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Investing in rural people

Resolutions adopted by the Governing Council at its forty-fourth session

Note to Governors

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Governing Council — Forty-fourth Session
Rome, 17-18 February 2021

For: Information

Resolutions adopted by the Governing Council at its forty-fourth session

1. The Governing Council, at its forty-fourth session, adopted resolutions 216/XLIV, 217/XLIV and 218/XLIV on 17 February 2021, and resolutions 219/XLIV, 220/XLIV, 221/XLIV, 222/XLIV, 223/XLIV and 224/XLIV on 18 February 2021.
2. These resolutions are transmitted for the information of all Members of IFAD.

Resolution 216/XLIV

The emoluments of the President of IFAD

The Governing Council of IFAD,

Taking into account section 6(1) of the By-laws for the Conduct of the Business of IFAD, which states, inter alia, that the salary, allowances and other entitlements of the President of IFAD shall be determined by resolution of the Governing Council;

Recalling resolution 214/XLIII, adopted by the Governing Council on 12 February 2020, whereby a committee was established to review the overall emoluments and other conditions of employment of the President of IFAD;

Noting and having considered the report of the Emoluments Committee contained in document GC 44/L.2 and the recommendations of the Executive Board thereon;

Decides that:

1. The salary of the President of IFAD shall continue to be established on a par with that of the Director-General of the Food and Agriculture Organization of the United Nations (FAO).
2. The President's representation allowance of US\$50,000 per annum shall continue to be provided.
3. The President shall continue to be entitled to participate in insurance, medical, pension, retirement and other plans as may be established for the employees of the Fund and not otherwise covered by his/her emoluments.
4. The Fund shall make housing arrangements for the President in accordance with the following conditions:
 - (a) The Fund, with due consideration to the cost implications of the security aspects, will continue to provide appropriate housing for the President. Subject to subparagraphs 4(b) through 4(e) below, the Fund's annual housing expenditures will not exceed the amount of EUR 180,000. The ceiling is aligned with that of the Director-General, FAO, and will apply to expenditures incurred over a calendar year and prorated in the event that a President does not serve for a full calendar year. A statement of recurrent housing expenditures will be prepared annually and audited after the end of each year, with IFAD recovering from the President any amounts determined to be in excess of the ceiling or ineligible for payment by IFAD.
 - (b) The recurrent housing costs that will be payable by IFAD and counted as expenditures subject to the ceiling will include rent and associated banking/service charges; utilities; telecommunications equipment and connections; and upkeep, repairs and maintenance for the house and grounds and other related expenses.
 - (c) Expenditures for security systems will be paid by IFAD, provided that they are certified as necessary by the United Nations Department of Safety and Security (UNDSS); they will be subject to the ceiling. It may prove necessary to address an adverse change of circumstances having a bearing on the security of the President and to incur additional expenditures for security as certified as necessary by the UNDSS. Management will make all necessary efforts to contain such costs within the ceiling. If unable to do so, the Executive Board, following a review by the Audit Committee, shall report to the Governing Council on such

additional expenditures and make recommendations for the Council's consideration.

- (d) The cost of official telephone calls will be reimbursed by IFAD and not counted against the ceiling. The cost of personal telephone calls will be paid by the President. In the event that the costs of official and personal phone calls are difficult to separate, the total cost of calls will be divided equally between the President and IFAD.
 - (e) The Fund will cover reasonable and necessary one-time expenditures in connection with the setting up, equipping and refurbishing of a President's residence. The costs of individual items or services of this one-time expenditure will be charged per year of the term (April-March) either against the ceiling for the first year of a President's term or, in equal instalments, against the ceilings for each year of the term. Such installation costs will be payable by IFAD only on one occasion and only upon the initial appointment of a President.
5. The salary, allowances and other entitlements specified in paragraphs 1 to 4 of this resolution shall apply to the person appointed as President of IFAD at the forty-fourth session of the Governing Council.

Resolution 217/XLIV

Implementation of an Automated Voting System at IFAD

The Governing Council of IFAD,

Recalling resolution 202/XLI and the Council's decision that "the current established practice for the process leading to the appointment of the President of IFAD be continued subject to the improvements recommended by the Bureau" as contained in document GC 41/L.9 entitled "Report of the Governing Council Bureau on the Review of the Established Practice for the Process Leading to the Appointment of the President of IFAD";

Noting that by virtue of the decision above, the Secretariat was tasked with exploring electronic voting or other forms of automated processes, with a view to reporting to the Executive Board for possible submission of recommendations to the Governing Council in 2019;

Recalling its decision at its forty-second session that the Secretariat further pursue the process of assessing the feasibility of an automated voting system based on the principles contained in document GC 42/L.5/Rev.1;

Further recalling its decision to delegate authority to the Executive Board to decide, on the basis of information that Management would provide, following a successful outcome of the negotiated procedure, whether the Secretariat should pursue the development and implementation of an automated voting system, for potential use in conjunction with the appointment of the President in 2021, as contained in document GC 43/L.8;

Considering the review by the Executive Board and the positive outcome of the testing of the automated (online) voting system with members of the Governing Council Bureau and representatives of the Executive Board, as described in document GC 44/L.3;

Decides that the selected automated (online) voting system may be used in conjunction with the appointment of the President of IFAD in February 2021 and that such a system may be used on future occasions when voting by secret ballot is deemed necessary.

Resolution 218/XLIV

Appointment of the President of IFAD

The Governing Council of IFAD,

Having acted upon the proposal for the appointment of the President contained in document GC 44/L.4, dated 16 December 2020;

Decides, in accordance with Article 6, Section 8(a), of the Agreement Establishing IFAD, to appoint, Mr Gilbert Fossoun Hougbo, of the Togolese Republic as President of IFAD for a term of office of four years, to take effect from 1 April 2021.

Resolution 219/XLIV

Twelfth Replenishment of IFAD's Resources

The Governing Council of IFAD,

Recalling the relevant provisions of the Agreement Establishing the International Fund for Agricultural Development (the Agreement), in particular articles 2 (Objective and Functions), 4.1 (Resources of the Fund), 4.3 (Additional Contributions), 4.4 (Increases in Contributions), 4.5 (Conditions Governing Contributions), 4.6 (Special Contributions) and 7 (Operations), as well as Governing Council resolution 77/2 (1977), as amended by resolution 86/XVIII (1995) (Delegation of Powers to the Executive Board);

Further recalling Governing Council resolution 211/XLIII (2020) on the establishment of the Consultation on the Twelfth Replenishment of IFAD's Resources, whereby the forty-third session of the Governing Council, in accordance with article 4.3 of the Agreement, set the Consultation the task of reviewing the adequacy of the Fund's resources and reporting to the Governing Council, and, recalling in particular, the requirement for the Consultation to submit a report on the results of its deliberations and any recommendations thereon to the forty-fourth session and, if required, subsequent sessions of the Governing Council, with a view to adopting such resolutions as may be appropriate;

Noting the importance of the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), under the Rural Resilience Programme, and the Private Sector Financing Programme (PSFP) to complement the Fund's programme of loans and grants and scale up impact in accordance with the IFAD12 business model, in support of which the Executive Board has created a separate Trust Fund for each programme pursuant to its decisions as set forth in EB 2020/129/R.11/Rev.1 and EB 2020/130/R.13;

Having considered that for the purpose of reviewing the adequacy of the Fund's resources, account has been taken of the urgent need to increase the flow of external resources to implement IFAD's mandate of addressing rural poverty eradication, food security, and sustainable agriculture, particularly on concessional terms, as well as the Fund's special mandate and operational capacity to effectively channel additional resources to eligible Members;

Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the Twelfth Replenishment of IFAD's Resources (GC 44/L.6/Rev.1) (the IFAD12 Report) regarding the need and desirability of additional resources for the operations of the Fund; and

Acting in accordance with article 4.3 of the Agreement;

Hereby decides:

I. The level of replenishment and call for additional contributions

1. **Available resources.** The Fund's available resources at the end of the Eleventh Replenishment period, together with the funds to be derived from operations or otherwise accruing to the Fund, other than borrowed funds, during the three-year period commencing 1 January 2022 (the replenishment period), are estimated at US\$ 2.6 billion.
2. **Call for additional contributions.** Taking into account the conclusions and recommendations of the Report of the Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12 Report) regarding the need and desirability of additional resources for the operations of the Fund, Members are hereby invited to make additional contributions to the resources of the Fund as defined in article 4.3

of the Agreement (additional contributions) in accordance with the terms set forth below. Additional contributions shall consist of:

- (a) Core contributions to support the programme of loans and grants;
 - (b) The grant element of any concessional partner loan; and
 - (c) The discount or credit generated from early encashment of core contributions.
- each of which is further defined in paragraph 4 of this resolution.

In this resolution, the term "concessional partner loan" shall mean a loan provided by a Member State or one of its state-supported institutions that includes a grant element for the benefit of the Fund and is otherwise consistent with the Integrated Borrowing Framework approved by the Executive Board; and the term "state-supported institution" shall include any state-owned or state-controlled enterprise or development finance institution of a Member State, with the exception of multilateral institutions.

3. **Replenishment target.** The replenishment target for core contributions, the grant element of any concessional partner loan and the discount or credit generated from early encashment of core contributions during the Twelfth Replenishment is set at the amount of US\$1.55 billion in order to support a target programme of loans and grants of up to US\$3.8 billion, together with other resources of the Fund (in all cases, the allocation being determined through the performance-based allocation system).

II. Contributions

4. **Additional contributions.** During the replenishment period, the Fund shall accept additional contributions from any Member State as follows:
 - (a) Such Member State's core contribution to the resources of the Fund;
 - (b) The grant element of any concessional partner loan from such Member State; and
 - (c) The discount or credit generated from early encashment of core contributions from such Member State.
5. **Debt Sustainability Framework (DSF) contribution mechanism.** In relation to paragraph 4(a) of this resolution, IFAD has established a dynamic, pre-funded mechanism under which DSF financing is based on upfront commitments. Member States could contribute to the replenishment with a single pledge as per the sustainable replenishment baseline mechanism, in order to ensure full reimbursement of all approved DSF projects up to the end of IFAD11 and to secure upfront financing for new DSF grants.
6. **Conditions governing additional contributions**
 - (a) Each Member State shall receive commensurate contribution votes with respect to its core contribution, the grant element of any concessional partner loan and the discount or credit generated from early encashment of core contributions, in accordance with article 6.3 of the Agreement;
 - (b) Core contributions shall be made without restriction as to their use;
 - (c) In conformity with article 4.5(a) of the Agreement, additional contributions shall be refunded to contributing Members only in accordance with article 9.4 of the Agreement.

7. **Special contributions**
- (a) During the replenishment period, the Executive Board may accept, on behalf of the Fund, contributions to the resources of the Fund from non-Member States or other sources (special contributions).
 - (b) The Executive Board may consider adopting measures to enable the participation of the contributors of special contributions in its meetings on an ad hoc basis, provided that these measures have no consequences for the governance of the Fund.
8. **Pledges.** The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out in annex IX to the IFAD12 Report. Members who have not yet formally announced their contributions are invited to do so, preferably no later than the last day of the six-month period following the adoption of this resolution. The President shall communicate a revised annex IX to the IFAD12 Report to all Members of the Fund no later than 15 days after the above-mentioned date.
9. **Denomination of contributions.** Members shall denominate their contributions in:
- (a) Special drawing rights (SDR);
 - (b) A currency used for the valuation of the SDR; or
 - (c) The currency of the contributing Member if such currency is freely convertible and the Member did not experience, in the period from 1 January 2018 to 31 December 2019, a rate of inflation in excess of 10 per cent per annum on average, as determined by the Fund.
10. **Exchange rates.** For the purposes of paragraph 4 of this resolution, commitments and pledges made under this resolution shall be valued on the basis of the average month-end exchange rate of the International Monetary Fund over the six-month period preceding the adoption of this resolution between the currencies to be converted into United States dollars (1 April to 30 September 2020), rounded to the fourth decimal point.
11. **Unpaid contributions.** Those Members who have not yet completed payment of their previous contributions to the resources of the Fund and who have not yet deposited an instrument of contribution and/or paid their contribution for previous replenishments are urged to make the necessary arrangements.
12. **Increase of contribution.** A Member may increase the amount of any of its contributions at any time.

III. Instruments of contribution

13. **General clause.** A Member making contributions under this resolution (other than in respect of the grant element of a concessional partner loan and of the discount or credit generated from early encashment of core contributions) shall deposit with the Fund, preferably no later than the last day of the six-month period following the adoption of this resolution, an instrument of contribution or equivalent instrument, formally committing to make additional contributions to the Fund in accordance with the terms of this resolution and specifying the amount of its contribution in the applicable currency of denomination. Any Member State or one of its state-supported institutions providing a concessional partner loan under this resolution shall enter into a concessional partner loan agreement with the Fund, preferably no later than the last day of the six-month period following the adoption of this resolution, but in any event not until the relevant Member State has deposited an instrument of contribution or made payment for the amount of its core contribution required under the terms of the Integrated Borrowing Framework approved by the Executive Board.

14. **Unqualified contributions.** Except as specified in paragraph 15 of this resolution, any instrument of contribution deposited in accordance with paragraph 13 shall constitute an unqualified commitment by the concerned Member to pay its contribution in the manner and on the terms set forth in this resolution, or as otherwise approved by the Executive Board. For the purpose of this resolution, such contribution shall be referred to as an "unqualified contribution".
15. **Qualified contributions.** As an exceptional case, where an unqualified commitment cannot be given by a Member due to its legislative practice, the Fund may accept from that Member an instrument of contribution that expressly contains the qualification that payment of all instalments of its payable contribution, except for the first one, is subject to subsequent budgetary appropriation. Such an instrument of contribution shall, however, include an undertaking by the Member to exercise its best efforts to: (i) arrange such appropriation for the full amount specified by the payment dates indicated in paragraph 20(b) of this resolution, and (ii) notify the Fund as soon as the appropriation relative to each instalment is obtained. For the purpose of this resolution, a contribution in this form shall be referred to as a "qualified contribution", but shall be deemed to be unqualified to the extent that appropriation has been obtained and notified to the Fund.

IV. Effectiveness

16. **Effectiveness of the replenishment.** The replenishment shall come into effect on the date upon which instruments of contribution deposited or payments made without an instrument of contribution relating to the additional contributions from Members referred to in section II (Contributions) of this resolution have been deposited with or received by the Fund in an aggregate amount equivalent to at least 50 per cent of the pledges as communicated by the President to Members pursuant to paragraph 8 of this resolution. The President shall report to the Executive Board nine (9) months after the adoption of this Resolution on the progress of the replenishment; in the event that the replenishment is not yet effective, the Executive Board may decide to declare effectiveness following a recommendation by the President.
17. **Effectiveness of individual contributions.** Instruments of contribution deposited and acknowledged by IFAD as a validly executed instrument on or before the effective date of the replenishment shall take effect on the effective date of the replenishment. Instruments of contribution deposited and/or acknowledged by IFAD as a validly executed instrument subsequent to the effective date of the replenishment shall become effective as of the date of such acknowledgement.
18. **Availability for commitment.** As of the effective date of the replenishment, all additional contributions paid to the resources of the Fund shall be considered available for operational commitment under article 7.2(b) of the Agreement and other relevant policies of the Fund.

V. Advance contribution

19. Notwithstanding the provisions of section IV (Effectiveness) of this resolution, all contributions or parts thereof paid prior to the effective date of the replenishment may be used by the Fund for its operations, in accordance with the requirements of the Agreement and relevant policies of the Fund, unless a Member specifies otherwise in writing. Any financing commitments made by the Fund on the basis of such advance contributions shall for all purposes be treated as part of the Fund's operational programme before the effective date of the replenishment.

VI. Payment of contributions

20. Unqualified contributions

- (a) **Payment of instalments.** Each contributing Member shall, at its option, pay its unqualified contribution in a single sum or in instalments within the replenishment period. Unless specified in the instrument of contribution, payments in instalments in respect of each unqualified contribution may be made either in equal amounts or in progressively graduated amounts, with the first instalment amounting to at least 30 per cent of the contribution, the second instalment amounting to at least 35 per cent and the third instalment, if any, covering the remaining balance.
- (b) **Payment dates**
- (i) **Single sum payment.** Payment in a single sum shall be due on the sixtieth day after the Member's instrument of contribution enters into effect.
- (ii) **Instalment payments.** Payments in instalments shall be made according to the following schedule: the first instalment shall be due on the first anniversary of the adoption of this resolution; the second instalment shall be due on the second anniversary of the adoption of this resolution; and any further instalment shall be due no later than the third anniversary of the adoption of this resolution. However, if the date of effectiveness has not occurred by the first anniversary of the adoption of this resolution, the first payment shall be due on the sixtieth day after the Member's instrument of contribution enters into effect; the second instalment shall be due on the first anniversary of the effective date of the replenishment and any further instalment shall be due on the earlier of the third anniversary of the effective date of the replenishment or the last day of the replenishment period.
- (c) **Early payment.** Any Member may pay its contribution on dates earlier than those specified in paragraph 20(b) above. Members that pay their core contribution in cash with a schedule that is accelerated when compared to the IFAD standard encashment schedule, shall be entitled to receive a discount or credit calculated on the basis of the mechanism approved by the Governing Council.
- (d) **Alternative arrangements.** The President may, upon the request of a Member, agree to a variation in the prescribed payment dates, percentages, or number of instalments of the contribution, provided that such a variation shall not adversely affect the operational needs of the Fund.

21. **Qualified contributions.** Qualified contributions shall be paid within 90 days after the Member's instrument of contribution enters into effect, as and to the extent that the relative contribution becomes unqualified and, where possible, in accordance with the payment dates specified in paragraph 20(b) of this resolution. A Member who has deposited an instrument of contribution for a qualified contribution shall inform the Fund of the status of the qualified instalment of its contribution no later than 30 days after the annual payment dates specified in paragraph 20(b) of this resolution.

22. Currency of payment

- (a) Contributions shall be made in freely convertible currencies, subject to paragraph 9 of this resolution.
- (b) In accordance with article 5.2(b) of the Agreement, the value of the currency of payment in terms of SDR shall be determined on the basis of the rate of

exchange used by the Fund for translation purposes in its books of account at the time of payment.

23. **Mode of payment.** In conformity with article 4.5(c) of the Agreement, payments in respect of contributions shall be made in cash, at the option of the Member, by the deposit of non-negotiable, irrevocable and non-interest bearing promissory notes or similar obligations of the Member, payable on demand by the Fund at their par value in accordance with the terms of paragraph 24 of this resolution. To the extent possible, Members may favourably consider payment of their core contributions, in cash.
24. **Encashment of promissory notes or similar obligations.** In conformity with the provisions of article 4.5(c)(i) of the Agreement and regulation V of the Financial Regulations of IFAD, promissory notes or similar obligations of Members shall be encashed in accordance with this replenishment resolution as per paragraph 20(a) or as agreed between the President and a contributing Member.
25. **Payment modalities.** At the time of depositing its instrument of contribution, each Member shall indicate to the Fund its proposed schedule and mode of payment on the basis of the arrangements set forth in paragraphs 20 to 23 of this resolution.

VII. Allocation of replenishment votes

26. **Creation of replenishment votes.** New replenishment votes shall be created in respect of core contributions, the grant element of any concessional partner loan, and the discount or credit generated from early encashment of core contributions provided under the Twelfth Replenishment (Twelfth Replenishment Votes). The total amount of Twelfth Replenishment Votes shall be calculated by dividing by US\$1,580,000 the total amount of pledges of core contributions, the grant element of any concessional partner loan, and the discount or credit generated from early encashment of core contributions, in each case received as of six months after the date of adoption of this resolution.
27. **Distribution of replenishment votes.** The Twelfth Replenishment Votes thus created shall be distributed in accordance with article 6.3(a)(ii) and (iii) of the Agreement as follows:
 - (a) **Membership votes.** Membership votes shall be distributed equally among all Members in conformity with article 6.3(a)(ii)(A) of the Agreement.
 - (b) **Contribution votes.** In conformity with article 6.3(a)(ii)(B) of the Agreement, contribution votes shall be distributed among all Members in the proportion that each Member's paid up core contribution, the grant element of any concessional partner loans made by such Member or its state-supported institution, and the discount or credit generated from early encashment of core contributions, bear to the aggregate of the paid core contributions, the grant element of all concessional partner loans, and the discount or credit generated from early encashment of core contributions, as specified in section II (Contributions) of this resolution.
 - (c) The allocation and distribution of the original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment, Seventh Replenishment, Eighth Replenishment, Ninth Replenishment, Tenth Replenishment and Eleventh Replenishment Votes shall continue irrespective of the entry into force of this resolution.
28. **Effectiveness of replenishment votes.** The distribution of the Twelfth Replenishment Votes, as specified above, shall enter into effect six months after the adoption of this resolution. The President shall communicate the fact of the distribution of the Twelfth Replenishment membership and contribution votes to all Members of the Fund no later than 15 days after such date, and shall report such information to the Governing Council at its forty-fifth session.

VIII. Additional resource mobilization

29. Borrowing by the Fund

- (a) **Purpose of borrowing.** While recognizing that replenishment contributions are, and should remain, the basic source of the Fund's financing, the Governing Council welcomes and supports the Fund's intention to leverage a more diversified set of resources – including loans from Member States and related state-supported institutions, multilateral development banks, supranational institutions and private institutional investors under the Integrated Borrowing Framework during the replenishment period.
- (b) **Integrated Borrowing Framework.** The Executive Board has established an Integrated Borrowing Framework that sets the pillars of IFAD's overall borrowing activity and specifically introduces the possibility of borrowing from multilateral development banks, supranational institutions and private institutional investors. The Sovereign Borrowing Framework and the Concessional Partner Loan Framework form part of the Integrated Borrowing Framework and remain valid for the specific counterparts. In line with such framework, Management shall continue to inform the Executive Board of all formal negotiations undertaken with potential lenders, including the relevant due diligence undertaken and financial information obtained.
- (c) **Limitation of liability.** In relation to subparagraphs (a) and (b), it is recalled, for the avoidance of doubt, that article 3.3 of the Agreement provides that: "No Member shall be liable, by reason of its membership, for acts or obligations of the Fund."

30. Cofinancing and miscellaneous operations.

- (a) During the replenishment period, the Executive Board and the President are encouraged to take necessary measures to strengthen the Fund's catalytic role in raising the proportion of national and international funding directed at improving the well-being and self-reliance of rural poor people, and to supplement the resources of the Fund by using the Fund's power to perform financial and technical services, including the administration of resources and acting as trustee, that are consistent with the objective and functions of the Fund. Operations involved in the performance of such financial services shall not be funded by resources of the Fund.
- (b) In this regard, the Governing Council calls on Member States to make all efforts to maximize their core contributions and provide additional supplementary funds contributions to support ASAP+ and the PSFP, including through their bilateral development agencies and other government agencies. ASAP+ scales up IFAD's ability to channel critical additional climate financing to small-scale producers, allowing IFAD to complement its programme of loans and grants through additional high-impact interventions. The PSFP is an instrument to catalyse private funding for rural micro, small and medium-sized enterprises (MSMEs), focusing on generating employment for youth and women, and working directly with a new suite of private sector actors. Management will also take necessary measures to mobilize supplementary funds contributions to these programmes from non-Member States and other non-state actors, including multilateral organizations, philanthropic individuals and foundations, and other entities in line with the provisions of the respective trust fund instruments.

IX. Reporting to the Governing Council

- 31. The President shall submit to the forty-fifth session of the Governing Council and to subsequent sessions, reports on the status of commitments, payments and other relevant matters concerning the replenishment. The reports shall be submitted to

the Governing Council together with the Executive Board's comments, if any, and its recommendations thereon.

X. Review by the Executive Board

32. The Executive Board shall periodically review the status of contributions under the replenishment and shall take such actions, as may be appropriate, for the implementation of the provisions of this resolution.
33. If, during the replenishment period, delays in the making of any contributions cause, or threaten to cause, a suspension in the Fund's lending operations or otherwise prevent the substantial attainment of the goals of the replenishment, upon the request of the Executive Board the Chairperson of the Governing Council may convene a meeting of the Consultation established by resolution 211/XLIII (2020) to review the situation and consider ways of fulfilling the conditions necessary for the continuation of the Fund's lending operations or for the substantial attainment of those goals.

XI. Midterm review

34. A midterm review of the implementation of the measures and actions referred to in the IFAD12 Report will be undertaken and its findings presented at a meeting of the Consultation on the Thirteenth Replenishment of IFAD's Resources.

Resolution 220/XLIV

Amendment to the Agreement Establishing IFAD

The Governing Council of IFAD,

Having considered the Executive Board report EB 2020/131(R)/R.27/Rev.1, Proposed Amendments to the Basic Legal Texts of IFAD, and recommendation to the Governing Council;

Having noted the proposal, made pursuant to Article 12 of the Agreement Establishing IFAD, for amendment of the Agreement Establishing IFAD;

Noting the Executive Board report and recommendation to the Governing Council submitted in accordance with Article 12 of the Agreement Establishing IFAD;

Acting in accordance with Article 12 of the Agreement Establishing IFAD;

Hereby decides:

Article 4, Section 1, Article 4, Section 5, Article 6, Section 3, Article 7, Section 1(b) and Article 10, Section 2 of the Agreement are to be amended and a new Section 7 is to be inserted in Article 4 to read as follows:

1. Article 4, Section 1 of the Agreement is hereby amended to read as follows (added text is underlined):

Article 4, Section 1 – Resources of the Fund

The resources of the Fund shall consist of:

- (i) initial contributions;
- (ii) additional contributions;
- (iii) special contributions from non-member States and from other sources;
- (iv) funds derived or to be derived from operations or otherwise accruing to the Fund, including by borrowing from Members and other sources.

2. A new Section 7 is inserted in Article 4 of the Agreement to read as follows:

Section 7 – Borrowing Activities

The Fund shall be authorized to borrow funds from Member States or from other sources, buy and sell securities that the Fund has issued or guaranteed, and exercise such powers incidental to its borrowing activities as shall be necessary or desirable in furtherance of its purposes.

3. Article 4, Section 5 of the Agreement is hereby amended to read as follows (the new text is underlined):

- (a) (...)
- (b) (...)
- (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 to further additional contributions.

(d) (...)

(e) Notwithstanding subsection (c) above, contributions to the Fund may also be made in the form of the discount or the credit generated from the early encashment of contributions in accordance with the mechanism approved by the Governing Council.

4. Article 6, Section 3 of the Agreement is hereby amended to read as follows (added text is underlined):

Article 6, Section 3 – Voting in the Governing Council

- a. The total number of votes in the Governing Council shall be comprised of Original Votes and Replenishment Votes. All Members shall have equal access to those votes on the following basis:
 - i. (...)
 - (A) (...)
 - (B) **contribution votes** shall be distributed among all Members in the proportion that each Member's cumulative paid contributions to the resources of the Fund, authorized by the Governing Council prior to 26 January 1995 and made by Members in accordance with Sections 2, 3 and 4 of Article 4 of this Agreement, bear to the aggregate of the total of the said contributions paid by all Members;
 - ii. (...) Except as the Governing Council shall by a two-thirds majority of the total number of votes otherwise decide, the votes for each replenishment shall be established in the ratio of one hundred (100) votes for the equivalent of each one hundred and fifty eight million United States dollars (USD 158 000 000) contributed to the total amount of that replenishment, or a fraction thereof:
 - (A) (...)
 - (B) **contribution votes** shall be distributed among all Members in the proportion that each Member's paid contribution to the resources contributed to the Fund by Members for each replenishment bears to the aggregate of the total contributions paid by all Members to the said replenishment; and

iii. (...)

(b) For the purposes of Section 3 (a)(i)(B) and (ii)(B) above, the grant element of a concessional partner loan and the discount or the credit generated from the early encashment of contributions shall be considered as "paid contributions" and contributions votes shall be distributed accordingly; and

(c) Except as otherwise specified in this Agreement, decisions of the Governing Council shall be taken by a simple majority of the total number of votes.

5. Article 7, Section 1(b) of the Agreement is hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

Article 7, Section 1(b):

Financing by the Fund shall be provided only for the benefit of developing States that are Members of the Fund. Such financing may be provided directly to developing Member States or political subdivisions thereof, or through intergovernmental organizations in which such Members participate or to, or through, national development banks, private sector organizations and enterprises, or other entities as assessed from time to time by the Executive Board. In the case of a loan ~~to an intergovernmental organization provided to an entity other than a Member State~~, the Fund ~~may require~~ shall normally require a suitable governmental or other guarantees, unless the Executive Board decides otherwise on the basis of a thorough assessment concerning related risks and safeguards.

6. Article 10, Section 2 of the Agreement is hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

Article 10, Section 2 – Privileges and Immunities

(a) The Fund shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective. Representatives of Members, the President and the staff of the Fund shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the Fund.

(b) (...)

(i) (...)

(ii) (...)

(iii) (...)

(c) (...)

(d) Notwithstanding Section 2(a)- (c) above, actions arising out of its authorities under Article 4, Section 7 may be brought against the Fund only in a court of competent jurisdiction in the territories of a Member where:

(i) it has appointed an agent for the purpose of accepting service or notice of process; or

(ii) the Fund has issued or guaranteed securities,

provided, however, that:

- (A) no action shall be brought by Member States or persons acting for or deriving claims from Members; and
- (B) the property and assets of the Fund shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgement against the Fund.

This resolution and the amendment contained therein shall enter into force and effect on the date of its adoption by the Governing Council.

Resolution 221/XLIV

Amendments to the Policies and Criteria for IFAD Financing

The Governing Council of IFAD,

Recalling resolution 178/XXXVI, in which it decided upon the proposal of the Executive Board to approve the Policies and Criteria for IFAD Financing;

Having considered the Executive Board report EB 2020/131(R)/R.27/Rev.1, Proposed Amendments to the Basic Legal Texts of IFAD, and recommendation to the Governing Council;

Acting under Article 7, Section 1(e) of the Agreement Establishing IFAD;

Hereby decides:

The following paragraphs of the Policies and Criteria for IFAD Financing are hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

3. The Lending Policies and Criteria were amended by the Governing Council several times between 1994 and 1998, (...). In 2020, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the new Debt Sustainability Framework measures. In 2021, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the framework on accelerated repayment and voluntary prepayment, and codify the engagement precedent with subnational entities.

(...)

15. (...)

A. Loans

(a) Loans to the public sector

(...)

- (ii) (...) The criteria for determining the terms to apply to a specific country shall be as specified in this paragraph, in accordance with the following sequence:

(...)

The total amount of the financing loans provided each year on DSF grant, super highly concessional, highly concessional and blend terms shall amount, at least, to approximately two thirds of the total amount lent-provided annually during every replenishment period by IFAD.

- (iii) The conditions for super highly concessional, highly concessional, blend and ordinary lending terms shall be as follows:

(...)

- (6) The Executive Board may vary the grace period and the amount of each instalment for the repayments of loans received on super highly concessional terms, highly concessional terms, blend terms and ordinary

terms. In so doing, the Executive Board, on information provided by the President of IFAD, shall decide on the modalities of the repayment in accordance with the accelerated repayment and voluntary prepayment framework established by the Executive Board, ~~take into account a country's creditworthiness. In submitting a proposal for the lending terms to apply to a country for a loan to the Executive Board, the President of IFAD shall ensure that: (i) the grace period for the loan, which shall be established in relation to the date on which a loan becomes effective and the date upon which disbursement of the loan is to cease, shall not exceed six years; and (ii) the net present value in SDR or the denomination currency of the financing agreement (as applicable) of the blend terms and ordinary terms specified in (2) and (3) above is maintained;~~

(...)

(c) Loans to subnationals and other entities

The Fund may provide loans to political subdivisions of Members, to intergovernmental organizations in which Members participate or to national development banks or to other entities as assessed from time to time by the Executive Board. In the case of a loan provided to an entity other than a Member State, the Fund shall normally require a suitable governmental or other guarantees, unless the Executive Board decides otherwise on the basis of a thorough assessment concerning related risks and safeguards. The Executive Board shall decide on the financing conditions related to each loan taking into account an assessment, by the President of IFAD, of the creditworthiness of each subnational lending operation based on a comprehensive due diligence and credit assessment. The Executive Board shall report annually to the Governing Council on the approval of this category of loans.

This resolution and the amendment contained therein shall enter into force and effect on the date of its adoption by the Governing Council.

Resolution 222/XLIV

Amendments to the Financial Regulations of IFAD

The Governing Council of IFAD,

Having considered the Executive Board report EB 2020/131(R)/R.27/Rev.1, Proposed Amendments to the Basic Legal Texts of IFAD, and recommendation to the Governing Council;

Acting under Article 6, Section 2(f) of the Agreement Establishing IFAD;

Hereby decides:

1. Financial Regulation V, paragraph 3, is to be amended to read as follows (added text is underlined and deleted text is shown in strikethrough):
 3. Contributions shall be drawn down on a pro rata basis, over such reasonable periods of time as ~~the Executive Board shall determined in~~ each replenishment resolution to meet estimated disbursements over the following period. ~~In applying a pro rata drawdown, an increase in a contribution shall be included, from the time the increase was made, in that part of the contribution that has not yet been draw down.~~
2. A new subparagraph (d) is inserted in paragraph 1 of Financial Regulation X:
 - (d) Establish, maintain and implement an appropriate internal control framework.

This resolution and the amendment contained therein shall enter into force and effect on the date of its adoption by the Governing Council.

Resolution 223/XLIV

Market Borrowing Authority

The Governing Council of IFAD,

Recalling Governing Council Resolution 204/XLI, which called upon the IFAD12 Consultation to consider progress made by IFAD in preparing for the possibility of market borrowing;

Hereby decides that:

Any commencement of market borrowing by IFAD must be first reviewed and endorsed by the Executive Board and ultimately approved by the Governing Council.

Resolution 224/XLIV

Administrative budget comprising the regular budget, capital budget and an Independent Office of Evaluation of IFAD budget for 2021, and a targeted capacity investment of IFAD for 2021

The Governing Council of IFAD,

Bearing in mind article 6.10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD;

Noting that, at its 131st session, the Executive Board reviewed and agreed upon a programme of loans and grants of IFAD for 2021 at a level of SDR 658 million (US\$934 million), which comprises a lending programme of SDR 633 million (US\$899 million) and a gross grant programme of SDR 25 million (US\$35 million);

Having considered the review of the 131st session of the Executive Board concerning the proposed regular budget, capital budget and the Independent Office of Evaluation of IFAD budget for 2021;

Aware that, in 2004, Governing Council resolution 133/XXVII authorized the amendment of regulation VI, paragraph 2 of the Financial Regulations of IFAD, to allow unobligated appropriations at the close of the financial year to be carried forward into the following financial year up to an amount not exceeding 3 per cent of the said financial year;

Conscious that the aforementioned 3 per cent carry forward currently applies to the administrative budget, and noting the need for a 10 per cent cap for carrying forward unspent balances arising from savings achieved in 2020 into the 2021 financial year to support delivery of certain corporate priorities;

Approves the administrative budget, comprising: first, the regular budget of IFAD for 2021 in the amount of US\$159.4 million; second, the capital budget of IFAD for 2021 in the amount of US\$6.75 million; third, the budget of the Independent Office of Evaluation of IFAD for 2021 in the amount of US\$5.818 million, as set forth in document GC 43/L.X, determined on the basis of a rate of exchange of EUR 0.885: US\$1;

Determines that, in the event the average value of the United States dollar in 2021 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2021 bears to the budget exchange rate; and

Further approves that unobligated appropriations at the close of the financial year 2020 may be carried forward into the 2021 financial year up to an amount not exceeding 10 per cent of the corresponding appropriations.