



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board - Seventy-Eighth Session

Rome, 9-10 April 2003

**REQUIREMENTS FOR THE TWENTY-FOURTH DRAWDOWN OF MEMBERS'
CONTRIBUTIONS IN 2003**

1. The present document outlines provisions in the Agreement Establishing IFAD regarding drawdowns. Based on estimates of loan and grant disbursements for 2003, the document proposes a level of drawdown of Members' contributions for 2003.
2. Article 4 Section 5(c) of the Agreement Establishing IFAD provides that:

"(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 Seventy-First Session in December 2000, the Executive Board adopted a policy for a 100% drawdown of Members' contributions. Member States are allowed to enter into separate arrangements for individual encashment schedules of drawdown calls. The net effect of these encashment schedules is shown in Annex III.



4. 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 will be seen from Annex II, the excess actual encashment from the previous year (as shown in the last column) is USD 54.1 million. The projected requirement for 2003 for loan and grant disbursements amounts to USD 305.0 million. This requirement is reduced by the overdrawn amount brought forward of USD 54.1 million, resulting in a net drawdown requirement for 2003 of USD 250.9 million.

5. As of 31 December 2002, the United States dollar equivalent of Fifth Replenishment instruments of contribution of all Member States was USD 340.5 million. However, the value of Fifth Replenishment contributions at 31 December 2002 excludes instruments of contributions from certain Member States that are expected to honour their pledges in the very near future. These pledges have therefore been included in order to determine the base from which contributions will be drawn down.

6. A number of Member States have not, for some time, paid calls against previous drawdowns. The Fund will make every effort to secure encashment of promissory notes and/or cash payments, as appropriate. However, in accordance 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 will be made in the drawdown call to cover anticipated non-payment of drawdown calls.

7. The amount of the drawdown to meet 100% of projected loan and grant disbursements for 2003 is therefore proposed at USD 250.9 million. This requires drawing down the remaining 39% of Fifth Replenishment contributions, which will thus cover only some USD 162.0 million of the total drawdown level. This situation of drawing down completely the remaining stock of the Fund's promissory notes was projected both in recent replenishment negotiations and in document EB 2000/71/R.6/Rev.1. (In the aforementioned document, Member States recommended the change in drawdown policy from 35% to 100%.) The difference between the projected disbursement needs and the funds available as a result of this drawdown will be met from the Fund's liquid assets.

8. For the information of the Executive Board, an estimate of future disbursements and expected drawdowns based on exchange rates as of 31 December 2002 is shown in Annex I.

9. Annex II shows the cumulative approved drawdowns, the amounts called and the actual drawdown and disbursements from 1978 to 2002.

Recommendation

10. 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 the remaining 39% of Fifth Replenishment contributions in May 2003 to meet loan and grant disbursements for 2003. Any further funds required for disbursement needs in 2003 otherwise not covered by the drawdown of these contributions will be met from the liquid assets of the Fund. The Executive Board authorizes the President to proceed accordingly.

ESTIMATES OF FUTURE DRAWDOWNS¹
(As at 31 December 2002)

TOTAL POSITION			
	2002	2003	2004
Cumulative percentages drawn down to 31 December			
- Fourth Replenishment	100.0		
- Fifth Replenishment	61.0	100.0	
- Sixth Replenishment ²			30.0
Estimate of future drawdown in year (percentage)			
- Fourth Replenishment	40.8		
- Fifth Replenishment	61.0	39.0 ³	
- Sixth Replenishment ²			30.0 ²
Based on: (USD million)			
- Projected disbursements ⁴	331.5	305.0	290.0
Current value of Members' contributions			
- Fourth Replenishment	342.3		
- Fifth Replenishment ⁵	248.8	340.5	
- Sixth Replenishment ⁶			449.6

- These estimates are based on exchange rates prevailing at 31 December 2002. Future movements in exchange rates will impact, inter alia, the projected disbursements and the value of Members' contributions at the time of the drawdowns. The estimates also assume that the projected disbursement figure will be attained and that there will be no amount carried forward from 2003 into 2004.
- The projected disbursement requirements for 2004 would require a drawdown level of 64.5% of the Sixth Replenishment, based on the latest indications available for the value of this Replenishment. However, in accordance with the draft resolution, on the Sixth Replenishment of IFAD's resources, Members are normally required to make payments for at least 30% of their instruments of contributions within 30 days of effectiveness, or on deposit of their instrument, if later. The second instalment of 35% will be due one year from the date of effectiveness. The above percentage drawdown estimated for 2004 reflects the minimum instalment due for unqualified contributions 30 days subsequent to the effectiveness of the Sixth Replenishment. Management draws the attention of Members to the increasing disbursement needs of the Fund reflecting the growing loan and grant programmes. Under the 100% drawdown policy approved by the Executive Board in December 2000, these disbursement needs exceed the forecast contributions available for drawdown in 2004, as in 2003. As envisaged in paragraph 9 of the Sixth Replenishment resolution, Member states are encouraged to accelerate the payment schedules for their Sixth Replenishment contributions to the extent possible, recognizing also that certain Members are unable to do so due to legal and/or financial constraints.
- In accordance with Resolution 119/XXIV on the Fifth Replenishment of IFAD's resources, the remaining instalment of 30% of instruments of contributions for Members who follow normal payment terms is due by 19 February 2004.
- Projected disbursements are based on loan and grant disbursements for the years 2003 and 2004, using a Programme of Work maintained at the level of the 2003 Programme of Work and based on the exchange rate prevailing at 31 December 2002 of SDR 1.35952=USD 1.
- The value of Fifth Replenishment contributions as at 31 December 2002 excludes instruments of contribution from certain Member States that are expected to honour their pledges in the very near future. These pledges have therefore been included in order to determine the base from which contributions will be drawn down, namely, USD 411.2 million.
- The Sixth Replenishment is not yet effective as of the date of preparation of this document. The figure for the current value used above is per the historic rates. Movements in exchange rates since the replenishment negotiations and/or increases in amounts pledged will impact on the actual value of contributions. The value of the replenishment has been estimated on the basis of the latest indications available.

ANNEX II

SUMMARY OF DRAWDOWNS

1978-2002
(USD million)

	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	2 125.5	142.1	(13.1)
1993 ¹	-	-	-	-	-	-	-
1994 fifteenth ¹	233	115	2 450	134	2 259.5	120.9	-
1995 sixteenth	73.5	73.5	2 523.5	69.1	2 328.6	58.2	10.9
1996 seventeenth	71.4 ²	71.4	2 594.9	74.3	2 402.9	83.1	2.1
1997 eighteenth	90.8 ³	90.8	2 685.7	107.6	2 510.5	87.3	22.4
1998 nineteenth	95.8	95.8	2 781.5	85.7	2 596.2	95.9	12.2
1999 twentieth	114.0	114.0	2 895.5	105.9	2 702.1	105.3	12.7
2000 twenty-first	123.8	123.8	3 019.3	111.4	2 813.5	103.9	20.3
2001 twenty-second	292.1	292.1	3 311.4	298.2	3 111.6	317.4	1.0
2002 twenty-third	330.5	330.5	3 641.9 ⁴	336.8	3 448.4 ⁴	283.7	54.1 ⁵

1. 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.
2. The Fifty-Seventh Session of the Executive Board in April 1996 approved a drawdown of 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 of the Board in December 1996 called on Member States to provide the balance of 65% in the form of advance encashments and/or cash contributions.
3. 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.
4. The difference between the cumulative "amount called" and the cumulative "actual drawdown" represents unpaid calls that have remained outstanding as at 31 December 2002.
5. Total IFAD disbursements for 2002 amounted to USD 283.7 million. The relatively large adjustment from the 2002 drawdown relates to the fact that actual loan and grant disbursements were much lower than projected, reflecting slower disbursing projects and effectiveness.

**SCHEDULE OF SPECIFIC ENCASHMENT SCHEDULES¹**

	Amounts in USD million equivalent ²					Total
	2003	2004	2005	2006	2007	
Third Replenishment	1.7	-	-	-	-	1.7
Fourth Replenishment	41.4	14.9	5.5	-	-	61.8
Fifth Replenishment	23.1	46.3	39.3	39.0	0.4	148.1
Total	66.2	61.2	44.8	39.0	0.4	211.6

1. Includes special arrangements stipulated by Member States where specific legal and/or financial restrictions apply.
2. Based on exchange rates prevailing as of 31 December 2002.