



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board – Seventy-Ninth Session**  
Rome, 10-11 September 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 estimated resources available for commitment under IFAD's Regular Programme as at 31 July 2003.
2. According to actual Advance Commitment Authority (ACA) accounting practice, the net inflows received are immediately used to cover the outstanding ACA balance. As may be seen in Attachment V, the level of ACA carried forward as of 31 December 2002 is USD 277.8 million. During the period January-August 2003, loan and grant commitments amounted to USD 81.3 million and the net inflow was estimated to be USD 192.8 million. Therefore, this would reduce the ACA carried forward at the end of August 2003 to USD 166.3 million. Loans and grants amounting to USD 99.8 million proposed for the September Board are to be covered by the ACA. Accordingly, the ACA carried forward would be about USD 266.1 million. It should be noted that the net ACA carry-forward following the Board would be USD 11.7 million lower than the net ACA carry-forward as at 31 December 2002. Assuming that the net flows shown in Attachment V are realized, management estimates that the net ACA carried forward as at 31 December 2003 will be USD 345.1 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 67.3 million in 2003, showing a declining trend in the use of additional ACA.
3. Consequent to this accounting practice, as shown in Attachment I, the net resources available for commitment as at 31 July 2003 stood at USD 0.
4. Details of Member States' contributions specifically excluded from committable resources as at 31 July 2003 are provided in Attachment II.
5. Attachment III provides details of loans and grants approved by the Executive Board at its Seventy-Eighth Session in April 2003.



6. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 72.6 million Special Drawing Rights (SDR). Based on exchange rates in force as at 26 August 2003, such loans and grants amount to some USD 99.8 million.

7. Attachment V shows commitments under the use of the ACA during 2002 and 2003. It also provides an analysis of net flows during the period in which the ACA has been used, as requested by the Executive Board at its Seventy-Fifth Session; and of expected net inflows until 31 December 2003.

### **Advance Commitment Authority and its Ceiling**

8. Given that the resources available for commitment as at 31 August 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 14 of the present document.

9. 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.

10. 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.

11. With the adoption of Resolution 119/XXIV on the Fifth Replenishment on 31 July 2000, the ACA was extended by 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.

12. 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 2003, 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 a "planned overall limit for ACA in 2003 of USD 400 million".

13. In attachment V it should be noted that the net inflows of USD 192.8 million for January-August 2003 include USD 63.5 million for Member contributions out of the total expected contributions this year of USD 174.2 million. Some major contributing countries have yet to deposit their Instruments of Contribution or make payments 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 the Fifth Replenishment contributions by the end of the year in accordance with normal payment procedures contained in the Replenishment resolution.



## **Recommendation**

14. Based on the resource position as at 31 August 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 166.3 million prior to this Session, and also noting the present shortfall in resources of an estimated USD 99.8 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 99.8 million, approves the use of an additional USD 99.8 million under the ACA. This will bring the net ACA carry-forward to some USD 266.1 million as compared to USD 277.8 million as at 31 December 2002. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its Seventy-Ninth Session in September 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.”



ATTACHMENT I

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT<sup>1</sup>**  
**31 JULY 2003**

(USD '000)

<b>Assets in freely convertible currencies</b>		
Cash	331 126	
Investments	1 909 826	
Promissory notes – Member States	257 676	
Other receivables	<u>107 199</u>	<b><u>2 605 827</u></b>
<b>Less</b>		
Payables and accrued liabilities		(251 536)
General Reserve		(95 000)
Undisbursed effective loans	(1 910 819)	
Approved loans signed but not yet effective	(286 483)	
Undisbursed grants	<u>(33 335)</u>	(2 230 637)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(92 031)</u>
		<b><u>(2 669 204)</u></b>
<b>Resources available for commitment</b>		<b>(63 377)</b>
<b>Less</b>		
Loans not yet signed		(102 990)
Grants not yet signed		<u>(15 344)</u>
<b>Net resources available for commitment before ACA</b>		<b><u>(181 711)</u></b>
<b>ACA carried forward at 1 January 2003</b>	277 780	
<b>ACA approved at the Seventy-Eighth Executive Board Sessions</b>	<u>77 300</u>	<b>355 080</b>
<b>Less:</b>		
ACA reversed in the year 2003 to date		<b><u>(173 369)</u></b>
<b>ACA carried forward</b>		<b><u>181 711</u></b>
<b>Net resources available for commitment</b>		<b><u>0</u></b>

<sup>1</sup> Calculation performed on actual loan and grant transactions and contributions. The other figures are based on the latest estimates available. For updated information regarding resources available as at 31 August 2003, please refer to Attachment V.

**RESOURCES AVAILABLE FOR COMMITMENT  
UNDER THE REGULAR PROGRAMME  
AS AT 31 JULY 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 <sup>1</sup>	600	
Libyan Arab Jamahiriya	7 857	
Mauritania	<u>25</u>	

8 482

**Drawdowns on Fourth Replenishment****promissory notes that have not been paid**

Morocco	<u>600</u>	
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600

**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****92 031**

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<sup>1</sup> In July, IFAD received a payment from D.P.R. Korea related to the Fifth Replenishment.



## ATTACHMENT III

**LOANS AND GRANTS APPROVED AT THE  
SEVENTY-EIGHTH SESSION OF THE EXECUTIVE BOARD  
IN APRIL 2003**

<b>LOANS</b>		
<b>Country</b>	<b>Project/Programme Title</b>	<b>SDR Equivalent</b>
Bangladesh	Microfinance and Technical Support Project	11 900 000
Cameroon	Roots and Tubers Market-Driven Development Programme	9 600 000
Chad	Kanem Rural Development Project	9 500 000
Nicaragua	Programme for the Economic Development of the Dry Region in Nicaragua	10 250 000
Senegal	Agricultural Development Project in Matam – Phase II	9 150 000
<b>Subtotal</b>		<b>50 400 000</b>
<b>GRANTS</b>		
<b>Institution</b>	<b>Title</b>	
Centre 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	655 122
International Potato Centre (CIP)	Programme for Integrating and Scaling-Up and Replicating Technologies for Resource-Poor Potato Growers	582 331
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	1 019 079
International Centre 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	727 913
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)	727 913
International Fertilizer Development Centre (IFDC)	Participatory Evaluation, Adaptation and Adoption of Environmentally Friendly Nutrient Management Technologies for Resource-Poor Farmers (ANMAT) Programme – Phase II	727 913
IFDC	Programme for the Development and Implementation of an Information and Decision Support System for Cereal Production in the NENA Region	655 122
Southern Cone Common Market (MERCOSUR)	Institutional and Policy Support Programme to Reduce Rural Poverty in the MERCOSUR Area	582 331
Andean Development Corporation (CAF)	Regional Programme in Support of Indigenous Peoples in the Amazon Basin (PRAIA) – Phase III	582 311
<b>Subtotal</b>		<b>6 250 055</b>
<b>Total</b>		<b>56 650 055<sup>1</sup></b>

<sup>1</sup> Equivalent to approximately USD 77.8 million, based on the exchange rate on 31 March 2003.



## ATTACHMENT IV

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

<b>PROPOSED LOANS</b>			
<b>Country</b>	<b>Project/Programme Title</b>	<b>USD Equivalent<sup>1</sup></b>	<b>SDR Equivalent<sup>2</sup></b>
Burkina Faso	Community Investment Programme for Agricultural Fertility	12 091 200	8 800 000
Ethiopia	Pastoral Community Development Project	19 785 600	14 400 000
Guatemala	National Rural Development Programme – Phase I: The Western Region	29 609 700	21 550 000
Morocco	Livestock and Rangelands Development Project in the Eastern Region – Phase II	6 251 700	4 550 000
Rwanda	Rural Small and Microenterprise Promotion Project – Phase II	14 633 100	10 650 000
Turkey	Sivas-Erzincan Development Project	12 709 500	9 250 000
<b>Subtotal</b>		<b>95 080 800</b>	<b>69 200 000</b>
<b>PROPOSED GRANTS</b>			
<b>Institution</b>	<b>Title</b>		
International Institute of Tropical Agriculture (IITA)	Participatory Technology Development, Diffusion, and Adoption of Cowpea for Poverty Reduction in West Africa – Phase II	1 000 000	727 802
West Africa Rice Development Association (WARDA)	Participatory Adaptive Research and Dissemination of Rice Technologies in West Africa – Phase II	1 000 000	727 802
United Nations Development Fund for Women (UNIFEM)	South Asia Regional Office: Mainstreaming Gender in Poverty Reduction in Asia: Programme Support for Policy Analysis, Advocacy and Networking to Address Gender Inequities and Vulnerability of Women	200 000	145 560
Food and Agriculture Organization of the United Nations (FAO)	Expansion of the Farmers Field Schools Programme in Eastern and Southern Africa	1 090 000	793 304
Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP)	Upscaling and Linking Organizations of the Poor: Learning from Experiences of Civil-Society Organizations and IFAD Projects in Asia	450 000	327 511
International Development Research Centre (IDRC)	Programme to Develop a Knowledge Generation and Sharing Network in the Near East and North Africa (NENA) Region – Phase II	1 000 000	727 802
<b>Subtotal</b>		<b>4 740 000</b>	<b>3 449 782</b>
<b>Total</b>		<b>99 820 800</b>	<b>72 649 782</b>

<sup>1</sup> Using the 26 August 2003 USD/SDR exchange rate of 1.374000, based on the actual SDR amounts for loans already negotiated and USD amounts for grants.

<sup>2</sup> See footnote 1.



### ACA UTILIZATION ANALYSIS

<b>2002</b>	
	(USD Million)
<b>1) ACA carry-forward prior period</b>	<b>153.7</b>
2) Net ACA utilization*	124.1
<b>3) ACA carry-forward</b>	<b>277.8</b>

\*Equal to loans and grants approved by the Executive Board of USD 388.1 million plus additional grant commitments of USD 7.9 million, less net 2002 flows of USD 271.9 million.

<b>2003</b>				
	(USD million)			
	2003 Estimate January to July <sup>1</sup>	2003 Estimate August <sup>2</sup>	2003 Estimate September to December	2003 January to December
<b>1) Resources available at start of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of flows</b>				
Loan reflows	103.7	13.0	63.3	180.0
Loan cancellations	1.7	0	48.3	50.0
Members' contributions	63.5	0	110.7	174.2
Investment income	37.7	8.0	28.8	74.5
Operating expenses, ASMCS, SCP	(38.7)	(5.6)	(13.7)	(58.0)
PDFF expenses	2.5	0	(30.5)	(28.0)
Debt Initiative for HIPC transfers		0	(27.0)	(27.0)
Net exchange rate movements	(2.3)	0	0	(2.3)
Release of contributions excluded	9.3	0	0	9.3
<b>2) Total net flows</b>	<b>177.4</b>	<b>15.4</b>	<b>179.9</b>	<b>372.7</b>
Approved loans and grants under ACA (EB 78)	77.3			77.3
Proposed loans and grants under ACA (EB 79)			99.8*	99.8*
Proposed loans and grants under ACA (EB 80)			258.9	258.9
<b>3) Total Gross ACA approved by the Executive Board (EB)</b>	<b>77.3</b>	<b>0</b>	<b>358.7</b>	<b>436.0</b>
<b>4) Loan and grant commitments<sup>3</sup></b>	<b>(81.3)</b>	<b>0</b>	<b>(358.7)</b>	<b>(440.0)</b>
<b>5) ACA covered from flows in period</b>	<b>(173.4)</b>	<b>(15.4)</b>	<b>(179.9)</b>	<b>(368.7)</b>
<b>Resources available at end of period (=1+2+3+4+5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6) ACA carried forward (=3+5+(prior period))</b>	<b>181.7</b>	<b>166.3<sup>4</sup></b>	<b>345.1</b>	<b>345.1</b>
<b>Net ACA Utilization (=3+5)</b>	<b>(96.1)</b>	<b>(15.4)</b>	<b>178.8</b>	<b>67.3</b>

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

<sup>1</sup> Based on actual up to March 2003. From April to July 2003 based on actual transactions for loans and grants and contributions. The other figures are based on the latest estimates available.

<sup>2</sup> The carry-forward estimate is dependent on certain assumptions, in particular that investment income and contribution payments will be received from major donors.

<sup>3</sup> These commitments also include grants approved directly by the President.

<sup>4</sup> ACA carried forward following the September Board, totalling USD 266.1 million. This amount is the sum of August ACA carried forward of USD 166.3 million plus loans and grants proposed at the September Board totalling USD 99.8 million.