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Enabling poor rural people
to overcome poverty

Revision of the Lending Policies and Criteria

Governing Council — Thirty-third session
Rome, 17-18 February 2010

For: **Approval**

Note to Governors

This document is submitted for approval by the Governing Council.

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

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Recommendation for approval

The Governing Council is invited to adopt the draft resolution attached hereto on the revisions to the Lending Policies and Criteria.

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.
7. In the light of the foregoing, the Governing Council may wish to adopt the resolution herewith attached.

Draft resolution

Resolution .../XXXIII

Revisions of the Lending Policies and Criteria

The Governing Council of IFAD,

Noting and having considered the recommendations of the Executive Board related to the revision of the Lending Policies and Criteria

Decides that:

1. 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.
2. 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.

