



# Revised Draft Resolution

18 December 2014

# Background



- The second draft of the Resolution on IFAD10 was considered at the third session of the Consultation.
- Based on the comments received at and following the third session, and further discussions within the Secretariat, the second draft of the Resolution has been further revised.

## **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);

...

Reason for change: Inclusion of reference to further guiding provision in the Agreement.

# Target of Programme of Loans and Grants (PoLG)



## Section I

(c) **Target for additional contributions.** The target for additional contributions during the Tenth Replenishment (the Replenishment) is set at the amount of US\$\_\_\_ billion in order to support a target programme of loans and grants of at least US\$3 billion and up to US\$3.5 billion.

Reason for change: To reflect in the Resolution the target of PoLG as agreed at the 3<sup>rd</sup> session of Consultation.

## Section I

(e) **Structural gap.** ... 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. ... The Fund's Programme of Loans and Grants will be adjusted to reflect the shortfall from the Replenishment target unless other sources of funds are identified during the Replenishment Period.

Reason for change: To recognize that where the Replenishment target falls short there need not necessarily be an adjustment of PoLG, provided that other sources of funds can be found.

## Section III

(c) **Qualified contributions.** ... Such an instrument of contribution shall, however, include an undertaking by the Member to exercise its best efforts to: (i) ... , 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 “qualified contribution”, but shall be deemed to be unqualified to the extent that appropriation has been obtained and notified to the Fund.

Reason for change: To clarify that any change in the character of qualified contributions needs to be notified to the Fund.

# Borrowing by the Fund



## Section VIII

### (a) Borrowing by the Fund

(i) **Purpose of borrowing.** Whereas ~~grant-based~~ replenishment contributions are, and should remain, the basic source of the Fund's financing, it is recognized that borrowing by the Fund can provide an important way to further ~~of furthering~~ its objective "to mobilize ~~of mobilizing~~ additional resources to be made available on concessional terms for agricultural development in developing Member States", as specified in article 2 of the Agreement.

Reasons for change: To clarify the text and to make plain the elements quoted from the Agreement.

# Borrowing by the Fund (continued)



## Section VIII

### (a) Borrowing by the Fund

(ii) **Borrowing Framework.** The Executive Board shall establish a general ~~borrowing~~ framework for sovereign borrowing, which shall govern the arrangements for borrowing by the Fund during the Replenishment Period. Within the scope of such framework, the President shall have the authority to enter into negotiations with eligible lenders in order to fulfil the target of the programme of loans and grants set forth in subsection I(c) of this Resolution and shall bring any resulting borrowing proposals to the Executive Board for approval.

Reason for change: To limit to *sovereign* lenders any borrowings undertaken in IFAD10 and needed to fulfil PoLG.



# Borrowing by the Fund (continued)



## Section VIII

### (a) Borrowing by the Fund

~~(iii) **Administration of borrowed resources.** Without prejudice to the above provisions, in administering the resources accruing to the Fund through borrowing, the Fund shall apply the same rules applicable to the operation of its other resources under article 4.1 of the Agreement.~~

Reasons for change: To remove a provision that may be considered redundant and to recognize that IFAD Governing Bodies have the needed flexibility to administer borrowed funds as appropriate.

# Miscellaneous changes



## Section VI

### (a) Unqualified contributions

#### (ii) Payment dates

... This first instalment shall be due on the sixtieth day after the Member's instrument of contribution enters into effect. ~~Any other~~ The second instalment shall be due on the first anniversary of the effective date of the Replenishment. Any further instalment ~~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.

Reason for change: The changes to this provision, as with a number of other non-material changes, are made to improve the clarity of the text.