources i.e., loan repayments.
- 5/ This amount includes USD 2 542 320 received from the United Arab Emirates in payment of the first tranche of the twelfth drawdown and is reduced by USD 5 398 400 relating to the fifteenth and sixteenth drawdown calls of the Libyan Arab Jamahiriya which had not been paid at that time and were in provision status from 27 January 1996 until the payment was made in 1997.
- 6/ Total disbursements for 1995 amount to USD 166.2 million. Disbursements of USD 58.2 million were met from the 1995 encashment and the remaining USD 108 million were met from the Fund's existing resources i.e., loan repayments.
- 7/ The Fifty-Seventh Session of the Executive Board in April 1996 approved a drawdown up to USD 204.1 million and the first tranche of 35% amounting to USD 71.4 million was called in May 1996. The Fifty-Ninth Session in December 1996 called on Member States to provide the balance of 65% in the form of advance encashments and/or cash contributions.
- 8/ This amount includes USD 6 479 261 received from the United Arab Emirates in payment of the twelfth drawdown and the first tranche of the thirteenth drawdown.
- 9/ Total disbursements for 1996 amount to USD 237.4 million. 35% of disbursements amounting to USD 83.1 million were met from the 1996 encashment and USD 8.8 million of the closing over encashment of 1995. The remaining USD 154.3 million were met from the Fund's existing resources i.e. loan repayments.
- 10/ The Sixtieth Session of the Executive Board in April 1997 approved a drawdown of USD 259.5 million and the first tranche of 35% amounting to USD 90.8 million was called in May 1997. The second tranche of 65% was regarded as voluntary advance encashments and/or cash contributions and was called in July 1997.
- 11/ This amount includes USD 6 788 800 received from the Libyan Arab Jamahiriya in payment of all outstanding Second Replenishment drawdowns. It also includes payment by Nigeria of its outstanding amounts against the First Replenishment. In addition it includes USD 3 709 100 from Qatar against the eighth drawdown. It also includes USD 3 512 200 paid in 1997 by the United Arab Emirates in settlement of the thirteenth to sixteenth drawdowns and partial payment of the seventeenth drawdown.
- 12/ Total disbursements for 1997 amount to USD 249.5 million. 35% of disbursements amounting to USD 87.3 million were met from the 1997 encashment. The remaining USD 162.2 million were met from the Fund's existing internally generated resources including loan repayments.
- 13/ The difference between the "cumulative amounts called" and the "cumulative actual encashments" represents unpaid calls that have remained outstanding as detailed in Annex II.
- 14/ This amount includes USD 22 828 received from Mauritania in settlement of the fourteenth to sixteenth drawdowns.
- 15/ The total disbursements for 1998 amount to USD 273.9 million. Thirty-five per cent of disbursements amounting to USD 95.9 million were met from the 1998 encashments and USD 10.2 million of the closing over encashment of 1997. The remaining USD 178.0 million were met from the Fund's existing internally generated resources including loan repayments.



ANNEX IV

SOURCE OF FUNDING FOR DISBURSEMENTS1978-1998
(USD million)

Year	Drawdown	Disbursements from Drawdowns for Year (A)	Disbursements from Loan Repayments for Year (B)	Disbursements from Other Internally Generated Funds (C)	Total Disbursements from Internally Generated Funds (D) = (B)+(C)	Total (A)+(D)
1978	First	0	0	0	0	0
1979		5.4	0	0	0	5.4
1980		53.7	0	0	0	53.7
1981	Second	78.6	0	0	0	78.6
1982	Third	110.2	0	0	0	110.2
1983	Fourth and Fifth	156.5	0	0	0	156.5
1984	Sixth	211.0	0	0	0	211.0
1985	Seventh	216.0	0	0	0	216.0
1986	Eighth	231.2	0	0	0	231.2
1987	Ninth	218.3	0	0	0	218.3
1988	Tenth	200.4	0	0	0	200.4
1989	Eleventh	191.0	0	0	0	191.0
1990	Twelfth	165.6	0	0	0	165.6
1991	Thirteenth	158.6	0	0	0	158.6
1992	Fourteenth	142.1	0	0	0	142.1
1993		0	170.3	0	170.3	170.3
1994	Fifteenth	120.9	49.8	0	49.8	170.7
1995	Sixteenth	58.2	108.0	0	108.0	166.2
1996	Seventeenth	83.1	154.3	0	154.3	237.4
1997	Eighteenth	87.3	161.3	0.9	162.2	249.5
1998	Nineteenth	95.9	92.8	85.2	178.0	273.9
Total		2 584.0	736.5	86.1	822.6	3 406.6

Loan Repayments Available**USD million**

Total loan repayments to 31.12.1998	915.4
Less: Utilized for disbursements as above	<u>(822.6)</u>
Loan repayments available	<u>92.8</u>