

Document:	<u>EB 2010/99/R.38</u>
Agenda:	<u>15(d)</u>
Date:	<u>17 March 2010</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

**E**



Enabling poor rural people  
to overcome poverty

## **Requirements for the thirty-first drawdown of Member State contributions in 2010**

Executive Board — Ninety-ninth Session  
Rome, 21-22 April 2010

---

For: **Approval**

## **Note to Executive Board members**

This document is submitted for approval by the Executive Board.

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

**Bambis Constantinides**

Director, Financial Services Division

telephone: +39 06 5459 2054

e-mail: [c.constantinides@ifad.org](mailto:c.constantinides@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](mailto:d.mcgrenra@ifad.org)

## **Recommendation for approval**

The Executive Board is invited to consider the requirements for the thirty-first drawdown of Member State contributions in 2010 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 30 per cent of Eighth Replenishment contributions in May 2010 or as may be stipulated in agreements with individual Member States, to meet loan and grant disbursements for 2010. Any further funds required for disbursement needs in 2010 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."



## Requirements for the thirty-first drawdown of Member State contributions in 2010

1. This document proposes a level of drawdown of Member State contributions for 2010 based on estimates of loan and grant disbursements for 2010.
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 Seventh and Eighth Replenishment contributions now extending beyond the standard replenishment period.
3. The several changes in the methodology for determining the drawdown call amounts that have occurred over the years have rendered historical and, in particular, cumulative data inconsistent and prone to misinterpretation. Consequently, this document does not contain the historical cumulative data on drawdowns that have been provided to the Board in the past. Instead, the drawdown document has been simplified to better represent IFAD's current practice and procedures. The annex contains information related to drawdowns for the previous and current replenishments. Board members will be promptly provided with information on previous drawdowns upon request.
4. The drawdown (liquidity) necessary to meet 100 per cent of projected loan and grant disbursements for 2010 is estimated at US\$497.0 million. As per normal practice, this liquidity requirement will be met by using the Fund's existing liquid assets, the encashment from contributions, investment income and loan reflows. The 2010 drawdown currently requested reflects the first instalment due (i.e. 30 per cent) for unqualified<sup>1</sup> contributions under the Eight Replenishment resolution. Based on the level of instruments of contributions received at the end of January 2010, the first instalment corresponds to an amount of approximately US\$155.1 million. The balance will have to be covered by using the other sources cited above.
5. A list of Members States that have not paid calls against previous replenishments is reported in the 2009 consolidated financial statements of IFAD (EB 2010/99/R.42). The Fund will make every effort to secure encashment of promissory notes and/or secure cash payments, as appropriate. 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.
6. Information on the approved drawdowns for the Seventh and Eighth Replenishments is provided in the annex. The annex also includes an estimate of future disbursements and expected drawdowns based on the current level of pledges for the Eighth Replenishment.

---

<sup>1</sup> As per the Agreement Establishing IFAD, article 4 section 5(a): "Contributions shall be made without restriction as to use...".

**Estimate of future drawdowns<sup>a</sup>**

(as at 31 January 2010)

	2008 actual	2009 actual	2010 forecast	2011 forecast	2012 forecast
<b>Drawdown in year</b>					
Seventh Replenishment	35%	Remaining balance	-----		
Eighth Replenishment			30%	35%	35%
<b>Cumulative percentages drawn down to year end</b>					
Seventh Replenishment	65%	100%	-----	-----	-----
Eighth Replenishment	-----	-----	30%	65%	100%
<b>Based on:</b>					
	<i>Millions of United States dollars</i>				
A. Projected disbursements <sup>b</sup>	462.5	489.0	504.0	533.0	570
B. Actual disbursements	472.1	482.0			
C. Difference	(9.6)	7.0			
D. 100% Disbursement requirements (A – C prior year)	487.9	498.6	497.0		
<b>Current value of Member State contributions</b>					
<b>Seventh Replenishment</b>					
- Target level	720.0	720.0	-----	-----	-----
- Pledges received as at 31 January	616.0	619.8	-----	-----	-----
- Instruments of contribution received as at 31 January	488.0	503.3	-----	-----	-----
- Amount called in the year (drawdown)	170.8	242.3 <sup>c</sup>	-----	-----	-----
<b>Eighth Replenishment</b>					
- Target level	-----	-----	1 200.0		
- Pledges received as at 31 January	-----	-----	993.5		
- Instruments of contribution received as at 31 January	-----	-----	517.0		
- Amount called (drawdown)	-----	-----	155.1 <sup>c</sup>		

<sup>a</sup> These estimates are based on exchange rates prevailing at 31 December 2009. 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 2010 to 2011.

<sup>b</sup> Projected disbursements are based on loan and grant disbursements for the year 2010 taking into account the normal disbursement pattern of the loan portfolio. The 2009 disbursement figure reflects the actual amount.

<sup>c</sup> Estimates based on instruments of contribution received as at 31 January.

