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Revision of the Lending Policies and Criteria

Executive Board — Ninety-eighth session
Rome, 15-17 December 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Rutsel Martha

General Counsel

telephone: +39 06 5459 2457

e-mail: r.martha@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

Recommendation for approval

The Executive Board is invited to submit to the thirty-third session of the Governing Council the resolution contained in paragraph 7.

Revision of the Lending Policies and Criteria

1. In its resolution 154/XXXII on the Eighth Replenishment of IFAD's resources, the Governing Council decided as follows:

"Upon proposal of the President, the Executive Board shall submit to the thirty-third session of the Governing Council proposals for amendments to the Lending Policies and Criteria in order to further differentiate between the various levels of concessionality of Fund financing and strengthen the partnership relations between the Fund and the Member States that use its resources."
2. In conformity with this decision, the President appointed an interdepartmental working group to review the Lending Policies and Criteria and present proposals for amendments to an informal seminar of the Executive Board held on 11 September 2009.
3. At the informal seminar, Executive Board members expressed their concern that the Lending Policies and Criteria, adopted in 1978 and most recently amended in 1998, had lost much of their relevance to IFAD's work. The Executive Board members present at the seminar concluded that the Lending Policies and Criteria should be updated to reflect the current role of the Fund, and that the document should be made more concise and grant greater authority to the Executive Board.
4. It was therefore decided that it would not be appropriate to present a document for consideration by the Executive Board at its ninety-eighth session in December 2009. As a result, the Executive Board will not be able to submit to the thirty-third session of the Governing Council the proposed amendments to the Lending Policies and Criteria requested by the Governing Council in resolution 154/XXXII.
5. Instead, following discussions at the ninety-eighth session of the Executive Board it was proposed that the Executive Board submit to the thirty-fourth session of the Governing Council in 2011 a comprehensive revision of the Lending Policies and Criteria that shall take into account all developments since the last revision of the Lending Policies and Criteria in 1998 and express concisely and clearly the broad policies and criteria applicable to financing by the Fund.
6. Additionally, the Fund has received requests from several Member States to provide financing on terms similar to the "hardened terms" offered by the International Development Association. In the interim period prior to the adoption of the revised Lending Policies and Criteria the Executive Board proposes that the Governing Council grant it the authority to create a category of hardened term loans.

RESOLUTION

7. The Executive Board decides to submit the following proposed resolution for adoption by the thirty-third session of the Governing Council:

"Upon the proposal of the President, the Executive Board shall submit to the thirty-fourth session of the Governing Council in 2011 revised Lending Policies and Criteria that shall take into account all developments since the last revision of the Lending Policies and Criteria in 1998 and express concisely and clearly the broad policies and criteria applicable to financing by the Fund

In the interim period prior to the adoption of the revised Lending Policies and Criteria by the Governing Council, the Executive Board shall have the authority to create a category of lending terms similar to the hardened terms offered by the International Development Association (IDA) and apply such terms to IFAD loans to countries to which IDA provides hardened terms.