

Document:	<u>EB 2009/96/R.36</u>
Agenda:	<u>14(e)</u>
Date:	<u>18 March 2009</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Requirements for the thirtieth drawdown of Member State contributions in 2009

Executive Board — Ninety-sixth Session
Rome, 29-30 April 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Recommendation for approval

The Executive Board is invited to consider the requirements for the thirtieth drawdown of Member State contributions in 2009 and 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 balance of Seventh Replenishment contributions in May 2009 to meet loan and grant disbursements for 2009, or as may be stipulated in agreements with individual Member States. Any further funds required for disbursement needs in 2009 not otherwise 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.”

Requirements for the thirtieth drawdown of Member State contributions in 2009

1. This document proposes a level of drawdown of Member State contributions for 2009 based on estimates of loan and grant disbursements for 2009.
2. Article 4, section 5(c), of the Agreement Establishing IFAD outlines the provisions to be applied regarding drawdowns. At its seventy-first session (December 2000), the Executive Board adopted a policy of 100 per cent drawdown of Member State contributions for disbursement requirements. Member States are allowed to enter into separate arrangements for individual encashment schedules of drawdown calls. The drawdown policy was based on the premise that these individual arrangements should not adversely affect the operational needs of the Fund and would remain in force until changed within the context of a replenishment, if so required, or until such time as callable resources are depleted. At the time, this was intended to be a one-off, transitional measure. Instead, the number of special arrangements is increasing, with some payment periods for Sixth and Seventh Replenishment contributions now extending up to 2009 and 2013 respectively.
3. 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. As can be seen in annex I, the deficit in actual encashment from 2008 (last column) is US\$9.6 million. The projected requirement for 2009 loan and grant disbursements is US\$489.0 million. Adding to that the underdrawn amount brought forward of US\$9.6 million, the resulting net drawdown requirement for 2009 is US\$498.6 million.
4. A list of Members States that have not paid calls against previous drawdowns is reported in the 2008 consolidated financial statements of IFAD (EB 2009/96/R.38). The Fund will make every effort to secure encashment of promissory notes and/or cash payments, as appropriate. However, in accordance with the procedure for the calculation of drawdowns of Member State contributions approved by the Executive Board at its fifty-fifth session (September 1995), no increase will be made in the drawdown call to cover anticipated non-payment of drawdown calls.
5. As stated, the drawdown necessary to meet 100 per cent of projected loan and grant disbursements for 2009 is estimated at US\$498.6. The 2009 drawdown currently requested reflects the balance available of unqualified contributions under the Seventh Replenishment resolution. Based on the level of instruments of contribution received at the end of January 2009, this drawdown would cover about US\$242.3 million. This figure will change as Member States make payments during the course of 2009. The difference between the projected disbursement needs and the funds available as a result of this drawdown will have to be met from the Fund's liquid assets and loan reflows.
6. Detailed information on the cumulative maximum approved drawdowns, amounts called and disbursements from 1978 to 2008 is provided in annex I. An estimate of future disbursements and expected drawdowns based on the current level of pledges for the Seventh Replenishment is given in annex II.

Summary of drawdowns, 1978-2008^a

(Millions of United States dollars)

Year-end drawdown	Disbursement requirements/ approved drawdown amount	Amount called		Amount called net of movements in the provision for overdue contributions		Disbursements from drawdowns for the 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	-	-	-	-	-	-	-
1994 fifteenth	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	71.4	2 594.9	74.3	2 402.9	83.1	2.1
1997 eighteenth	90.8	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	336.8	3 448.4	283.7	54.1
2003 twenty-fourth	250.9	162.0 ^a	3 803.9	174.8	3 623.2	212.7	16.2
2004 twenty-fifth	298.8	168.0 ^a	3 971.9	172.4	3 795.6	197.9	(9.3)
2005 twenty-sixth	355.4	202.0 ^a	4 173.9	208.9	4 004.5	209.5	(9.9)
2006 twenty-seventh	384.7	188.0 ^a	4 361.9	158.7	4 163.2	183.9	(35.1)
2007 twenty-eighth	445.1	90.2 ^a	4 452.1	29.8	4 193.0	20.0	(25.4)
2008 twenty-ninth	487.9	170.8	4 622.9 ^b	170.8	4 368.8 ^b	155.0	(9.6) ^c

^a These figures have been restated in order to reflect the actual drawdown calls approved by the Executive Board instead of the maximum approved amounts, as reflected in previous reports. The figures under "Disbursements from drawdowns for the year" for each of these years were adjusted accordingly to exclude the portion funded from sources other than drawdown amounts called.

^b The difference between the cumulative "amount called" and the cumulative "amount called net of movements in the provision for overdue contributions" represents unpaid calls that are in provision status, namely US\$168.5 million as at 31 December 2008.

^c Total IFAD disbursements for 2008 amounted to US\$472.1 million compared with the approved drawdown amount of US\$487.9 million. This net excess of US\$15.8 million reduced the closing under-encashment of 2007 of US\$25.4 million to US\$9.6 million at the end of 2008.

Estimate of future drawdowns^a

(as at 31 January 2009)

	<i>2008 actual</i>	<i>2009 forecast</i>	<i>2010 forecast</i>
Estimate of future drawdown in year			
Seventh Replenishment	35%	Remaining balance ^b	
Eighth Replenishment			30%
Cumulative percentages drawn down to year end			
Seventh Replenishment	65%	100%	
Eighth Replenishment			30%
Based on:			
	<i>Millions of United States dollars</i>		
Projected disbursements ^c	472.1	489.0	502.0
Current value of Member State contributions			
Seventh Replenishment			
- Target level	<-----	720.0	----->
- Pledges received as at 31 January	616.0	619.5	----->
- Instruments of contribution received as at 31 January	488.0	503.3	----->
Amount called	170.8	242.3	
Eighth Replenishment			
- Target level			1 200
- Pledges received as at 31 January			170.7
- Instruments of contribution received as at 31 January			1.4

^a These estimates are based on exchange rates prevailing at 31 December 2008. Future movements in exchange rates will impact, inter alia, the projected disbursements and the value of Member State contributions at the time of drawdown. The estimates also assume that the projected disbursement figure will be attained and that there will be no amount carried forward from 2009 to 2010.

^b The percentage drawdown for 2009 reflects the third instalment due for unqualified contributions.

^c Projected disbursements are based on loan and grant disbursements for the year 2009 taking into account the normal disbursement pattern of the loan portfolio. The 2008 disbursement figure reflects the actual amount.