



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 30 June 2003.
2. According to current accounting practice the net inflows received are immediately used to cover the outstanding Advance Commitment Authority (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-June 2003, loan and grant commitments amounted to USD 81.0 million and the net inflow was estimated to be USD 193.5 million. Therefore, this would reduce the ACA carried forward at the end of June 2003 to a level of USD 165.3 million. Loans and grants amounting to USD 101 million are proposed for the Seventy-Ninth Session of the Executive Board to be covered by the ACA. Accordingly, the ACA carried forward following the Board would be about USD 266.3 million. It should be noted that the net ACA carried forward at the end of this Board would be USD 11.5 million lower than the net ACA carry forward as at 31 December 2002.
3. Consequent to this accounting practice, as shown in Attachment I, the net resources available for commitment as at 30 June 2003 stood at USD 0.
4. Details of Member States' contributions specifically excluded from committable resources as at 30 June 2003 are provided in Attachment II.



5. The Executive Board is informed that subsequent to 30 June 2003, payments from Nigeria in respect of its outstanding Third Replenishment contribution have been received. The corresponding committable resources as a result of this payment amount to an additional USD 0.2 million. In July payment from DPR Korea was received. The allocation between replenishments will be provided in August. This may result in additional committable resources of USD 0.6 million.
6. Attachment III provides details of loans and grants approved by the Executive Board at its Seventy-Eighth Session in April 2003.
7. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 72.0 million Special Drawing Rights (SDR). Based on exchange rates in force as at 30 June 2003, such loans and grants amount to some USD 101.1 million.
8. Attachment V shows commitments under the use of 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

9. Given that the resources available for commitment as at 30 June 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 15 of the present document.
10. 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.
11. 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.
12. 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.
13. 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”.

14. In Attachment V it should be noted that the net inflows of USD 193.5 million for January-June 2003 include USD 51.3 million for Member contributions out of the total expected contributions this year of USD 164 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. Assuming that these contribution payments are made on schedule, and also that other net flows shown in Attachment V are realized, Management estimates that the net ACA carried forward as of 31 December 2003 will be USD 348 million, within the planned overall limit for the year of USD 400 million. Thus net ACA use, which was USD 153.7 million in 2001 and USD 124.1 in 2002, is projected to be about USD 70 million in 2003 showing a declining trend in the use of additional ACA. An update of this document will be provided to the Seventy-Ninth 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

15. Based on the resource position as at 30 June 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 165.3 million prior to this Session, and also noting the present shortfall in resources of an estimated USD 101.0 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 101.0 million, approves the use of an additional USD 101.0 million under the ACA. This will bring the net ACA carry forward to some USD 266.3 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.”

STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT¹
30 JUNE 2003

(USD '000)

Assets in Freely Convertible Currencies		
Cash	318 958	
Investments	1 946 626	
Promissory notes – Member States	283 887	
Other receivables	<u>107 199</u>	<u>2 656 670</u>
Less		
Payables and accrued liabilities		(251 536)
General Reserve		(95 000)
Undisbursed effective loans	(1 880 234)	
Approved loans signed but not yet effective	(307 007)	
Undisbursed grants	<u>(34 626)</u>	(2 221 867)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(92 256)</u>
		<u>(2 660 659)</u>
Resources available for commitment		(3 989)
Less		
Loans not yet signed		(144 849)
Grants not yet signed		<u>(16 502)</u>
Net resources available for commitment before ACA		<u>(165 342)</u>
ACA carried forward at 1 January 2003	277 780	
ACA approved at the Seventy-Eighth Executive Board Session	<u>77 300</u>	355 080
Less:		
ACA reversed in the year 2003 to date		<u>(189 740)</u>
ACA carried forward		<u>165 341</u>
Net resources available for commitment		<u>0</u>

¹ Calculation performed on actual loan and grant transactions and contributions. The other figures are based on the latest estimates available.

**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 30 JUNE 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 ¹	600	
Libyan Arab Jamahiriya	7 857	
Mauritania	25	
Nigeria ²	<u>225</u>	

8 707

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**92 256**

¹ In July we received a payment from DPR Korea for which the correct allocation between replenishments will be provided by August.

² As we received the payment from Nigeria in July, Nigeria will be not be in exclusion status at that time.



ATTACHMENT III

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

LOANS		
Country	Project/Programme Title	SDR Equivalent
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
Subtotal		50 400 000
GRANTS		
Institution	Title	
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
Subtotal		6 250 055
Total		56 650 055¹

¹ Equivalent to approximately USD 77.8 million, based on the exchange rate at 31 March 2003.



ATTACHMENT IV

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

PROPOSED LOANS			
Country	Project/Programme Title	USD Equivalent¹	SDR Equivalent²
Burkina Faso	Community Investment Programme for Agricultural Fertility	12 010 000	8 557 727
Ethiopia	Pastoral Community Development Project	20 000 000	14 251 003
Guatemala	National Rural Development Programme - Phase I: The Western Region	30 000 000	21 376 504
Morocco	Livestock and Rangelands Development Project in the Eastern Region – Phase II	6 385 516	4 550 000
Rwanda	Rural Small and Microenterprise Promotion Project – Phase II	14 946 317	10 650 000
Turkey	Sivas – Erzincan Development Project	12 981 543	9 250 000
Subtotal		96 323 376	68 635 234
PROPOSED GRANTS			
Institution	Title		
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	712 550
West Africa Rice Development Association (WARDA)	Participatory Adaptive Research and Dissemination of Rice Technologies in West Africa – Phase II	1 000 000	712 550
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	142 510
Food and Agriculture Organization of the United Nations (FAO)	Expansion of the Farmers Field Schools Programme in Eastern and Southern Africa	1 090 000	776 680
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	320 648
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	712 550
Subtotal		4 740 000	3 377 488
Total		101 063 376	72 012 722

¹ Using the 30 June 2003 USD/SDR exchange rate of 1.40341, based on the actual SDR amounts for loans already negotiated and USD amounts for loans not negotiated to date and for grants.

² See footnote 1.

ATTACHMENT V

2002 ACTUAL AND ESTIMATED UP TO DECEMBER 2003				
(USD million)				
	2002 Actual January to December	2003 Estimate January to June ¹	2003 Estimate July to December ²	2003 January to December
1) Resources available at start of period	0	0	0	0
Approved loans and grants under ACA (EB 75/76/77)	388.1			
Approved loans and grants under ACA (EB 78)		77.3		77.3
Proposed loans and grants under ACA (EB 79)			101.0*	101.0
Proposed loans and grants under ACA (EB 80)			257.1	257.1
2) ACA approved by the Executive Board (EB)	388.1	77.3	358.1	435.4
Analysis of flows				
Loan reflows	169.2	89.8	90.2	180
Loan cancellations	58.7	1.7	48.3	50
Members' contributions	112.0	51.3	112.7	164
Investment income	26.2	74.5	0	74.5
	366.1	217.3	251.2	468.5
Operating expenses, ASMCS, SCP	(50.8)	(33.1)	(24.9)	(58)
PDFF expenses	(26.2)	2.5	(28)	(25.5)
Debt Initiative for HIPC transfers	(14.0)		(23)	(23)
	(91.0)	(30.6)	(75.9)	(106.5)
Net exchange rate movements	(12.1)	(2.3)	0	(2.3)
Release of contributions excluded	8.9	9.1	0	9.1
	(3.2)	6.8	0	6.8
3) Total net flows	271.9	193.5	175.3	368.8
4) Loan and grant commitments³	(396.0)	(81)	(358.1)	(439.1)
5) ACA covered from flows in period	(264.0)	(189.8)	(175.3)	(365.1)
Resources available at end of period (=1+2+3+4+5)	0	0	0	0
6) ACA carried forward (=2+5+(prior period))	277.8⁴	165.3⁵	348.1	348.1
Net ACA Utilization (=2+5)	124.1	(112.5)	182.8	70.3

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

¹ Based on actuals up to March 2003. From April to June 2003 based on actual transactions for loans and grants. The other figures are based on the latest estimates available.

² The carry forward estimate is dependent on certain assumptions, i.e. investment income and contribution payments being received in particular from major donors.

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

⁴ The ACA carried forward at the end of 2002 of USD 277.8 million is the result of ACA carried forward from 2001 of USD 153.7 million plus ACA approved in 2002 of USD 388.1 million, minus ACA covered during 2002 of USD 264 million

⁵ ACA carried forward following the Seventy-Ninth Session of the Executive Board, would total USD 266.3 million. This amount is the sum of June ACA carried forward of USD 165.3 million plus loans and grants proposed at the Seventy-Ninth Executive Board totalling to USD 101.0 million.