



Draft Resolution on the Eleventh Replenishment of IFAD's Resources

Rome
June 2017
Office of the General Counsel

Outline



THE IFAD11 DRAFT RESOLUTION

- A. Purpose
- B. Key provisions
 - 1. Structural gap
 - 2. Additional contributions and voting rights
 - 3. Borrowings
- C. Amendments to the Agreement Establishing IFAD
- D. Next steps

A.

Purpose



- Reports on the amount of internal resources available
- Sets the target for the Replenishment
- Calls for additional contributions to be made preferably within 6 months of Resolution (cut off date)
- Sets out the types of contributions
- Structures the process for payment and encashment of contributions
- Creates new replenishment votes

- Represents the authorized level of funding deficit not to be exceeded as of the cut-off date
- Expressed as a percentage of the target level of resources projected: 15% since IFAD
- Used to adjust target level in the event of a funding deficit – in practice never used to adjust PoLG
- No other effective use
- Experience of other IFIs
- Recommendation to delete reference to the structural gap

B.2

Additional contributions



Contribution	Source	Creation	Restrictions as to use	Voting rights	Target
Core contributions	Member States	IFAD1	No	Yes	Yes
Unrestricted complementary contributions	Member States	IFAD10 UCC*	Yes (for identified thematic operations), but not as to (a) form of financing (loans and grants) (b) recipient countries	No	Yes
DSF compensation contributions	Member States except (a) beneficiary countries (b) List C countries below threshold	IFAD10	Yes (to compensate the Fund for foregone principal)	Yes	No
Grant element of concessional partner loans (CPL)	Member States	IFAD11	No	Yes	Yes

* The concept of Complementary Contributions as it was created under IFAD2 is removed under IFAD11

- Refers to the Sovereign Borrowing Framework approved by the Executive Board in April 2015
- Introduces concessional partner loans and market borrowings
- Indicates the possibility of initiating market borrowing activities during IFAD11

C. Amendments to the Agreement



Article 4, section 7 – Borrowing and Market activities

Amendment will create a new section which recognizes and confirms IFAD's power to borrow from its Member States or from other sources and to engage in market activities.

Article 4, section 1 – Resources of the Fund

Amendment will clarify that borrowed funds constitute resources of the Fund.

Article 4, section 5 – Conditions Governing Contributions

Amendment will recognize the grant element of CPLs as an additional contribution for all intents and purposes, including voting rights.

D. Next steps



- Draft Resolution not being presented for detailed discussion but for clarification of process and procedure
- Substance and structure of the Resolution depend on the outcomes of the Consultation
- Revised draft of the Resolution reflecting outcomes will be provided to Members for comments
- Further revised draft of the Resolution upon receipt of comments
- New draft Resolution posted for discussion at the third session of the Consultation