



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Eighth Session
Rome, 9-10 April 2003

RESOURCES AVAILABLE FOR COMMITMENT

Resources Available for Commitment

1. For the information of the Executive Board, Attachments I and II contain details of the resources available for commitment under IFAD's Regular Programme as at 28 February 2003.
2. As shown in Attachment I, based on 28 February 2003 exchange rates, the net resources available for commitment as at 28 February 2003 stood at USD 0.
3. Details on Member States' contributions specifically excluded from committable resources as at 28 February 2003 are provided in Attachment II.
4. Attachment III gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 56.7 million Special Drawing Rights (SDR). Based on exchange rates in force as at 28 March 2003, such loans and grants amount to some USD 77.3 million.
5. To provide the Board with up-to-date information on the Fund's resource situation, Attachment IV presents estimated data as at 1 April 2003. It is calculated that from 1 March to 1 April 2003, net inflows totalling USD 22.3 million were received, including a promissory note totalling USD 14.9 million from the United States. In accordance with the procedures governing the use of the advance commitment authority (ACA), these net inflows will be used to cover the ACA authorized to date.
6. Attachment IV also shows commitments made under, and the use of, the ACA during 2002. It provides further analysis of net flows during 2002 and actual figures for January to February 2003, together with the estimated flows up to 1 April 2003. It also shows the expected net inflows until the end of 2003.



7. Given that the resources available for commitment as at 1 April 2003 are not sufficient to cover the loans and grants expected to be approved at the current Session of the Executive Board, recourse is being made to the ACA as provided for in paragraph III.17 of Resolution 119/XXIV of the Governing Council and as recommended in paragraph 13 of the present document.

Advance Commitment Authority and its Ceiling

8. The Governing Council authorized the use of the ACA at its Twentieth Session in February 1997. The main purpose of the ACA is to cover shortfalls in the amount of committable resources available to approve loans and grants that may arise in a particular year due to delays in the receipt of contribution payments, volatility in the rate of return of investment income, and/or delays in the receipt of payments and repayments under loans provided by the Fund.

9. When the ACA scheme was adopted for the Fourth Replenishment, the maximum amount that could be made available through the ACA during that replenishment period was set at USD 450 million. This was equivalent to three years of reflows at the time.

10. With the adoption of Resolution 119/XXIV on the Fifth Replenishment on 31 July 2000, the ACA was extended until one year following the end of the Fifth Replenishment period, i.e. until 19 February 2005. Under the terms of the resolution, the Executive Board is responsible for establishing the cumulative resource level available under the ACA.

11. The procedures for the use of the ACA during the Fifth Replenishment period, which runs from 20 February 2001 to 19 February 2004, are set out in document GC 24/Res.119/XXIV/Rev.1. These procedures give the Executive Board the authority to decide the maximum amount available through the ACA during the replenishment period. In this context, the Report of the Consultation on the Sixth Replenishment of IFAD's Resources, which was endorsed by the Governing Council in February, noted that "there was support for the view that the ceiling for the use of ACA during the Sixth Replenishment period should be based on the same principles as that of the Fourth and Fifth Replenishment periods, namely a ceiling of three years of reflows". The ceiling on the basis of estimates of loan reflows for the next three years would be approximately USD 540 million. However, the Consultation also emphasized that efforts should be made to keep actual ACA use below the ceiling. In this spirit, the document on the Programme of Work and Administrative Budget for 2003 approved by the Governing Council in February incorporated the "planned overall limit for Advance Commitment Authority in 2003 of USD 400 million".

12. As may be seen in Attachment IV, the level of ACA carried forward as of 31 December 2002 is USD 277.8 million. Net inflows from 1 January to 1 April 2003 are estimated to be USD 72.9 million. If grants approved directly by the President are taken into account, the ACA carried forward as at 1 April 2003 would be reduced to USD 207.2 million. Loans and grants amounting to USD 77.3 million are proposed for the April Board to be covered by ACA. Accordingly, the ACA carried forward following the April Board would be about USD 284.5 million. It should be noted, however, that the net inflows of USD 72.9 million from 1 January to 1 April 2003 include only USD 24.2 million for Members' contributions out of the total contributions of USD 163.1 million expected this year. Several major contributing countries, namely, Italy, the United Kingdom, Nigeria and Libya, have yet to deposit their Instruments of Contribution or make payment for the Fifth Replenishment, but they are expected to do so in the current year. A number of other contributing countries are expected to make payments on their remaining balance of Fifth Replenishment contributions by the end of the year in accordance with the normal payment procedures contained in the Replenishment resolution. Assuming that these contribution payments will be made on schedule, and also that other net flows shown in Attachment IV will be realized, management estimates that the net ACA carried forward as of 31 December 2003 will be USD 368 million, within the planned overall limit for the year of USD 400 million. Thus net ACA utilization, which was



USD 153.7 million in 2001 and USD 124.1 million in 2002, is projected to be about USD 90 million in 2003 showing a declining trend in the use of additional ACA.

Recommendation

13. Based on the resource position estimated as at 1 April 2003, the Executive Board is requested to approve the use of the ACA, as follows:

“The Executive Board, in accordance with paragraph III.17 of Governing Council Resolution 119/XXIV, noted the recourse currently made to the ACA totalling some USD 207.2 million prior to this Session, and also noting the present shortfall in resources of an estimated USD 77.3 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 77.3 million, approves the use of an additional USD 77.3 million under the ACA. This will bring the net ACA carry forward to some USD 284.5 million. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its Seventy-Eighth Session in April 2003. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the use of the ACA and the resources available for commitment.”

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT
28 FEBRUARY 2003**

(USD '000)

Assets in freely convertible currencies		
Cash	322 922	
Investments	2 023 517	
Promissory notes – Member States	288 046	
Other receivables	<u>124 957</u>	<u>2 759 442</u>
Less		
Payables and accrued liabilities		(389 381)
General Reserve		(95 000)
Undisbursed effective loans	(1 875 108)	
Approved loans signed but not yet effective	(260 735)	
Undisbursed grants	<u>(34 038)</u>	(2 169 881)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(93 868)</u>
		<u>(2 748 130)</u>
Resources available for commitment		11 312
Less		
Loans not yet signed		(226 259)
Grants not yet signed		<u>(14 514)</u>
Net resources available for commitment before ACA		<u>(229 461)</u>
ACA carried forward at 1 January 2003	277 780	
ACA approved at the Executive Board Sessions during the year	<u>0</u>	277 780
Less:		
ACA reversed in the year 2003 to date		<u>(48 319)</u>
ACA carried forward		<u>229 461</u>
Net resources available for commitment		<u>0</u>



**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 28 FEBRUARY 2003**

Amounts Specifically Excluded
(USD '000)

IFAD Regular Programme

Drawdowns on Initial Contribution

promissory notes that have not been paid

Iran	29 358	
Iraq	<u>13 717</u>	
		43 075

Drawdowns on First Replenishment

promissory notes that have not been paid

Iraq	31 099	
Qatar	<u>3 763</u>	
		34 862

Drawdowns on Second Replenishment

promissory notes that have not been paid

Qatar	5 000	
Mauritania	<u>2</u>	
		5 002

Drawdowns on Third Replenishment

promissory notes that have not been paid

D.P.R. Korea	600	
Libyan Arab Jamahiriya	7 857	
Mauritania	25	
Nigeria	<u>225</u>	
		8 707

Drawdowns on Fourth Replenishment

promissory notes that have not been paid

Morocco	600	
Pakistan	<u>1 612</u>	
		2 212

**Special Programme for Sub-Saharan
African Countries Affected by Drought
and Desertification**

Drawdowns on First Phase

promissory notes that have not been paid

Mauritania		<u>10</u>
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Total specifically excluded

93 868



ATTACHMENT III

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE
SEVENTY-EIGHTH SESSION OF THE EXECUTIVE BOARD**

PROPOSED LOANS			
Country	Project/Programme Title	USD (Equivalent)¹	SDR (Equivalent)¹
Bangladesh	Microfinance and Technical Support Project	16 219 105	11 900 000
Cameroon	Roots and Tubers Market-Driven Development Programme	13 084 320	9 600 000
Chad	Kanem Rural Development Project	12 948 025	9 500 000
Nicaragua	Programme for the Economic Development of the Dry Region in Nicaragua	13 970 238	10 250 000
Senegal	Agricultural Development Project in Matam – Phase II	12 470 992	9 150 000
Subtotal		68 692 680	50 400 000
PROPOSED GRANTS			
Institution	Programme Title	USD	SDR (Equivalent)¹
Center for International Forestry Research (CIFOR)	Programme for Improving Income Generation for Forest Communities through IFAD's Loan Portfolio in the Asia and Pacific Region	900 000	660 332
International Potato Center (CIP)	Programme for Integrating and Scaling-Up and Replicating Technologies for Resource-Poor Potato Growers	800 000	586 962
Food and Agriculture Organization of the United Nations (FAO)	Organic Production of Underutilized Medicinal, Aromatic and Natural Dye Plants (MADPs) Programme for Sustainable Rural Livelihoods in Southern Asia	1 400 000	1 027 183
International Center for Agricultural Research in the Dry Areas (ICARDA)	Programme for Strengthening Research and Development to Improve Marketing of Small-Ruminant Products and Income Generation in Dry Areas of Latin America	1 000 000	733 703
International Centre of Insect Physiology and Ecology (ICIPE)	Programme for the Promotion of Productivity and Trade of Fruits and Vegetables: The African Fruit Fly Initiative (AFFI)	1 000 000	733 703
International Fertilizer Development Center (IFDC)	Participatory Evaluation, Adaptation and Adoption of Environmentally Friendly Nutrient Management Technologies for Resource-Poor Farmers (ANMAT) Programme – Phase II	1 000 000	733 703
IFDC	Programme for the Development and Implementation of an Information and Decision Support System for Cereal Production in the NENA Region	900 000	660 332
Southern Cone Common Market (MERCOSUR)	Institutional and Policy Support Programme to Reduce Rural Poverty in the MERCOSUR Area	800 000	586 962
Andean Development Corporation (CAF)	Regional Programme in Support of Indigenous Peoples in the Amazon Basin (PRAIA) - Phase III	800 000	586 962
Subtotal		8 600 000	6 309 842
Total		77 292 680	56 709 842

¹ Using the 28 March 2003 USD/SDR exchange rate of 1.36295, based on the actual SDR amounts for loans already negotiated and USD amounts for grants.

ATTACHMENT IV

2002 ACTUAL, 2003 ACTUAL AND ESTIMATE UP TO 31 DECEMBER 2003				
(USD million)				
	2002 Actual January to December	2003 Actual January to February	2003 Estimated 1 March to 1 April (including EB 78 ¹)	2003 Estimate January to 31 December ²
1) Resources available at start of period	0	0	0	0
Proposed loans and grants (EB 72/73/74)	-			
Proposed loans and grants (EB 75/76/77)	388.1			
Proposed loans and grants (EB 78)			77.3	77.3
Proposed loans and grants (EB 79/80)				358.7
2) ACA approved by EB	388.1	0	77.3	436.0
Analysis of flows				
Loan reflows	169.2	26.4	16.1	170.0
Loan cancellations	58.7	0.3	0.7	50.0
Members' contributions	112.0	9.3	14.9	163.1
Investment income/(loss)	26.2	14.4	(5.2)	67.0
	366.1	50.4	26.5	450.1
Operating expenses, ASMCS, SCP	(50.8)	(7.8)	(3.4)	(58.0)
PDFF expenses	(26.2)	(2.2)	(0.8)	(28.0)
Debt Initiative for HIPC transfers	(14.0)			(23.0)
	(91.0)	(10.0)	(4.2)	(109.0)
Net exchange rate movements	(12.1)	3.2	-	
Release of contributions excluded	8.9	7.0	-	4.8
	(3.2)	10.2	0	4.8
3) Total net flows	271.9	50.6	22.3	345.9
4) Loan and grant commitments³	(396.0)	(2.3)	(77.3)	(436.0)
5) ACA covered from flows in period	(264.0)	(48.3)	(22.3)	(345.9)
Resources available at end of period (=1+2+3+4+5)	0	0	0	0
ACA carried forward				
6) Total (=2+5+(6 prior year))	277.8	229.5	284.5	367.9

ASMCS = After-Service Medical Coverage Scheme
HIPC = Debt Initiative for Heavily Indebted Poor Countries
PDFF = Programme Development Financing Facility
SCP = Strategic Change Programme

¹ This carry forward estimate depends heavily on certain assumptions, for example regarding investment income and contribution payments being received in particular from major donors.

² Based on latest estimates available.

³ These commitments also include grants approved directly by the President.

