

Document: IFAD11/2/R.7/Rev.3
Agenda: 9
Date: 7 August 2017
Distribution: Public
Original: English

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Investing in rural people

Draft Resolution on the Eleventh Replenishment of IFAD's Resources

(Deadline for comments Wednesday, 16 August 2017)

This Rev.3 replaces the first version posted on 1 August 2017, and Rev.2 posted on 2 August 2017.

In the Note to the Members on page 1, the section on "Draft resolution for comments by Members" has been modified as follows:

(a) To clarify under the sixth bullet point that "[...] the framework for concessional partner loans will be submitted to the Executive Board for review in September and is expected to be submitted to the Executive Board for approval at a special session in October", including an explanatory footnote; and

(b) To delete the last sentence of the fifth paragraph (after "Consultation in October 2017").

Note to Consultation members

Focal points:

Technical questions:

Emmanuel Maurice
General Counsel, a.i.
Tel.: +39 06 5459 2457
e-mail: e.maurice@ifad.org

Sylvie Arnoux
Senior Legal Officer
Tel.: +39 06 5459 2460
e-mail: s.arnoux@ifad.org

Dispatch of documentation:

William Skinner
Chief
Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

Consultation on the Eleventh Replenishment of IFAD's Resources —
Second Session

Rome, 29-30 June 2017

For: Review

Note to the Members

Attached for the consideration of the Consultation on the Eleventh Replenishment of IFAD's Resources is the second draft of the Governing Council resolution on the Eleventh Replenishment (IFAD11 resolution).

Draft resolution for comments by Members

The second draft reflects changes proposed by Members at the second session of the Consultation in June 2017: a new timeline for market borrowing is proposed in paragraph 29(d) ("Market borrowing"); and paragraphs (d) and (e) of the proposed new section 7 of article 4 ("Borrowing and market activities") of the Agreement Establishing IFAD (the Agreement) have been deleted under section XII of the draft.

In addition, Management has made the following changes:

- Addition of a reference to state-supported institutions in the context of the concessional partner loans;
- Expansion of paragraph 6 on the Debt Sustainability Framework (DSF) compensation contributions to include more details;
- Inclusion of a reminder to Members in paragraph 13 of the need to deposit an instrument of contribution for core contributions before entering into a concessional partner loan agreement with the Fund;
- Addition of a new subparagraph (e) in paragraph 29 on the limitation of liability of a Member State by reason of its membership, for acts and obligations of the Fund;
- Revision of paragraphs 5(c) and 29(c) of the IFAD11 resolution and the proposed amendment to article 4, section 5(d) of the Agreement; and
- Removal of the annex on the framework for concessional partner loans. Indeed, the framework for concessional partner loans will be submitted to the Executive Board for review in September 2017 and is expected to be submitted to the Executive Board for approval at a special session in October 2017.¹

For ease of reference, the added text has been underlined and the deleted text is indicated in strikethrough mode.

Upon receipt of the comments from Members on the second draft of the IFAD11 resolution, the draft will be further revised and circulated for discussion at the third session of the Consultation in October 2017.

Amending the Agreement Establishing IFAD

Section XII of the draft resolution provides for three amendments to article 4 of the Agreement. These amendments would constitute the seventh amendment of the Agreement: seven of the 13 articles of the Agreement have been modified during the 40 years of IFAD's existence. The amendment process, as set forth in article 12 of the Agreement, is a simple one, requiring only the adoption of a Governing Council resolution by a four-fifths majority of the total number of votes. Except in four stated cases, the amendment process does not require acceptance by Members and takes effect when provided for by the resolution. None of the amendments set forth in the draft resolution requires acceptance by Members.

¹ As per rule 2 of the Rules of Procedure of the Executive Board, sessions of the Board shall be called by the President as often as the business of the Fund may require. Accordingly, a special session of the Board may be called by the President to consider and approve the Concessional Partner Loan Framework in October 2017.

Resolution ____/XLI Eleventh 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 195/XL (2017) on the establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources, whereby the fortieth 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-first 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, including increased contributions to compensate the Fund for its 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 Eleventh Replenishment of IFAD's Resources (GC 41/____) (the Eleventh 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 in respect of sections I to XI of this Resolution and with article 12 of the Agreement in respect of section XII of this Resolution;

Hereby decides:

Introduction

The Governing Council welcomes the clear wish of the Member States to demonstrate their robust support for IFAD on the occasion of this Eleventh Replenishment: they have expressed it by undertaking to provide the Fund with the core resources that it requires in the pursuit of its mandate and by confirming its ability, as an international financial institution, to leverage a more diversified set of resources, including concessional partner loans and market borrowings. In respect of the latter, the Governing Council acknowledges that, while a number of decisions in principle need to be taken now, their implementation may require a review of some of the fundamental policies of the Fund and the taking of other steps and will, accordingly, be carried out gradually during the replenishment period under the direction and control of the Executive Board.

I. The level of replenishment and call for additional contributions

1. Available resources. The Fund's available resources at the end of the Tenth 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 2019 (the replenishment period), are estimated at US\$ ___ billion.
2. Call for additional contributions. Taking into account the conclusions and recommendations of the Eleventh 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:
 - (a) Core contributions,
 - (b) DSF compensation contributions,
 - (c) Unrestricted complementary contributions, and
 - (d) The grant element of any concessional partner loan,

each of which is further defined in paragraph 5 of this Resolution.

As used in this Resolution, the term "concessional partner loan" shall mean a loan provided by a Member State or one of its state-supported institutions, which includes a grant element for the benefit of the Fund and is otherwise consistent with a concessional partner loan framework approved by the Executive Board; and the term "state-supported institution" shall include any state-owned or state-controlled enterprise and development finance institution of a Member State.

3. Target for additional contributions. The target for additional contributions, including core contributions, unrestricted complementary contributions and the grant element of any concessional partner loan ~~loans made by Member States~~, during the Eleventh 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\$__ billion and, provided it is on an administrative budget-neutral basis, up to US\$___ billion.
4. Pledges. The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out in annex ___ to the Eleventh Replenishment 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 ___ to the Eleventh Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.

II. Contributions

5. 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) Such Member State's DSF compensation contribution made in accordance with the recommendations set forth in paragraph 6 of this Resolution and the details provided in annex ___;
 - (c) ~~Such Member State's core~~ Any unrestricted complementary contribution to the resources of the Fund; from such Member State; and
 - (d) The grant element of any concessional partner loan ~~made by such Member State;~~ a concessional partner loan is a loan provided by a Member State under terms and conditions that, in accordance with the framework approved by the Executive Board, include a grant element for the benefit of the Fund.

6. DSF compensation contributions. In relation to paragraph 5(a) of this Resolution, the Member States' commitment to compensate the Fund for principal foregone as a result of DSF implementation is reaffirmed. Such compensation shall be made in the amount of US\$[39.5] million in respect of this replenishment period and shall be paid in accordance with the list of DSF compensation shares for Member States attached hereto as annex ___. In addition, it is affirmed that the Fund be further compensated for net losses in interest and service charges incurred as a result of the provision of DSF financing. In particular:
 - (a) Consistent with practice at other international financial institutions (IFIs), the pay-as-you-go principle approved by the Executive Board in April 2007 shall be applied in respect of DSF compensation contributions;
 - (b) IFAD shall continue to apply the methodology approved by the Governing Council in February 2015 to calculate the share of each Member State to compensate IFAD for DSF implementation;
 - (c) DSF beneficiary countries are excluded from the requirement to make a DSF compensation contribution in addition to other forms of additional contributions made on a pay-as-you-go basis;
 - (d) A minimum threshold is established below which a DSF compensation contribution from a Member State is not required if the amounts payable by such Member State are deemed too low. A minimum threshold of US\$10,000 is to be applied to List C Member States;
 - (e) Adjustments made as a result of subparagraphs (c) and (d) shall be redistributed to other Member States making a DSF compensation contribution in order to finance the gap;
 - (f) New Member States, having no requirement to make a DSF compensation contribution in respect of replenishment periods during which such Member States made no pledges of additional contribution, are encouraged to make a DSF compensation contribution despite the

absence of such a requirement; notwithstanding the foregoing, such contributions shall not be taken into account in determining Member State DSF compensation shares;

- (g) With the exception of additional contributions received by the Fund in the form of the grant element of a concessional partner loan or an unrestricted complementary contribution, any additional contribution made by a Member State shall, in the first instance, be applied by the Fund in full or partial satisfaction of such Member State's DSF compensation share. Following satisfaction in full of such Member State's DSF compensation share, any remaining amounts of the additional contribution received shall be allocated by the Fund as such Member State's core contribution. The Fund shall apply the foregoing principal notwithstanding any allocations to the contrary that such Member State may have made in connection with the payment of its additional contribution; and
- (h) Income foregone (in the form of interest and service charges) as a result of the Fund's extension of DSF grants shall be offset by an upfront volume reduction on DSF grants. Such volume reduction shall be implemented by means of a modified volume approach mechanism established at a 5 per cent discount rate and re-distributed as determined by IFAD Management, taking into consideration the practices of other IFIs and the long-term financial viability of the Fund.

7. Conditions governing additional contributions

- (a) Each Member State shall receive commensurate contribution votes with respect to its core contribution, DSF compensation contribution and the grant element of any concessional partner loan ~~made by such Member State~~, in accordance with article 6.3 of the Agreement, but shall not receive any votes with respect to its unrestricted complementary contribution;
- (b) Core contributions, DSF compensation contributions and the grant element of any concessional partner loan ~~loans made by Member States~~ shall be made without restriction as to their use;
- (c) During the replenishment period, the Fund shall accept unrestricted complementary contributions, which shall be made with no restrictions as to the form of financing (loans and grants) but may be made in order to support thematic operations, including []. The Executive Board shall have the authority to approve the use of unrestricted complementary contributions for thematic operations not identified in the Resolution, when the Governing Council is not in session; and
- (d) 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.

8. Special contributions

- (a) 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).
- (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.

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 [to be determined], 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-30 September 2017), 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 or paid their contribution for the Tenth Replenishment are urged to make the necessary arrangements. Upon proposals by the President, the Executive Board shall adopt measures aimed at achieving the settlement of unpaid contributions.
 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. ~~Members~~ A Member making contributions under this Resolution (other than in respect to the grant element of a concessional partner loan) 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~~ its contribution in the applicable currency of denomination. Any Member States 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 framework for concessional partner loans 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 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 4 of this Resolution.
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 that date. 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 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

20. Unqualified contributions
 - (a) 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 within the replenishment period. Instalment payments in respect of each unqualified contribution may, at the option of the Member, 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 made at any time within the replenishment period.
 - (ii) Instalment payments. Payments in instalments shall be made according to the following schedule: The first instalment shall be due by the thirty-first of December of the first year of the replenishment period. The second instalment shall be due by the

thirty-first of December of the second year of the replenishment period. The third instalment shall be due by the thirty-first of December of the last year of the replenishment period.

- (c) Early payment. Any Member may pay its contribution on dates earlier than those specified in paragraph 20(b) above.
 - (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 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 or in the form of the grant element of a concessional partner loan 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 paragraph 24 of this Resolution. To the extent possible, Members may favourably consider payment of their core contributions, DSF compensation contributions and unrestricted complementary 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 the drawdown policy approved by the Executive Board at its _____ session 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, DSF compensation contributions and the grant element of any concessional partner loan ~~loans made by any Member State~~ provided under the Eleventh Replenishment (Eleventh Replenishment Votes). The total amount of Eleventh Replenishment Votes shall be calculated by dividing by US\$1,580,000 the total amount of pledges of core contributions, DSF compensation contributions and the grant element of any concessional partner loan ~~loans made by any Member State~~, in each case received as of six months after the date of adoption of this Resolution.
27. Distribution of Replenishment Votes. The Eleventh 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, DSF compensation contribution and the grant element of any concessional partner loans made by such ~~Members~~ Member or its state-supported institution bear to the aggregate of the paid core contributions, DSF compensation contributions and the grant element of all concessional partner loans ~~made by Members~~, 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 and Tenth Replenishment Votes shall continue irrespective of the entry into force of this Resolution.
28. Effectiveness of Replenishment Votes. The distribution of the Eleventh 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 Eleventh 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-second session.

VIII. Additional resource mobilization

29. Borrowing by the Fund
- (a) Purpose of borrowing. Whereas replenishment contributions are, and should remain, the basic source of the Fund's financing, it is recognized that sovereign borrowing from Member States and market borrowing by the Fund during the replenishment period could provide an important way to further its objective "to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States", as specified in article 2 of the Agreement.
 - (b) Borrowing framework. The Executive Board has established a Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions (EB 2015/114/R.17/Rev.1) and shall revise it as appropriate to ensure consistency with this Resolution. 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, in order to fulfil the target of the Programme of Loans and Grants set forth in paragraph 3 of this Resolution.

- (c) Concessional partner loans. Concessional partner loans shall be provided in accordance with the terms of the concessional partner loan framework approved by the Executive Board, the terms of which shall be consistent with the Sovereign Borrowing Framework referred to in subparagraph (b) above and with annex — of this Resolution.
- (d) Market borrowing. With respect to borrowing from capital markets, the Executive Board shall be consulted at every stage of the process during the replenishment period. Following a review of the results of a feasibility study to be conducted by the Fund, the Executive Board shall successively consider the results of an internal rating assessment which will include an independent external review, as well as the outcome of the formal rating process by rating agencies. On the basis of such review, the Executive Board shall finally make a determination as to whether or not the Fund may proceed with its inaugural bond issuance. The Executive Board shall also consider new or revised policies as may be needed to adapt or strengthen IFAD's financial framework, with appropriate transmittals to the Governing Council where required.
- (e) Limitation of liability. In relation to subparagraphs (a) to (d), 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

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.

IX. Reporting to the Governing Council

- 31. The President shall submit to the forty-second 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 195/XL (2017) 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 mid-term review of the implementation of the measures and actions referred to in the Eleventh Replenishment Report will be undertaken and its findings presented at an early meeting of the Consultation on the Twelfth Replenishment of IFAD's Resources.

XII. Amendments of the Agreement Establishing IFAD

35. The following amendments shall be made to the Agreement Establishing IFAD (the text to be added is underlined) and shall enter into force upon adoption of this Resolution:

Article 4, section 1 shall be amended to read as follows:

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 in accordance with article 4, section 7.

Article 4, section 5 shall be amended to read as follows:

Section 5 - Conditions Governing Contributions

- (a) Contributions shall be made without restriction as to use and shall be refunded to contributing Members only in accordance with section 4 of article 9.
- (b) Contributions shall be made in freely convertible currencies.
- (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) Notwithstanding subsection (c) above, contributions to the Fund may also be made in the form of the grant element of a concessional partner loan; for this purpose, a "concessional partner loan" shall mean a loan provided by a Member under terms and conditions that, in accordance with a methodology approved by the Governing Council, or one of its state-supported institutions,

which includes a grant element for the benefit of the Fund and is otherwise consistent with a concessional partner loan framework approved by the Executive Board; and "state-supported institution" shall mean any state-owned or state-controlled enterprise and development finance institution of a Member.

The following text shall be introduced as article 4, section 7:

Section 7 – Borrowing and market activities

The Fund shall be authorized to:

- (a) Borrow funds from Member States or from other sources;
- (b) Invest or deposit funds not needed in its operations;
- (c) Buy and sell securities, in the secondary market, which the Fund has issued or guaranteed or in which it has invested; and
- ~~(d) Guarantee securities in which it has invested in order to facilitate their sale;~~
- ~~(e) Underwrite, or participate in the underwriting of, securities issued by any enterprise for purposes consistent with the objective of the Fund; and~~
- (d) Enter into over-the-counter or exchange-traded derivatives.

Annex – DSF compensation contributions required in IFAD11

~~Annex – Framework for concessional partner loans to be completed~~

10th and 11th Replenishment Resolutions comparison table

10 th Replenishment Resolution	11 th Replenishment Resolution	Comments
<p>The Governing Council of IFAD,</p> <p>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);</p> <p>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, recalling 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;</p> <p>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;</p> <p>Having further considered the announcements of Members' intentions to make additional contributions to the resources of the Fund, including contributions to compensate the Fund for its debt forgiveness commitments under the Debt Sustainability Framework (DSF);</p> <p>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</p>	<p>The Governing Council of IFAD,</p> <p>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);</p> <p>Further recalling Governing Council Resolution <u>195/XL (2017)</u> on the establishment of the Consultation on the <u>Eleventh</u> Replenishment of IFAD's Resources, whereby the <u>fortieth</u> 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 <u>forty-first</u> session and, if required, subsequent sessions of the Governing Council, with a view to adopting such Resolutions as may be appropriate;</p> <p>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;</p> <p>Having further considered the announcements of Members' intentions to make additional contributions to the resources of the Fund, including <u>increased</u> contributions to compensate the Fund for its debt forgiveness commitments under the Debt Sustainability Framework (DSF);</p> <p>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</p>	

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<p>exploration to the Executive Board for approval" (Governing Council Resolution 122/XXIV);</p> <p>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/L.4) (the Tenth Replenishment Report) regarding the need and desirability of additional resources for the operations of the Fund; and</p>	<p>122/XXIV);</p> <p>Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the <u>Eleventh</u> Replenishment of IFAD's Resources (GC 41/___) (the <u>Eleventh</u> Replenishment Report) regarding the need and desirability of additional resources for the operations of the Fund; and</p>	
<p>Acting in accordance with Article 4.3 of the Agreement;</p>	<p>Acting in accordance with article 4.3 of the Agreement <u>in respect of sections I to XI of this Resolution and with article 12 of the Agreement in respect of section XII of this Resolution;</u></p>	<p><i>In view of section XII of the Resolution proposing to amend article 4 of the Agreement Establishing IFAD, the added wording refers to article 12 of the Agreement pursuant to which the Agreement Establishing IFAD can be amended.</i></p> <p><i>As per article 12 of the Agreement, amendments to the Agreement require a four-fifths majority of the total number of votes while, by virtue of article 4.3 of the Agreement, a two-thirds majority of the total number of votes is required to adopt the Resolution as it relates to replenishment matters. Consequently, in keeping the two parts of the Resolution (sections I to XI on the one hand and section XII on the other hand) together in the same document, the Resolution in its entirety will need to be adopted by a four-fifths majority.</i></p>
	<p>Introduction</p> <p>The Governing Council welcomes the clear wish of the Member States to demonstrate their robust support for IFAD on the occasion of this Eleventh Replenishment: they have expressed it by undertaking to provide the Fund with the core resources that it requires in the pursuit of its mandate and by confirming its ability, as an international financial institution, to leverage a more diversified set of resources, including concessional partner loans and market borrowings. In respect of the latter, the Governing Council acknowledges that, while a number of decisions in principle need to be taken now, their implementation may require a review of some of the fundamental policies of the Fund and the taking of other steps and will, accordingly, be carried out gradually during the replenishment period under the direction and control of the Executive Board.</p>	<p><i>This introduction has been included to emphasize the Fund's reliance on the strong commitment expressed by Member States in support of IFAD's evolution into an international financial institution with the ability to avail of new financial strategies additional to the Fund's traditional resource mobilization mechanisms. While this Resolution includes certain decisions to be taken in anticipation of the increased leveraging of the Fund's resources, the effective implementation of these changes is expected to take some time (e.g. preparing for and obtaining a credit rating in connection with proposed market borrowing activities). Accordingly, such implementation will be undertaken progressively during the replenishment period (e.g. no market borrowing is likely to be launched until later in IFAD11 or possibly until IFAD12).</i></p>
<p>I. The level of replenishment and call for additional contributions</p>		
<p>(a) Available resources. The Fund's available resources at the end of the Ninth Replenishment period, together with the</p>	<p>1. Available resources. The Fund's available resources at the end of the <u>Tenth</u> Replenishment period, together with the funds</p>	<p><i>The added wording is necessary to exclude borrowed funds from the resources accruing to the Fund (as per article 4,</i></p>

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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\$2.16 billion.	to be derived from operations or otherwise accruing to the Fund, <u>other than borrowed funds</u> , during the three-year period commencing 1 January 2019 (the replenishment period), are estimated at US\$ ___ billion.	<i>section 1 of the Agreement) from the definition of Available resources as no estimation has been made with respect to such borrowing at this stage.</i>
(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).	<p>2. Call for additional contributions. Taking into account the conclusions and recommendations of the <u>Eleventh</u> 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:</p> <p>(a) Core contributions, (b) DSF compensation contributions, (c) <u>Unrestricted complementary contributions, and</u> (d) <u>The grant element of any concessional partner loan,</u></p> <p><u>each of which is further defined in paragraph 5 of this Resolution.</u></p> <p><u>As used in this Resolution, the term "concessional partner loan" shall mean a loan provided by a Member State or one of its state-supported institutions, which includes a grant element for the benefit of the Fund and is otherwise consistent with a concessional partner loan framework approved by the Executive Board; and the term "state-supported institution" shall include any state-owned or state-controlled enterprise and development finance institution of a Member State.</u></p>	<p><i>The added wording is designed to recognize the grant element of concessional partner loans (CPLs) as additional contributions and to specify that complementary contributions shall be unrestricted. Under IFAD11, all complementary contributions shall be provided with no restrictions as to the form of financing (loans and grants) and the Recipients but may be made in order to support thematic operations. The concept of Complementary Contributions as it was created under the Second Replenishment is removed.</i></p> <p><i>As is the case of the International Development Association (IDA) and African Development Fund, some Member States may wish to provide CPLs through agencies they own and control, i.e. State-Supported Institutions. Members providing CPLs through such agencies should be allocated the voting rights in respect of the grant element embedded in the CPL.</i></p>
(c) Target for additional contributions. The target for additional contributions including core contributions, unrestricted complementary contributions, during the Tenth Replenishment (the Replenishment) is set at the amount of US\$1.44 billion in order to support a target Programme of Loans and Grants of at least US\$3 billion and, provided it is on an administrative budget-neutral basis, up to US\$3.5 billion (in all cases, the allocation being determined through the performance-based allocation system).	3. Target for additional contributions. The target for additional contributions including core contributions, unrestricted complementary contributions <u>and the grant element of any concessional partner loan</u> , during the Eleventh 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\$ _ billion and, provided it is on an administrative budget-neutral basis, up to US\$__ billion.	<p><i>The added wording is designed to include the grant element of CPLs as part of the target. The target includes only such additional contributions as are received from Member States and in respect of which no restrictions as to use are imposed by such Member States.</i></p> <p><i>In relation to the text in brackets deleted at the end of the paragraph, it is noted that, pursuant to paragraph 9 of Policies and Criteria for IFAD Financing, the resources of the Fund available for financing must be allocated in accordance with the performance-based allocation system. For funds derived from market borrowing not to be allocated through the performance-based allocation system, an amendment to the Policies and Criteria for IFAD Financing will be required.</i></p>
(d) Pledges. The Fund acknowledges the announcements of the Members' intentions to make additional contributions as	4. Pledges. The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out	

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<p>set out in annex VIII to the Tenth Replenishment 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 VIII to the Tenth Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.</p>	<p>in annex ___ to the <u>Eleventh</u> Replenishment 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 ___ to the <u>Eleventh</u> Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.</p>	
<p>(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 unless other sources of funds are identified during the Replenishment Period.</p>		<p><i>The text on the structural gap has been deleted pending determination as to whether the concept of the IFAD structural gap, in the form in which it currently exists, should be maintained. The meaning and objectives of the structural gap as used in connection with IFAD replenishments appear to have evolved over the course of IFAD's replenishment practice. Previously (under IFAD6), the term "structural gap" appeared to have been used as a reference to the shortfall resulting from the difference in the amount of the target level of resources determined to be required by the Fund under that replenishment and the pledged or actual contributions received from Member States, as monitored and reported at any point in time. Currently, the structural gap is pre-established as a percentage of the target level of resources projected for any given replenishment, representing the authorized level of funding deficit that may not be exceeded during such replenishment. In the event that pledged or actual contributions received as of the six-month period following the adoption of the relevant replenishment resolution (the cut-off date) represent an amount inferior to the replenishment target level, the President is authorized by the GC to make an adjustment of such target, thereby ensuring that the structural gap is maintained at the pre-established percentage. Consistent with IDA practice, it is recommended that under IFAD11 and subsequent replenishments, IFAD adopt the approach whereby the actual amount of the funding shortfall experienced in respect of the IFAD11 replenishment target level is monitored as of the cut-off date as well as other reference dates. Furthermore, a report on the status of the structural gap as of such reference dates may be included in IFAD Management's Report on the Status of Contributions to the Eleventh Replenishment of IFAD's Resources, to be submitted to the EB at each relevant session during the IFAD11 replenishment cycle.</i></p>

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II. Contributions		
<p>(a) Additional contributions. During the Replenishment period, the Fund shall accept additional contributions from Members as follows:</p> <p>(i) Core contributions to the resources of the Fund (core contributions);</p> <p>(ii) DSF compensation contributions, in addition to core contributions, to compensate the Fund for forgone principal reflows under the DSF in the amount of US\$3.4 million (DSF compensation contributions); and</p> <p>(iii) Complementary contributions in addition to their core contributions and DSF compensation contributions (complementary contributions).</p>	<p>5. Additional contributions. During the Replenishment period, the Fund shall accept additional contributions from <u>any Member State</u> as follows:</p> <p>(a) <u>Such Member State's core contribution</u> to the resources of the Fund;</p> <p>(b) <u>Such Member State's DSF compensation contribution made in accordance with the recommendations set forth in paragraph 6 of this Resolution and the details provided in annex</u> ;</p> <p>(c) <u>Any unrestricted complementary contribution from such Member State</u>; and</p> <p>(d) <u>The grant element of any concessional partner loan</u>.</p>	<p><i>The added wording is designed to introduce the new paragraph 6, which reaffirms the Member States' commitment of 2006 to make DSF compensation and an annex providing details of the DSF compensation contributions required of Member States.</i></p> <p><i>The added wording is designed to recognize the grant element of CPLs as additional contributions.</i></p>
	<p>6. DSF compensation contributions</p> <p><u>In relation to paragraph 5(a) of this resolution, the Member States' commitment to compensate the Fund for principal foregone as a result of DSF implementation is reaffirmed. Such compensation shall be made in the amount of US\$[39.5] million in respect of this replenishment period and shall be paid in accordance with the list of DSF compensation shares for Member States attached hereto as annex . In addition, it is affirmed that the Fund be further compensated for net losses in interest and service charges incurred as a result of the provision of DSF financing. In particular:</u></p> <p>(a) <u>Consistent with practice at other international financial institutions (IFIs), the pay-as-you-go principle approved by the Executive Board in April 2007 shall be applied in respect of DSF compensation contributions;</u></p> <p>(b) <u>IFAD shall continue to apply the methodology approved by the Governing Council in February 2015 to calculate the share of each Member State to compensate IFAD for DSF implementation;</u></p> <p>(c) <u>DSF beneficiary countries are excluded from the requirement to make a DSF compensation contribution in addition to other forms of additional contributions made on a pay-as-you-go basis;</u></p> <p>(d) <u>A minimum threshold is established below which a DSF compensation contribution from a Member State is not required if the amounts payable by such Member State are deemed too low. A minimum threshold of US\$10,000 is to be applied to List C Member States;</u></p> <p>(e) <u>Adjustments made as a result of subparagraphs (c) and</u></p>	<p><i>The added wording is designed to reaffirm the Member States' commitment of 2006 to make DSF compensation contributions, to update the amount of the principal repayment forgone for IFAD11 and to introduce an annex providing details of the DSF contributions required of Member States.</i></p>

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	<p>(d) shall be redistributed to other Member States making a DSF compensation contribution in order to finance the gap;</p> <p>(f) <u>New Member States, having no requirement to make a DSF compensation contribution in respect of replenishment periods during which such Member States made no pledges of additional contribution, are encouraged to make a DSF compensation contribution despite the absence of such a requirement; notwithstanding the foregoing, such contributions shall not be taken into account in determining Member State DSF compensation shares;</u></p> <p>(g) <u>With the exception of additional contributions received by the Fund in the form of the grant element of a concessional partner loan or an unrestricted complementary contribution, any additional contribution made by a Member State shall, in the first instance, be applied by the Fund in full or partial satisfaction of such Member State's DSF compensation share. Following satisfaction in full of such Member State's DSF compensation share, any remaining amounts of the additional contribution received shall be allocated by the Fund as such Member State's core contribution. The Fund shall apply the foregoing principal notwithstanding any allocations to the contrary that such Member State may have made in connection with the payment of its additional contribution; and</u></p> <p>(h) <u>Income foregone (in the form of interest and service charges) as a result of the Fund's extension of DSF grants shall be offset by an upfront volume reduction on DSF grants. Such volume reduction shall be implemented by means of a modified volume approach mechanism established at a 5 per cent discount rate and re-distributed as determined by IFAD Management, taking into consideration the practices of other IFIs and the long-term financial viability of the Fund.</u></p>	
<p>(b) Conditions governing additional contributions</p> <p>(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;</p>	<p>7. Conditions governing additional contributions</p> <p>(a) <u>Each Member State shall receive commensurate contribution votes with respect to its core contribution, DSF compensation contributions and the grant element of any concessional partner loan</u> in accordance with article 6.3 of the Agreement, but shall not receive any votes with respect to its <u>unrestricted</u> complementary contributions;</p> <p>(b) Core contributions, DSF compensation contributions and</p>	<p><i>The added wording is designed to recognize that Members that subscribe to CPLs will be compensated with voting rights commensurate with the grant elements in their concessional loans as estimated by IFAD. During replenishment exercises, contributions in the form of grants and the grant element of contributions through CPLs shall have equal weight when estimating voting rights.</i></p>

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<p>(ii) Core contributions and DSF compensation contributions shall be made without restriction as to their use;</p> <p>(iii) The Executive Board shall have the authority to approve the use of complementary contributions when the Governing Council is not in session;</p> <p>(iv) During the Replenishment period, the Fund shall accept unrestricted complementary contributions in order to support thematic operations including mainstreaming climate change, nutrition-sensitive agriculture, South-South and Triangular Cooperation and public-private-producer partnership; and</p> <p>(v) 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.</p>	<p><u>the grant element of any concessional partner loan</u> shall be made without restriction as to their use;</p> <p>(c) During the Replenishment period, the Fund shall accept unrestricted complementary contributions, which shall be made with no restrictions as to the form of financing (loans and grants) but may be made in order to support thematic operations, including []. The Executive Board shall have the authority to approve the use of unrestricted complementary contributions <u>for thematic operations not identified in the Resolution</u>, when the Governing Council is not in session; and</p> <p>(d) 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.</p>	<p><i>To reflect the possibility for Member States to provide unrestricted complementary contributions for thematic operations to be identified during the Consultation and for any other activities subject to the GC or the EB approval.</i></p>
<p>(c) Special contributions</p> <p>(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).</p> <p>(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.</p>	<p>8. Special contributions</p> <p>(a) 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).</p> <p>(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.</p>	
<p>(d) Denomination of contributions. Members shall denominate their contributions in:</p> <p>(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.</p>	<p>9. Denomination of contributions. Members shall denominate their contributions in:</p> <p>(a) special drawing rights (SDR);</p> <p>(b) a currency used for the valuation of the SDR; or</p> <p>(c) the currency of the contributing Member if such currency is freely convertible and the Member did not experience, in the period from [to be determined], a rate of inflation in excess of 10 per cent per annum on average, as determined by the Fund.</p>	
<p>(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</p>	<p>10. Exchange rates. For the purposes of <u>paragraph</u> 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</p>	

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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.	six-month period preceding the adoption of this Resolution between the currencies to be converted into United States dollars (1 April – 30 September <u>2017</u>), rounded to the fourth decimal point.	
(f) 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 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.	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 or paid their contribution for the <u>Tenth</u> Replenishment are urged to make the necessary arrangements. Upon proposals by the President, the Executive Board shall adopt measures aimed at <u>achieving</u> the settlement of unpaid contributions.	
(g) Increase of contribution. A Member may increase the amount of any of its contributions at any time.	12. 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.	13. General clause. <u>A Member</u> making contributions under this Resolution <u>(other than in respect to the grant element of a concessional partner loan)</u> 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 <u>its</u> contribution in the applicable currency of denomination. <u>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 framework for concessional partner loans approved by the Executive Board.</u>	<i>The added wording is designed to provide that the grant element of CPLs will be based on a formula contained in the CPL framework to be approved by the Executive Board, which will apply to all CPLs. The CPL framework establishes, among other terms, the conditions to be met in order for a Member State or its state-supported institution to make a CPL, including as regards the minimum amount of core contribution such CPL provider is required to make to the Fund.</i>
(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”.	14. Unqualified contributions. Except as specified in <u>paragraph 15 of this Resolution</u> , any instrument of contribution <u>deposited in accordance with paragraph 13</u> 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 <u>referred to as</u> an “unqualified contribution”.	

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<p>(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 and notified to the Fund.</p>	<p>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 <u>paragraph 20(b)</u> 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 <u>referred to as</u> a “qualified contribution”, but shall be deemed to be unqualified to the extent that appropriation has been obtained and notified to the Fund.</p>	
IV. Effectiveness		
<p>(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.</p>	<p>16. 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 (<u>Contributions</u>) 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 <u>paragraph 4</u> of this Resolution.</p>	
<p>(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.</p>	<p>17. Effectiveness of individual contributions. Instruments of contribution deposited <u>and acknowledged by IFAD as a validly executed instrument</u>, on or before the effective date of the Replenishment shall take effect on that date. <u>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.</u></p>	<p><i>The new wording has been introduced to reflect the need for deposited instruments of contribution to be acknowledged by the Fund as having been validly executed.</i></p>
<p>(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.</p>	<p>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.</p>	
V. Advance contribution		
<p>Notwithstanding the provisions of section IV of this Resolution,</p>	<p>19. Notwithstanding the provisions of section IV (<u>Efectiveness</u>)</p>	

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<p>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 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.</p>	<p>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 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.</p>	
<p>VI. Payment of contributions</p>		
<p>(a) Unqualified contributions</p> <p>(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.</p> <p>(ii) Payment dates</p> <p>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.</p> <p>Instalment payments Payments in instalments shall be made according to the following schedule:</p> <p>The first instalment 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. Any further instalment shall be paid no later than the last day of the three-year period following the adoption of this Resolution.</p> <p>(iii) Early payment. Any Member may pay its contribution on dates earlier than those specified in subsection (a)(ii) above.</p> <p>(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</p>	<p>20. Unqualified contributions</p> <p>(a) 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 <u>within the replenishment period</u>. Instalment payments in respect of each unqualified contribution <u>may</u>, at the option of the Member, <u>be made</u> 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.</p> <p>(b) Payment dates</p> <p>(i) Single-sum payment Payment in a single sum shall be <u>made at any time within the replenishment period</u>.</p> <p>(ii) Instalment payments Payments in instalments shall be made according to the following schedule: The first instalment shall be due <u>by the thirty-first of December of the first year of the replenishment period</u>. The second instalment shall be due <u>by the thirty-first of December of the second year of the replenishment period</u>. The third instalment shall be due <u>by the thirty-first of December of the last year of the replenishment period</u>.</p> <p>(c) Early payment. Any Member may pay its contribution on dates earlier than those specified in <u>paragraph 20(b)</u> above.</p> <p>(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</p>	

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affect the operational needs of the Fund.	contribution, provided that such a variation shall not adversely affect the operational needs of the Fund.	
<p>(b) Qualified contributions</p> <p>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 subsection (a)(ii) above. 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 date specified in subsection (a)(ii) above.</p>	<p>21. Qualified contributions</p> <p>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 <u>paragraph 20(b) of this Resolution</u>. 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 <u>paragraph 20(b) of this Resolution</u>.</p>	
<p>(b) Currency of payment</p> <p>(i) Contributions shall be made in freely convertible currencies, subject to subsection II(d)(iii) of this Resolution.</p> <p>(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.</p>	<p>22. Currency of payment</p> <p>(a) Contributions shall be made in freely convertible currencies, subject to <u>paragraph 9</u> of this Resolution.</p> <p>(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.</p>	
<p>(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.</p>	<p>23. Mode of payment. In conformity with article 4.5(c) of the Agreement, payments in respect of contributions shall be made in cash <u>or in the form of the grant element of a concessional partner loan</u> 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 <u>paragraph 24 of this Resolution</u>. To the extent possible, Members may favourably consider payment of their <u>core contributions, DSF compensation contributions and unrestricted complementary</u> contributions in cash.</p>	<p><i>The added wording is designed to recognize that additional contributions can be made under the form of the grant element of a CPLs.</i></p>
<p>(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.</p>	<p>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 the drawdown policy approved by the Executive Board at its _____ session or as agreed between the President and a contributing Member.</p>	
<p>(f) Payment modalities. At the time of depositing its instrument of contribution, each Member shall indicate to the</p>	<p>25. Payment modalities. At the time of depositing its instrument of contribution, each Member shall indicate to the</p>	

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Fund its proposed schedule and mode of payment on the basis of the arrangements set forth in subsections (a), (b), (c) and (d) above.	Fund its proposed schedule and mode of payment on the basis of the arrangements set forth in <u>paragraphs 20 to 23 of this Resolution</u> .	
VII. Allocation of Replenishment Votes		
(a) Creation of Replenishment Votes. New Replenishment Votes shall be created in respect of core contributions, 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.	26. Creation of Replenishment Votes. New Replenishment Votes shall be created in respect of core contributions, DSF compensation contributions, <u>and the grant element of any concessional partner loan</u> provided under the <u>Eleventh</u> Replenishment (Eleventh Replenishment Votes). The total amount of <u>Eleventh</u> Replenishment Votes shall be calculated by dividing by US\$1,580,000 the total amount of pledges of core contributions, DSF compensation contributions <u>and the grant element of any concessional partner loan, in each case</u> received as of six months after the date of adoption of this Resolution.	<i>The added wording is designed to recognize that the grant element of CPLs gives rise to voting rights.</i>
(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.	27. Distribution of Replenishment Votes. The <u>Eleventh</u> 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, DSF compensation contribution <u>and the grant element of any concessional partner loans made by such Member or its state-supported institution</u> bears to the aggregate of the paid core contributions, <u>DSF compensation contributions and the grant element of all concessional partner loans</u> , as specified in section II (<u>Contributions</u>) of this Resolution.	<i>The added wording is designed to recognize that the grant element of CPLs gives rise to voting rights.</i>
(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) The allocation and distribution of the original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment, Seventh Replenishment, Eighth Replenishment, Ninth Replenishment <u>and Tenth Replenishment</u> 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 fact of the distribution of the Tenth Replenishment membership and contribution votes to all Members of the Fund no later than 15	28. Effectiveness of Replenishment Votes. The distribution of the <u>Eleventh</u> 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 <u>Eleventh</u> Replenishment membership and contribution votes to all Members of the Fund no later than 15 days after such	

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<p>days after such date, and shall report such information to the Governing Council at its thirty-ninth session.</p>	<p>date, and shall report such information to the Governing Council at its <u>forty-second</u> session.</p>	
<p>VIII. Additional Resource Mobilization</p>		
<p>(a) Borrowing by the Fund</p> <p>(i) Purpose of borrowing. Whereas replenishment contributions are, and should remain, the basic source of the Fund's financing, it is recognized that sovereign borrowing by the Fund during the Replenishment period could provide an important way to further its objective "to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States", as specified in article 2 of the Agreement.</p> <p>(ii) Borrowing framework. The Executive Board shall establish a general 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.</p>	<p>29. Borrowing by the Fund</p> <p>(a) Purpose of borrowing. Whereas replenishment contributions are, and should remain, the basic source of the Fund's financing, it is recognized that sovereign borrowing from Member States <u>and market borrowing</u> by the Fund during the Replenishment period could provide an important way to further its objective "to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States", as specified in article 2 of the Agreement.</p> <p>(b) Borrowing framework. The Executive Board <u>has established a Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions (EB 2015/114/R.17/Rev.1) and shall revise it as appropriate to ensure consistency with this Resolution. 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, in order to fulfil the target of the Programme of Loans and Grants set forth in paragraph 3 of this Resolution.</u></p> <p>(c) Concessional partner loans. <u>Concessional partner loans shall be provided in accordance with the terms of the concessional partner loan framework approved by the Executive Board.</u></p> <p>(d) Market borrowing. <u>With respect to borrowing from capital markets, the Executive Board shall be consulted at every stage of the process during the replenishment period. Following a review of the results of a feasibility study to be conducted by the Fund, the Executive Board shall successively consider the results of an internal rating assessment which will include an independent external review, as well as the outcome of the formal rating process by rating agencies. On the basis of such review, the Executive Board shall finally make a determination as to whether or not the Fund may proceed with its inaugural bond issuance. The Executive Board shall also consider new or revised policies as may be needed to adapt or strengthen IFAD's financial framework, with appropriate transmittals to the Governing Council where required.</u></p> <p>(e) Limitation of liability. <u>In relation to subparagraphs (a) to (d), it is recalled, for the avoidance of doubt, that Article 3.3 of</u></p>	<p><i>The added wording is designed to recognise the possibility of market borrowing, if and when appropriate.</i></p> <p><i>The changed wording is designed to refer to the Sovereign Borrowing Framework as has been approved and may be revised by the Executive Board.</i></p> <p><i>The added wording is designed to recognise the possibility for the Fund to accept concessional partner loans meeting the conditions established by the Executive Board in a framework for CPLs.</i></p> <p><i>The added wording is designed to clarify the roadmap to market borrowing.</i></p> <p><i>This text has been included at the request of Member</i></p>

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	<p><u>the Agreement provides that: "No Member shall be liable, by reason of its membership, for acts or obligations of the Fund."</u></p>	<p><i>States, to serve as a reminder of the limitation of liability of Member States under the circumstances described.</i></p>
<p>(b) Cofinancing and miscellaneous operations</p> <p>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.</p>	<p>30. Cofinancing and miscellaneous operations</p> <p>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 <u>funded by resources</u> of the Fund.</p>	
<p>IX. Reporting to the Governing Council</p>		
<p>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.</p>	<p>31. The President shall submit to the forty-second 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.</p>	
<p>X. Review by the Executive Board</p>		
<p>(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.</p>	<p>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.</p>	
<p>(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.</p>	<p>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 <u>195/XL (2017)</u> 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.</p>	

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XI. Mid-term review		
<p>A mid-term 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.</p>	<p>34. A midterm review of the implementation of the measures and actions referred to in the Eleventh Replenishment Report will be undertaken and its findings presented at an early meeting of the Consultation on the <u>Twelfth</u> Replenishment of IFAD's Resources.</p>	
Section XII. Amendments of the Agreement Establishing IFAD		
	<p>35. The following amendments shall be made to the Agreement Establishing IFAD (the text to be added is underlined) and shall enter into force upon adoption of this Resolution:</p> <p>Article 4, section 1 shall be amended to read as follows:</p> <p>Section 1 – Resources of the Fund</p> <p>The resources of the Fund shall consist of:</p> <p>(i) initial contributions;</p> <p>(ii) additional contributions;</p> <p>(iii) special contributions from non-member States and from other sources;</p> <p>(iv) funds derived or to be derived from operations or otherwise accruing to the Fund, <u>including by borrowing from Members and other sources in accordance with article 4, section 7.</u></p>	<p><i>Since additional resources mobilized through borrowing are not “contributions” under article 4, section 1(i)-(iii), borrowed funds fall under article 4, section 1 (iv), as “funds otherwise accruing to the Fund”. The amendment clarifies this aspect and introduces the further amendment of article 4 to which a section 7 is added.</i></p>
	<p>Article 4, section 5 shall be amended to read as follows:</p> <p>Section 5 –Conditions Governing Contributions</p> <p>(a) Contributions shall be made without restriction as to use and shall be refunded to contributing Members only in accordance with section 4 of article 9.</p> <p>(b) Contributions shall be made in freely convertible currencies.</p> <p>(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:</p>	

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	<p>(i) contributions shall be drawn down on a pro rata basis over reasonable periods of time as determined by the Executive Board;</p> <p>(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;</p> <p>(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.</p> <p><u>(d) Notwithstanding subsection (c) above, contributions to the Fund may also be made in the form of the grant element of a concessional partner loan; for this purpose, a "concessional partner loan" shall mean a loan provided by a Member or one of its state-supported institutions, which includes a grant element for the benefit of the Fund and is otherwise consistent with a concessional partner loan framework approved by the Executive Board; and "state-supported institution" shall mean any state-owned or state-controlled enterprise and development finance institution of a Member.</u></p>	<p><i>Under article 4, section 5(b) of the Agreement, contributions to the Fund are required to be made in the form of cash, promissory notes or obligations payable upon demand. The proposed amendment recognizes the grant element of CPLs as additional contributions for all intents and purposes, including voting rights.</i></p>
	<p>The following text shall be introduced as Article 4, Section 7:</p> <p><u>Section 7 – Borrowing and market activities</u></p> <p>The Fund shall be authorized to:</p> <p><u>(a) borrow funds from Member States or from other sources;</u></p> <p><u>(b) invest or deposit funds not needed in its operations;</u></p> <p><u>(c) buy and sell securities, in the secondary market, which the Fund has issued or guaranteed or in which it has invested; and</u></p> <p><u>(d) enter into over-the-counter or exchange-traded derivatives.</u></p>	<p><i>This new section has been introduced to expressly recognize and delineate IFAD's power to borrow from its Member States or from other sources and engage in market activities. The text is inspired by similar articles in the charters of other IFIs.</i></p>
<p>Annex __. DSF compensation contributions required in IFAD11</p>		