

12 December 2014

Informational Note to Member States on How to Contribute to IFAD10

1. The deliberations of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10) have been undertaken throughout 2014. At the fourth and last session on 18-19 December 2014, Member States are invited to agree on the target level and announce their pledges.
2. A pledge is the communication of a Member's intention to contribute to IFAD's replenishment. Pledges may be verbally announced¹ or communicated in writing by an authorized representative of a Member State. In IFAD10, Members are invited to pledge to the following categories:

- (a) **Core contributions.** These yield contribution voting rights and constitute the majority of the Fund's resources, forming the basis of the Replenishment Consultation process. Core contributions are allocated to IFAD's programme of loans and grants through the performance-based allocation system (PBAS). Core contributions remain IFAD's preferred option for replenishment, as they ensure long-term sustainability and are at the core of IFAD's governance.
- (b) **Debt Sustainability Framework proportionate contribution shares (DSF contributions).** These compensate IFAD for forgone principal reflows under the Debt Sustainability Framework. DSF contributions yield contribution voting rights and are in addition to core and complementary contributions. DSF contributions are not included in the replenishment target. Members' contributions made in future replenishments will be used to cover DSF obligations first, with any residual balance being considered as regular replenishment contributions.

For the total amount of DSF and to calculate DSF shares, please see <https://webapps.ifad.org/members/repl/10/3/docs/IFAD10-3-R-4.pdf>.

- (c) **Complementary contributions.** The concept of "complementary contributions" is defined in the draft Resolution as part of the "additional contributions" which make up the total replenishment, along with core and DSF contributions, though these do not yield voting rights and do not trigger separate financial reporting.² In the context of IFAD10, the term "unrestricted complementary contributions" is used to refer to contributions that are not restricted by contributing Members as to: (a) their use by IFAD as loans (which generate reflows benefiting the Fund) or as grants³ or (b) their use for any category of developing Member States. The Executive Board may approve the use of unrestricted complementary contributions, including those to support specific agendas around four critical operational themes and approaches: mainstreaming climate change; nutrition-sensitive agriculture; South-South and Triangular Cooperation; and public-private-producer partnerships (4Ps). Complementary contributions will be

¹ At the Fund's Governing Council, Executive Board or Consultation sessions.

² For specified thematic areas, annual reporting on progress in implementation will be provided to each contributing Member based on IFAD's established monitoring and reporting mechanisms.

³ If any contributing Member cannot accommodate these requirements, then such funds will be considered as supplementary funds (including through dedicated trust funds) and such resources will not to be accounted as part of the IFAD10 Replenishment.

allocated through the PBAS formula for countries where there is demand and conditions are conducive.

3. Within six months of the adoption of the Resolution on the Tenth Replenishment of IFAD's Resources by the Governing Council, Member States' pledges are to reach 85 per cent of the agreed target. If the gap between pledges and the replenishment level exceeds 15 per cent, the target is to be revised to ensure that the total amount of pledges received corresponds to 85 per cent of the target.
4. A pledge is to be supported either by an instrument of contribution (IOC) or a direct total payment from a Member State. An IOC specifies the amount of contribution by a Member State under the terms and conditions of the replenishment resolution and it is legally binding. The IOC also specifies the terms of contribution (category of pledges, form of payment, number of instalments and timetable).
5. The deposit of Member States' instruments of contributions is important for triggering the effectiveness of the replenishment. Replenishment effectiveness is only reached when the aggregate United States dollar equivalent amount of IOCs deposited or payments received with the Fund amount to at least 50 per cent of the total replenishment level. The resources under any given replenishment become available for commitment only when the replenishment becomes effective.
6. For any further information on contributing to the Tenth Replenishment of IFAD's Resources, please contact Mohamed Béavogui, Director, Partnership and Resource Mobilization Office (m.beavogui@ifad.org; tel.: +39 06 5459 2207).