**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**BOARD OF GOVERNORS**

**Resolution No. 227**

**Additions to Resources: Sixteenth Replenishment**

WHEREAS:

1. The Executive Directors of the International Development Association (the “Association”) have considered the prospective financial requirements of the Association and have concluded that it is desirable to authorize a replenishment of the resources of the Association for new financing commitments for the period from July 1, 2011 to June 30, 2014 (the “Sixteenth Replenishment”) in the amounts and on the basis set out in the report of the IDA Deputies, “Additions to Resources: Sixteenth Replenishment,” (the “Report”), approved by the Executive Directors on February 15, 2011 (modified on March 18, 2011), and submitted to the Board of Governors;

(B) The members of the Association consider that an increase in the resources of the Association is required and intend to take all necessary governmental and legislative action to authorize and approve the allocation of additional resources to the Association in the amounts and on the conditions set out in this Resolution;

(C) Members of the Association that contribute resources to the Association in addition to their subscriptions as part of the Sixteenth Replenishment (“Contributing Members”) are to make available their contributions pursuant to the Articles of Agreement of the Association (the “Articles”) partly in the form of subscriptions carrying voting rights and partly as supplementary resources in the form of contributions not carrying voting rights;

(D) Additional subscriptions are to be authorized for Contributing Members in this Resolution on the basis of their agreement with respect to their preemptive rights under Article III, Section 1(c) of the Articles, and provision is made for the other members of the Association (“Subscribing Members”) intending to exercise their rights pursuant to that provision to do so;

(E) It is desirable to provide for a portion of resources to be contributed by members to be paid to the Association as advance contributions;

(F) Additional subscriptions and contributions are to be authorized for Contributing Members to provide compensation for the Association’s debt forgiveness commitments under the Heavily Indebted Poor Countries (“HIPC”) Debt Initiative; to provide financing for arrears clearance operations by the Association; to provide compensation for forgone principal reflows from the making of grants, and to provide financing for the Crisis Response Window;

(G) It is desirable to authorize the Association to provide financing in the form of grants, guarantees and the intermediation of risk management products in addition to loans; and

(H) It is desirable to administer any remaining funds from the replenishment authorized by Resolution No. 219 of the Board of Governors of the Association (the “Fifteenth Replenishment”) as part of the Sixteenth Replenishment.

NOW THEREFORE THE BOARD OF GOVERNORS HEREBY ACCEPTS the Report as approved by the Executive Directors, ADOPTS its conclusions and recommendations AND RESOLVES THAT a general increase in subscriptions of the Association is authorized on the following terms and conditions:

1. *Authorization of Subscriptions and Contributions.*

(a) The Association is authorized to accept additional resources from each Contributing Member in the amounts specified for each such member in Columns (2) (3) (7), and (10) of Table 1 attached to this Resolution, and each such amount will be divided into a subscription carrying voting rights and a contribution not carrying voting rights as specified in Table 2 attached to this Resolution.

1. As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members to compensate the Association for the Association’s debt forgiveness commitments under the HIPC Debt Initiative in the amounts and as specified in Column (7) of Table 1 attached to this Resolution.
2. As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members to finance arrears clearance operations in the amounts and as specified in Column (10) of Table 1 attached to this Resolution.
3. As part of the resources described in paragraph 1(a) above, the Association is authorized to accept additional subscriptions and contributions from Contributing Members finance forgone principal reflows from the making of grants in the amounts and as specified in Column (12) of Table 1 attached to this Resolution.

(b) The Association is authorized to accept additional resources from any member for which no contribution is specified in Table 2 and additional subscriptions and contributions from Contributing Members incremental to the amounts specified for each such member in Table 1;

(c) The Association is authorized to accept additional subscriptions from each Subscribing Member in the amount specified for each such member in Table 2.

(d) The rights and obligations of the Association and the Contributing Members in respect of the authorized subscriptions and contributions in paragraphs (a) and (b) above will be the same (except as otherwise provided in this Resolution) as those applicable to the ninety per cent portion of the initial subscriptions of original members payable under Article II, Section 2(d) of the Articles of Agreement (the “Articles”) by members listed in Part I of Schedule A of the Articles.

2. *Agreement to Pay.*

(a) When a Contributing Member agrees to pay its subscription and contribution, or a Subscribing Member agrees to pay its subscription, it will deposit with the Association an Instrument of Commitment substantially in the form set out in Attachment I to this Resolution (“Instrument of Commitment”) and, with respect to its contribution for debt forgiveness under the HIPC Debt Initiative or for arrears clearance operations, a Contributing Member will either include such contribution in an Instrument of Commitment or make a Debt Relief Transfer Contribution, as defined and specified in paragraph 9(a) of this Resolution.

(b) When a Contributing Member agrees to pay a part of its subscription and contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it will deposit a qualified Instrument of Commitment in a form acceptable to the Association (“Qualified Instrument of Commitment”) and such member:

(i) undertakes to exercise its best efforts to obtain legislative approval for the full amount of its subscription and contribution by the payment dates set out in paragraph 3(b) of this Resolution; and

(ii) agrees that, upon obtaining such approvals, it will notify the Association that any parts of its Qualified Instrument of Commitment have become unqualified.

3. *Payment.*

(a) Each Subscribing Member will pay to the Association the amount of its subscription in full within 31 days after the date of deposit of its Instrument of Commitment; provided that if the Sixteenth Replenishment shall not have become effective by December 15, 2011, payment may be postponed by the member for not more than 31 days after the Effective Date as defined in paragraph 6(a) of this Resolution.

(b) Each Contributing Member that deposits an Instrument of Commitment that is not a Qualified Instrument of Commitment will pay to the Association the amount of its subscription and contribution in three equal annual installments no later than 31 days after the Effective Date or as agreed with the Association, January 15, 2013, and January 15, 2014; provided that:

1. the Association and each Contributing Member may agree to earlier payment;

(ii) if the Sixteenth Replenishment shall not have become effective by December 15, 2011, payment of the first such installment may be postponed by the member for not more than 31 days after the date on which the Sixteenth Replenishment becomes effective;

(iii) the Association may agree to the postponement of any installment, or part thereof, if the amount paid, together with any unused balance of previous payments by the Contributing Member concerned, is at least equal to the amount estimated by the Association to be required from that member up to the due date of the next installment for purposes of disbursements for financing committed under the Sixteenth Replenishment; and

(iv) if any Contributing Member deposits an Instrument of Commitment with the Association after the date when the first installment of the subscription and contribution is due, payment of any installment, or part thereof, will be made to the Association within 31 days after the date of such deposit.

(c) If a Contributing Member has deposited a Qualified Instrument of Commitment and, upon enactment of appropriation legislation, notifies the Association that an installment, or part thereof, is unqualified after the date when it was due, then payment of such installment, or part thereof, will be made within 31 days after the date of such notification.

*4. Mode of Payment.*

(a) Payments pursuant to this Resolution will be made, at the option of the member: (i) in cash, on terms agreed between the member and the Association; or (ii) by the deposit of notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-interest bearing and payable at their par value on demand to the account of the Association.

(b) The Association will encash notes or similar obligations of Contributing Members, on an approximately *pro rata* basis among donors, in accordance with the encashment schedule set out at Attachment II to this Resolution, or as agreed between a Contributing Member and the Association. With respect to a Contributing Member that is unable to comply with one or more encashment requests, the Association may agree with the member on a revised encashment schedule that yields at least an equivalent value to the Association.

(c) The provisions of Article IV, Section 1(a) of the Articles will apply to the use of a Subscribing Member's currency paid to the Association pursuant to this Resolution.

*5. Currency of Denomination and Payment.*

(a) Members will denominate the resources to be made available pursuant to this Resolution in SDRs, the currency of the member if freely convertible, or, with the agreement of the Association, in a freely convertible currency of another member, except that if a Contributing Member's economy experienced a rate of inflation in excess of ten percent per annum on average in the period 2007-2009, as determined by the Association, its subscription and contribution will be denominated in SDRs or in any currency used for the valuation of the SDR and agreed with the Association.

(b) Contributing Members will make payments pursuant to this Resolution in SDRs, a currency used for the valuation of the SDR, or, with the agreement of the Association, in another freely convertible currency, and the Association may freely exchange the amounts received as required for its operations. Subscribing Members will make payments in the currency of the member or in a freely convertible currency with the agreement of the Association.

(c) Each member will maintain, in respect of its currency paid by it under this Resolution, and the currency of such member derived therefrom as principal, interest or other charges, the same convertibility as existed on the effective date of this Resolution.

(d) The provisions of Article IV, Section 2 of the Articles with respect to maintenance of value will not be applicable.

*6. Effective Date.*

(a) The Sixteenth Replenishment will become effective and the resources to be contributed pursuant to this Resolution will become payable to the Association on the date (the “Effective Date”) when Contributing Members whose subscriptions and contributions aggregate not less than SDR 10,395 million shall have deposited with the Association Instruments of Commitment, Qualified Instruments of Commitment or Debt Relief Transfer Notifications (as defined in paragraph 9 (b) of this Resolution), provided that this date shall be not later than December 15, 2011, or such later date as the Executive Directors of the Association may determine.

(b) If the Association determines that the availability of additional resources pursuant to this Resolution is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Members to review the situation and to consider the steps to be taken to prevent a suspension of financing to eligible recipients by the Association.

*7. Advance Contributions.*

(a) In order to avoid an interruption in the Association's ability to commit financing to eligible recipients pending the effectiveness of the Sixteenth Replenishment, the Association may deem, prior to the Effective Date, one third of the total amount of each subscription and contribution for which an Instrument of Commitment has been deposited with the Association, or for which a Debt Relief Transfer Notification (as defined in paragraph 9(b) of this Resolution) has been received by the Association, as an “Advance Contribution”, unless the Contributing Member specifies otherwise in its Instrument of Commitment or Debt Relief Transfer Notification.

(b) The Association shall specify when Advance Contributions pursuant to subparagraph (a) are to be paid to the Association.

(c) The terms and conditions applicable to contributions to the Sixteenth Replenishment shall apply also to Advance Contributions until the Effective Date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Member for its subscription and contribution.

(d) In the event that the Sixteenth Replenishment shall not become effective pursuant to paragraph 6(a) of this Resolution, (i) voting rights will be allocated to each member for the Advance Contribution as if it had been made as a subscription and contribution under this Resolution, and (ii) each member not making an Advance Contribution will have the opportunity to exercise its preemptive rights under Article III, Section 1(c) of the Articles with respect to such subscription as the Association shall specify.

*8. Commitment Authority.*

(a) Subscriptions and contributions will become available for commitment by the Association for financing to eligible recipients in three equal annual installments: (i) the first installment will become available to the Association for commitment from the Effective Date, provided that advance contributions may become available earlier under paragraph 7(a) of this Resolution; (ii) the second installment will become available from July 1, 2012, and (iii) the third installment will become available from July 1, 2013.

(b) Any qualified part of a subscription and contribution notified under a Qualified Instrument of Commitment will become available for commitment by the Association for financing when the Association has been notified, pursuant to paragraph 2(b) (ii) of this Resolution, that such parts have become unqualified.

(c) The Association may enter into financing commitments with eligible recipients conditional on such commitments becoming effective and binding on the Association when resources under the Sixteenth Replenishment become available for commitment by the Association.

*9. HIPC and Arrears Clearance Contributions.*

(a) Contributing Members making an additional subscription and contribution to compensate the Association for forgiveness of debt under the HIPC Debt Relief Initiative or to finance arrears clearance operations, will do so either: (i) through an additional subscription and contribution to the Association’s regular resources (a “Debt Relief Additional Contribution”) or (ii) through a creditor-specific contribution for the benefit of the Association to the HIPC window of the Debt Relief Trust Fund or a contribution to the arrears clearance window of the Debt Relief Trust Fund (each a “Debt Relief Transfer Contribution”).

(b) Contributing Members making a Debt Relief Transfer Contribution will either (i) enter into a Contribution Agreement with the Association as administrator of the Debt Relief Trust Fund; or (ii) for Contributing Members that are already current contributors to the Debt Relief Trust Fund, send to the Association a notice of additional contribution or allocation to the appropriate window of the Debt Relief Trust Fund, (each a “Debt Relief Transfer Notification”). Such Debt Relief Transfer Notification will provide for a contribution to be made to the appropriate window of the Debt Relief Trust Fund in the amounts set forth in Columns (7) and (10) of Table 1 to this Resolution, each to be payable in three equal annual installments no later than 31 days after the Effective Date, January 15, 2013, and January 15, 2014; provided that the Association and each Contributing Member may agree to earlier payment.

(c) When any amount of a Debt Relief Transfer Contribution is paid to compensate the Association for forgiveness of debt under the HIPC Debt Initiative or to finance arrears clearance operations, such amount of the Debt Relief Transfer Contribution will be treated as a subscription and contribution under the Sixteenth Replenishment.

*10. Compensation for Forgone Principal Reflows.*

1. Contributing Members making an additional subscription and contribution to finance forgone principal reflows from the making of grants will do so through an additional subscription and contribution to the Association’s regular resources (a “Grant Compensation Additional Contribution”).

11. *Authorization of Grants, Guarantees and Risk Intermediation*. The Association is hereby authorized to provide financing under the Sixteenth Replenishment in the form of grants and guarantees and through the intermediation of risk management products.

12. *Administration of IDA15 Funds under the Sixteenth Replenishment*.

(a) On the Effective Date, any funds, receipts, assets and liabilities held by the Association under the Fifteenth Replenishment will be administered under the Sixteenth Replenishment, subject, as appropriate, to the terms and conditions applicable to the Fifteenth Replenishment.

(b) Pursuant to Article V, Section 2(a)(i) of the Articles of Agreement of the Association, the Association is authorized to use the funds referred to in paragraph 11(a) above, and funds derived therefrom as principal, interest or other charges, to provide financing in the forms of grants and guarantees under the terms, conditions and policies applicable under the Sixteenth Replenishment.

13. *Allocation of Voting Rights under Sixteenth Replenishment*. Voting rights calculated on the basis of the current voting rights system will be allocated to members for subscriptions under the Sixteenth Replenishment as follows:

(a) Each Subscribing Member that has deposited with the Association an Instrument of Commitment will be allocated the subscription votes specified for each such member in Table 2 on the effective payment date pursuant to paragraph 3(a) of this Resolution. Each Subscribing Member will be allocated the additional membership votes specified in Column c-3 of Table 2 on the date such member is allocated its subscription votes.

(b) Each Contributing Member that has deposited with the Association an Instrument of Commitment will be allocated one third of the subscription votes specified for each such member in Table 2 on each effective payment date pursuant to paragraph 3(b) of this Resolution. Each Contributing Member will be allocated the additional membership votes specified in Column b-4 of Table 2 for its subscription on the date such member is allocated the first one third of its subscription votes.

(c) Each Contributing Member that has made a Debt Relief Transfer Contribution will be allocated a proportionate share of the subscription votes specified for such member in Column b-3 of Table 2 from time to time and at least semi-annually following payment of any amount of its Debt Relief Transfer Contribution to compensate the Association for forgiveness of debt under the HIPC Debt Initiative or to finance arrears clearance operations.

(d) Each member that has deposited with the Association a Qualified Instrument of Commitment will be allocated subscription votes at the time and to the extent of payments made in respect of its subscription and contribution.

(e) Any member that deposits its Instrument of Commitment after any of these dates will be allocated, within 31 days of the date of such deposit, the subscription votes to which such member is entitled on account of such deposit.

(f) If a member fails to pay any amount of its subscription or subscription and contribution when due, the number of subscription votes allocated from time to time to such member under this Resolution in respect of the Sixteenth Replenishment will be reduced in proportion to the shortfall in such payments, but any such votes will be reallocated when the shortfall in payments causing such adjustment is subsequently made up.

*(Adopted on April 26, 2011)*









