



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 31 December 2002.
2. As shown in Attachment I, based on 31 December 2002 exchange rates, the net resources available for commitment as at 31 December 2002 stood at USD 0.
3. Details on Member States' contributions specifically excluded from committable resources as at 31 December 2002 are provided in Attachment II.
4. The Executive Board is informed that, subsequent to 31 December 2002, payments from Qatar have been received totalling USD 3.3 million. These payments relate to overdue First Replenishment contributions in provision status. In addition, Nigeria has paid USD 1.5 million in respect of its outstanding Third Replenishment contributions. The corresponding additional committable resources as a result of these payments amount to USD 4.8 million.
5. Attachment III gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 89.4 million Special Drawing Rights (SDR). Based on exchange rates in force as at 31 December 2002, such loans and grants amount to some USD 121.6 million.
6. Attachment IV shows commitments under the use of the Advance Commitment Authority (ACA) during 2002; further analysis of net flows during the period in which the ACA has been used, as requested by the Executive Board as its Seventy-Fifth Session; and expected net inflows until 31 December 2003.
7. Given that the resources available for commitment as at 31 December 2002 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, 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, at the Consultation it was 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 ACA 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 in January-March 2003 are estimated to be USD 58.2 million. This would reduce the ACA carried forward at the end of March 2003 to a level of USD 219.6 million. Loans and grants amounting to USD 121.6 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 341 million. It should be noted, however, that the net inflows of USD 58.2 million for January-March 2003 include only USD 9.2 million for Member contributions out of the total expected contributions this year of USD 163.1 million. 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 these are expected to be received 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 in 2002, is projected to be about USD 90 million in 2003 showing a declining trend in the use of additional ACA. An update of this document will be provided to the Seventy-Eighth Session of the Executive Board, indicating the ACA required to approve the proposed programme of work based on the resource situation calculated shortly prior to the Board session. The figures indicated in the recommendation will be updated accordingly.



Recommendation

13. Based on the resource position as at 31 December 2002, 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 219.6 million prior to this Session, and also noting the present shortfall in resources of an estimated USD 121.6 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 121.6 million, approves the use of an additional USD 121.6 million under the ACA. This will bring the net ACA carry forward to some USD 341.2 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
31 DECEMBER 2002**

(USD '000)

Assets in freely convertible currencies		
Cash	322 899	
Investments	1 987 654	
Promissory notes – Member States	291 283	
Other receivables	<u>146 652</u>	<u>2 748 488</u>
Less		
Payables and accrued liabilities		(410 533)
General Reserve		(95 000)
Undisbursed effective loans	(1 725 503)	
Approved loans signed but not yet effective	(342 463)	
Undisbursed grants	<u>(32 251)</u>	(2 100 217)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(101 400)</u>
		<u>(2 707 150)</u>
Resources available for commitment		41 338
Less		
Loans not yet signed		(299 706)
Grants not yet signed		(19 412)
Net resources available for commitment before ACA		<u>(277 780)</u>
ACA carried forward at 1 January 2002	153 691	
ACA approved at the Executive Board Sessions during the year	<u>388 100</u>	541 791
Less:		
ACA reversed in the year 2002		<u>(264 011)</u>
ACA carried forward		<u>277 780</u>
Net resources available for commitment		<u>0</u>



**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 31 DECEMBER 2002**

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>7 017</u>	38 116

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>1 740</u>	10 222

Drawdowns on Fourth Replenishment

promissory notes that have not been paid

Brazil	2 763	
Morocco	600	
Pakistan	<u>1 612</u>	4 975

**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

101 400

ATTACHMENT III

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

PROPOSED LOANS			
Country	Programme/Project Title	USD (Equivalent)¹	SDR (Equivalent)¹
Bangladesh	Microfinance and Technical Support Project	16 300 000	11 989 526
Cameroon	Roots and Tubers Market-Driven Development Programme	13 000 000	9 562 198
Chad	Kanem Rural Development Project	13 000 000	9 562 198
Morocco	Livestock and Rangelands Development Project in the Eastern Region – Phase II	7 300 000	5 369 542
Nicaragua	Programme for the Economic Development of the Dry Region in Nicaragua	14 000 000	10 297 752
Pakistan	Community Development Programme	21 770 000	16 013 005
Senegal	Agricultural Development Project in Matam – Phase II	12 500 000	9 194 422
Turkey	Sivas-Erzincan Development Project	15 080 000	11 092 150
Subtotal		112 950 000	83 080 793
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 the Pacific Region	900 000	661 998
International Potato Center (CIP)	Programme for Integrating and Scaling-Up and Replicating Technologies for Resource-Poor Potato Growers	800 000	588 443
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	1 029 775
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	735 554
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	735 554
International Fertilizer Development Centre (IFDC)	Participatory Evaluation, Adaptation and Adoption of Environmentally Friendly Nutrient Management Technologies for Resource-Poor Farmers (ANMAT) Programme – Phase II	1 000 000	735 554
IFDC	Programme for the Development and Implementation of an Information and Decision Support System for Cereal Production in the NENA Region	900 000	661 998
Southern Cone Common Market (MERCOSUR)	Institutional and Policy Support Programme to Reduce Rural Poverty in the MERCOSUR Area	800 000	588 443
Andean Development Corporation (CAF)	Regional Programme in Support of Indigenous Peoples in the Amazon Basin (PRAIA).–Phase III	800 000	588 443
Subtotal		8 600 000	6 325 762
Total		121 550 000	89 406 555

¹ Using the 31 December 2002 USD/SDR exchange rate of 1.35952, based on the USD amounts for loans not negotiated to date and USD for grants.

ATTACHMENT IV

2001 ACTUAL, 2002 ACTUAL AND ESTIMATE UP TO 31 DECEMBER 2003				
(USD million)				
	2001 Actual April to December	2002 Actual January to December	2003 Estimated January to March (including EB 78) ¹	2003 Estimate January to 31 December ²
1) Resources available at start of period	15.0	0	0	0
Proposed loans and grants (EB 72/73/74)	420.1	-		
Proposed loans and grants (EB 75/76/77)		388.1		
Proposed loans and grants (EB 78)			121.6	121.6
Proposed loans and grants (EB 79/80)				314.4
2) ACA approved by the Executive Board (EB)	375.5	388.1	121.6	436.0
Analysis of flows				
Loan reflows	127.0	169.2	42.5	170.0
Loan cancellations	29.1	58.7	1.0	50.0
Members' contributions	124.4	112.0	9.2	163.1
Investment income	17.6	26.2	14.9	67.0
	298.1	366.1	67.6	450.1
Operating expenses, ASMCS, SCP	(38.5)	(50.8)	(11.2)	(58.0)
PDFFF expenses	-	(26.2)	(3.0)	(28.0)
Debt Initiative for HIPC transfers	(4.0)	(14.0)	-	(23.0)
	(42.5)	(91.0)	(14.2)	(109.0)
Net exchange rate movements	(7.8)	(12.1)	-	-
Release of contributions excluded	9.8	8.9	4.8	4.8
	2.0	(3.2)	4.8	4.8
3) Total net flows	257.6	271.9	58.2	345.9
4) Loan and grant commitments³	(426.3)	(396.0)	(121.6)	(436.0)
5) ACA covered from flows in period	(221.8)	(264.0)	(58.2)	(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))	153.7	277.8	341.2	367.9

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

¹ Based on latest estimates available.

² This carry forward estimate depends heavily on certain assumptions, for example regarding investment income and contribution payments being received in particular from major donors.

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

