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Draft resolution on the Tenth Replenishment of IFAD's Resources

Note to Consultation members

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Consultation on the Tenth Replenishment of IFAD's Resources —
Second Session
Rome, 9-10 June 2014

For: Review

Note to the Members

Attached for the consideration of the Consultation on the Tenth Replenishment of IFAD's Resources is the first draft of the Governing Council Resolution on the Tenth Replenishment (IFAD10) (attachment I), for an initial discussion at the second session of the Consultation in June 2014.

To facilitate review, a marked version of the draft IFAD10 Resolution is also attached (attachment II) showing significant additions and changes (shaded) and deletions (strike through) in comparison to Governing Council Resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources (the IFAD9 Resolution). Please note that the marked version does not show all changes, including, for example, changes made for purposes of clarity, or changes in sequence. For a more detailed review, Members are encouraged to conduct their own comparison between the attached draft IFAD10 Resolution and the IFAD9 Resolution itself.

Draft Resolution ____/XXXVIII

Tenth 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), 4.3 (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 180/XXXVII (2014) on the establishment of the Consultation on the Tenth Replenishment of IFAD's Resources, whereby the thirty-seventh 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, in particular, the requirement for the Consultation to submit a report on the results of its deliberations and any recommendations thereon to the thirty-eighth session and, if required, subsequent sessions of the Governing Council, with a view to adopting such Resolutions as may be appropriate;

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 further considered the announcements of Members' intentions to make additional contributions to the resources of the Fund and Members' intentions to make contributions to compensate the Fund's debt forgiveness commitments under the Debt Sustainability Framework (DSF);

Having noted the request of the Governing Council "to continue to explore the scope for increasing financing from non-donor resources, including market-based mechanisms, and to submit any proposals that may result from such exploration to the Executive Board for approval" (Governing Council Resolution 122/XXIV);

Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the Tenth Replenishment of IFAD's Resources (GC 38/____) (the Tenth Replenishment 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

- (a) **Available resources.** The Fund's resources at the end of the Ninth Replenishment period and the funds to be derived from operations or otherwise accruing to the Fund during the three-year period commencing 1 January 2016 (the Replenishment Period) are estimated at US\$___ billion.
- (b) **Call for additional contributions.** Taking into account the conclusions and recommendations of the Tenth Replenishment 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 core contributions (as defined in subsection II(a)(i) of this Resolution), DSF compensation contributions (as defined in subsection II(a)(ii) of this Resolution), and complementary contributions (as defined in subsection II(a)(iii) of this Resolution).
- (c) **Target for additional contributions.** The target for additional contributions **during** the Tenth Replenishment (the Replenishment) is set at the amount of US\$___ billion.
- (d) **Pledges.** The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out in annex ___ to the Tenth Replenishment Report. Members that 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 ___ to the Tenth Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.
- (e) **Structural gap.** While maintaining the target level for additional contributions as specified in subsection (c) above, the structural gap may not exceed 15 per cent of such target level. In the event that the structural gap exceeds 15 per cent at the end of the six-month period for the creation of new votes specified in subsection VIII(a) of this Resolution, the target level for additional contributions specified in subsection (c) above shall be adjusted so that the total amount of the pledges received at that date represents at least 85 per cent of the target level. If such an adjustment becomes necessary, the President will immediately communicate the new target level to the Governors, after which subsection (c) above shall be deemed to have been amended accordingly. The Fund's Programme of Loans and Grants will be adjusted to reflect the shortfall from the Replenishment target.

II. Contributions

- (a) **Additional contributions.** During the Replenishment period, the Fund shall accept additional contributions from Members as follows:
 - (i) **Core contributions** in the amounts set out in the annex to this Resolution (core contributions);
 - (ii) **DSF compensation contributions**, in addition to core contributions, to finance forgone principal reflows from the making of grants under the DSF in the amount of US\$___, in the amounts set out in the annex to this Resolution (DSF compensation contributions); and
 - (iii) **Complementary contributions** in addition to their core contributions and DSF compensation contributions (complementary contributions).

- (b) **Conditions governing additional contributions**
- (i) Members shall receive commensurate contribution votes with respect to core contributions and DSF compensation contributions in accordance with article 6.3 of the Agreement, but shall not receive such votes with respect to their complementary contributions;
 - (ii) Core contributions and DSF compensation contributions shall be made without restriction as to their use;
 - (iii) The Executive Board shall have the authority to approve the use of complementary contributions when the Governing Council is not in session; and
 - (iv) 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.
- (c) **Special contributions**
- (i) During the Replenishment period, the Executive Board may accept on behalf of the Fund unrestricted contributions to the resources of the Fund from non-member States or other sources (special contributions).
 - (ii) 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.
- (d) **Denomination of contributions.** Members shall denominate their contributions in: (i) special drawing rights (SDR); (ii) a currency used for the valuation of the SDR; or (iii) the currency of the contributing Member if such currency is freely convertible and the Member did not experience, in the period from 1 January 2012 to 31 December 2013, a rate of inflation in excess of 10 per cent per annum on average, as determined by the Fund.
- (e) **Exchange rates.** For the purposes of subsection I(d) 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 - 30 September 2014), rounded to the fourth decimal point.
- (f) **Unpaid contributions.** Those Members that have not yet completed payment of their previous contributions to the resources of the Fund and that have not yet deposited an instrument of contribution or paid their contribution for the Ninth Replenishment are urged to make the necessary arrangements. Upon proposals by the President, the Executive Board shall adopt measures aimed at realizing the settlement of unpaid contributions.
- (g) **Increase of contribution.** A Member may increase the amount of any of its contributions at any time.

III. Instruments of contribution

- (a) **General clause.** Members making contributions under this Resolution 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 formally committing to make additional contributions to the Fund in accordance with the terms of this Resolution and specifying the amount of their contribution in the applicable currency of denomination.
- (b) **Unqualified contributions.** Except as specified in subsection (c) below, such instrument of contribution 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 called an "unqualified contribution".

- (c) **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 section VI 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 called a "qualified contribution", but shall be deemed to be unqualified to the extent that appropriation has been obtained.

IV. Effectiveness

- (a) **Effectiveness of the Replenishment.** The Replenishment shall come into effect on the date upon which instruments of contribution or payments made without an instrument of contribution relating to the additional contributions from Members referred to in section II 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 subsection I(d) of this Resolution.
- (b) **Effectiveness of individual contributions.** Instruments of contribution deposited on or before the effective date of the Replenishment shall take effect on that date, and instruments of contribution deposited after such date shall take effect on their respective dates of deposit.
- (c) **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

Notwithstanding the provisions of section IV 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 other relevant policies of the Fund, unless a Member specifies otherwise in writing. Any loan and grant 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

- (a) **Unqualified contributions**
- (i) **Payment of instalments.** Each contributing Member shall, at its option, pay its unqualified contribution in a single sum or in two or a maximum of three instalments. Instalment payments in respect of each unqualified contribution shall be, at the option of the Member, 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.

- (ii) **Payment dates**
- 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.
- Instalment payments**
Payment in instalments shall be made according to the following schedule:
The first instalment shall be due on the sixtieth day after the Member's instrument of contribution enters into effect. Any other instalment shall be due on the first anniversary of the effective date of the Replenishment and the balance, if any, shall be paid no later than the last day of the three-year period following the adoption of this Resolution.
- (iii) **Early payment.** Any Member may pay its contribution on dates earlier than those specified in subsection (a)(ii) above.
- (iv) **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.
- (b) **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 annual payment dates specified in subsection (a)(ii) above. A Member that 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 date specified in subsection (a)(ii) above.
- (c) **Currency of payment**
- (i) Contributions shall be made in freely convertible currencies, subject to subsection II(d)(iii) of this Resolution.
- (ii) 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.
- (d) **Mode of payment.** In conformity with article 4.5(c) of the Agreement, payments in respect of contributions shall be made in cash or, 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 subsection (e) below. To the extent possible, Members may favourably consider payment of their contributions in cash.
- (e) **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 the drawdown policy approved by the Executive Board at its seventy-first session or as agreed between the President and a contributing Member.
- (f) **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 subsections (a), (b), (c) and (d) above.

VII. Allocation of Replenishment Votes

- (a) **Creation of Replenishment Votes.** New Replenishment Votes shall be created in respect of core contributions and DSF compensation contributions provided under the Tenth Replenishment (Tenth Replenishment Votes). The total amount of Tenth Replenishment Votes shall be calculated by dividing by US\$1,580,000 the total amount of pledges of core contributions and DSF compensation contributions received as of six months after the date of adoption of this Resolution.
- (b) **Distribution of Replenishment Votes.** The Tenth Replenishment Votes thus created shall be distributed in accordance with article 6.3(a)(ii) and (iii) of the Agreement as follows:
 - (i) **Membership votes.** Membership votes shall be distributed equally among all Members in conformity with article 6.3(a)(ii)(A) of the Agreement.
 - (ii) **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 and DSF compensation contribution bears to the aggregate of the paid core contributions and DSF compensation contributions specified in section II of this Resolution.
 - (iii) The allocation and distribution of the original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment, Seventh Replenishment, Eighth Replenishment and Ninth Replenishment Votes shall continue irrespective of the entry into force of this Resolution.
- (c) **Effectiveness of Replenishment Votes.** The distribution of the Tenth Replenishment Votes, as specified above, shall enter into effect six months after the adoption of this Resolution. The President shall communicate the distribution of the Tenth 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 thirty-ninth session.

VIII. Cofinancing and miscellaneous operations

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 on the account of the Fund.

IX. Reporting to the Governing Council

The President shall submit to the thirty-ninth 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

- (a) 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.
- (b) 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 180/XXXVII (2014) 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

A midterm review of the implementation of the measures and actions referred to in the Tenth Replenishment Report will be undertaken and its findings presented at an early meeting of the Consultation on the Eleventh Replenishment of IFAD's Resources.

Draft Resolution ____/XXXVIII

Tenth 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), 4.3 (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 180/XXXVII (2014) on the establishment of the Consultation on the Tenth Replenishment of IFAD's Resources, whereby the thirty-seventh 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, in particular, the requirement for the Consultation to submit a report on the results of its deliberations and any recommendations thereon to the thirty-eighth session and, if required, subsequent sessions of the Governing Council, with a view to adopting such Resolutions as may be appropriate;

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 further considered the announcements of Members' intentions to make additional contributions to the resources of the Fund and Members' intention to make contributions to compensate the Fund's debt forgiveness commitments under the Debt Sustainability Framework (DSF);

Having noted the request of the Governing Council "to continue to explore the scope for increasing financing from non-donor resources, including market-based mechanisms, and to submit any proposals that may result from such exploration to the Executive Board for approval" (Governing Council Resolution 122/XXIV);

Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the Tenth Replenishment of IFAD's Resources (GC 38/) (the Tenth Replenishment 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

- (a) **Available resources.** The Fund's resources at the end of the **Ninth** Replenishment period and the funds to be derived from operations or otherwise accruing to the Fund during the three-year period commencing **1 January 2016** (the Replenishment Period) are estimated at US\$___ billion.
- (b) **Call for additional contributions.** Taking into account the conclusions and recommendations of the **Tenth** Replenishment 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 core contributions (as defined in subsection II(a)(i) of this Resolution), DSF compensation contributions (as defined in subsection II(a)(ii) of this Resolution), and complementary contributions (as defined in subsection II(a)(iii) of this Resolution).
- (c) **Target for additional contributions.** The target for additional contributions during the **Tenth Replenishment (the Replenishment)** is set at the amount of US\$___ billion.
- (d) **Pledges.** The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out in annex ___ to the **Tenth** Replenishment Report. Members that 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 ___ to the **Tenth** Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.
- (e) **Structural gap.** While maintaining the target level for **additional contributions** as specified in subsection (c) above, the structural gap may not exceed 15 per cent of such target level. In the event that the structural gap exceeds 15 per cent at the end of the six-month period for the creation of new votes specified in subsection VIII(a) of this Resolution, the target level for additional contributions specified in subsection (c) above shall be adjusted so that the total amount of the pledges received at that date represents at least 85 per cent of the target level. If such an adjustment becomes necessary, the President will immediately communicate the new target level to the Governors, after which subsection (c) above shall be deemed to have been amended accordingly. **The Fund's Programme of Loans and Grants will be adjusted to reflect the shortfall from the Replenishment target.**

~~II. Measuring results, effectiveness and efficiency~~

- ~~(a) During the replenishment period, the Results Measurement Framework set forth in annex II to the Ninth Replenishment report shall constitute a systematic approach to management, monitoring and measurement to ensure that the intended results have the greatest likelihood of being achieved.~~
- ~~(b) In order to raise the capacity of the Fund to effectively and efficiently manage ongoing operations and deliver the programme of work, the Executive Board and the President shall adopt the measures and undertake the actions set forth in annex I to the Ninth Replenishment report.~~

II. Contributions

- (a) **Additional contributions.** During the Replenishment Period, the Fund shall accept **additional contributions** from Members as follows:
- (i) **Core contributions** in the amounts set out in the annex to this Resolution (core contributions);
 - (ii) **DSF compensation contributions**, in addition to core contributions, to finance forgone principal reflows from the making of grants under the DSF in the amount of US\$____, in the amounts set out in the annex to this Resolution (DSF compensation contributions); and
 - (iii) **Complementary contributions** in addition to their core contributions and DSF compensation contributions (complementary contributions).
- (b) **Conditions governing additional contributions**
- (i) Members shall receive commensurate contribution votes with respect to **core contributions and DSF compensation contributions** in accordance with article 6.3 of the Agreement, but shall not receive such votes with respect to their Complementary Contributions;
 - (ii) **Core contributions and DSF compensation contributions** shall be made without restriction as to their use;
 - (iii) The Executive Board shall have the authority to approve the use of complementary contributions when the Governing Council is not in session; and
 - (iv) 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.
- ~~(iii) In application of subsection (c)(ii) above, and without prejudice to the authority to decide on the use of complementary contributions for other purposes, during the replenishment period, the Fund shall accept complementary contributions to support its Adaptation for Smallholder Agriculture Programme.~~
- (c) **Special contributions**
- (i) During the Replenishment Period, **the Executive Board may accept on behalf of the Fund unrestricted contributions to the resources of the Fund from non-member States or other sources (special contributions).**
 - ~~(ii) The Executive Board may approve related agreements with such States and allow their participation in its meetings, when appropriate.~~
 - ~~(iii) Special contributions made by any State after the adoption of this resolution shall be converted into additional contributions upon the contributor's accession to the Fund during the replenishment period.~~
 - (ii) ~~With respect to special contributions from sources other than States, the Executive Board may review and approve related agreements with the contributors. Based on its review of the potential implications, the~~ 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.

- (d) **Denomination of contributions.** Members shall denominate their contributions in: (i) special drawing rights (SDR); (ii) a currency used for the valuation of the SDR; or (iii) the currency of the contributing Member if such currency is freely convertible and the Member did not experience, in the period from **1 January 2012 to 31 December 2013**, a rate of inflation in excess of 10 per cent per annum on average, as determined by the Fund.
- (e) **Exchange rates.** For the purposes of subsection I(d) 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–30 September 2014**), rounded to the fourth decimal point.
- (f) **Unpaid contributions.** Those Members that have not yet completed payment of their previous contributions to the resources of the Fund and that have not yet deposited an instrument of contribution or paid their contribution for the **Ninth** Replenishment are urged to make the necessary arrangements. Upon proposals by the President, the Executive Board shall adopt measures aimed at realizing the settlement of unpaid contributions.
- (g) **Increase of contribution.** A Member may increase the amount of any of its contributions at any time.

III. Instruments of contribution

- (a) **General clause.** Members making contributions under this Resolution 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 formally committing to make additional contributions to the Fund in accordance with the terms of this Resolution and specifying the amount of their contribution in the applicable currency of denomination.
- (b) **Unqualified contributions.** Except as specified in subsection (c) below, such instrument of contribution 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 called an "unqualified contribution".
- (c) **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 section VI 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 called a "qualified contribution", but shall be deemed to be unqualified to the extent that appropriation has been obtained.

~~(d) **Contingent contributions.** The Fund may accept contributions that, in part or in whole, may be contingent upon the completion of specific measures and actions referred to in section II of this resolution.~~

~~(e) **Commensurate modification.** In the case of an undue delay in the deposit of an instrument of contribution or in payment, or of substantial reduction in the contribution by a Member, any other Member that has not waived the right to avail itself of the option of commensurate modification in its instrument of contribution, may, notwithstanding any provision to the contrary in this Resolution, at its option, after consultation with the Executive Board, make a commensurate modification, ad-interim, in its schedule of payment or amount of contribution. The option of commensurate modification may be exercised with the sole purpose of avoiding any significant disparity between the relative proportion of Members' total contributions until such time that the Member whose conduct caused the option to be exercised has acted to remedy the situation on its part or the Member exercising the option revokes its decision taken under this provision.~~

IV. Effectiveness

- (a) **Effectiveness of the Replenishment.** The Replenishment shall come into effect on the date upon which instruments of contribution or payments made without an instrument of contribution relating to the additional contributions from Members referred to in section II 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 subsection I(d) of this Resolution.
- (b) **Effectiveness of individual contributions.** Instruments of contribution deposited on or before the effective date of the Replenishment shall take effect on that date, and instruments of contribution deposited after such date shall take effect on their respective dates of deposit.
- (c) **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

Notwithstanding the provisions of section IV 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 other relevant policies of the Fund, unless a Member specifies otherwise in writing. Any loan and grant 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

- (a) **Unqualified contributions**
 - (i) **Payment of instalments.** Each contributing Member shall, at its option, pay its unqualified contribution in a single sum or in two or a maximum of three instalments. Instalment payments in respect of each unqualified contribution shall be, at the option of the Member, 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.

(ii) **Payment dates****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.

Instalment payments

Payment in instalments shall be made according to the following schedule:

The first instalment shall be due on the **sixtieth** day after the Member's instrument of contribution enters into effect. Any other instalment shall be due on the first anniversary of the effective date of the Replenishment and the balance, if any, shall be paid no later than the last day of the three-year period following the adoption of this Resolution.

(iii) **Early payment.** Any Member may pay its contribution on dates earlier than those specified in subsection (a)(ii) above.

(iv) **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.

(b) **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 annual payment dates specified in subsection (a)(ii) above. A Member that 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 date specified in subsection (a)(ii) above.

(c) **Currency of payment**

(i) **Contributions shall be made in freely convertible currencies, subject to subsection II(d)(iii) of this Resolution.**

~~(i) — All contributions made under this resolution shall be paid in SDR, in a currency used for the valuation of the SDR, or in the currency of the contributing Member if such currency is acceptable.~~

(ii) 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.

(d) **Mode of payment.** In conformity with article 4.5(c) of the Agreement, payments in respect of contributions shall be made in cash or, 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 subsection (e) below. To the extent possible, Members may favourably consider payment of their contributions in cash.

(e) **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 the drawdown policy approved by the Executive Board at its seventy-first session or as agreed between the President and a contributing Member.

- (f) **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 subsections (a), (b), (c) and (d) above.

~~VIII. Exercise of the advance commitment authority~~

~~Effective 1 January 2013, when the Executive Board authorizes advance commitment funds to be derived from operations pursuant to its power under article 7.2(b) of the Agreement, the Fund's commitment capacity shall be assessed and determined in accordance with the sustainable cash flow methodology by matching financial obligations (cash outflows) arising from commitments against current resources and projected cash inflows.~~

VII. Allocation of Replenishment Votes

- (a) **Creation of Replenishment Votes.** New Replenishment votes shall be created in respect of core contributions and DSF compensation contributions provided under the Tenth Replenishment (Tenth Replenishment Votes). The total amount of Tenth Replenishment Votes shall be calculated by dividing the total amount of pledges of core contributions and DSF compensation contributions, which have been received as of the date six months after the date of adoption of this Resolution, by US\$1,580,000.
- (b) **Distribution of Replenishment Votes.** The Tenth Replenishment Votes thus created shall be distributed in accordance with article 6.3(a)(ii) and (iii) of the Agreement as follows:
- (i) **Membership votes.** Membership votes shall be distributed equally among all Members in conformity with article 6.3(a)(ii)(A) of the Agreement.
 - (ii) **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 and DSF compensation contribution bears to the aggregate of the paid Core contributions and DSF compensation contributions specified in section II of this Resolution.
 - (iii) The allocation and distribution of the original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment, Seventh Replenishment, Eighth Replenishment and Ninth Replenishment votes shall continue irrespective of the entry into force of this Resolution.
- (c) **Effectiveness of Replenishment Votes.** The distribution of the Tenth Replenishment Votes, as specified above, shall enter into effect six months after the adoption of this Resolution. The President shall communicate the distribution of the Tenth 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 thirty-ninth session.

VIII. Cofinancing and miscellaneous operations

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 on the account of the Fund.

IX. Reporting to the Governing Council

The President shall submit to the **thirty-ninth** session of the Governing Council and to subsequent sessions of the Governing Council 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

- (a) 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.
- (b) 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 **180/XXXVII (2014)** 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

A midterm review of the implementation of the measures and actions referred to in the **Tenth Replenishment Report** will be undertaken and its findings presented at an early meeting of the Consultation on the **Eleventh** Replenishment of IFAD's Resources.