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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eightieth Session
Rome, 17-18 December 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 November 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 at 31 December 2002 was USD 277.8 million. During the period January-November 2003, loan and grant commitments amounted to USD 184.0 million and net inflows are estimated to be USD 289.1 million. Therefore, this would reduce the ACA carried forward at the end of November 2003 to USD 172.7 million. Loans and grants amounting to USD 243.3 million proposed for the December Board are to be covered by the ACA. Assuming that the net flows of USD 96.9 million for December 2003, shown in Attachment V, are realized, management estimates that the net ACA carried forward as at 31 December 2003 will be USD 319.1 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 41.3 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 30 November 2003 stood at USD 0.
4. Details of Member States' contributions specifically excluded from committable resources as at 30 November 2003 are provided in Attachment II.

5. Attachment III provides details of loans and grants approved by the Executive Board at its Seventy-Eighth and Seventy-Ninth Sessions in April and September 2003.

6. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 168.4 million Special Drawing Rights (SDR). Based on exchange rates in force as at 30 November 2003, such loans and grants amount to some USD 243.3 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 30 September 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 of IFAD 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 289.1 million for January-November 2003 include USD 122.8 million for Members' contributions out of the total expected contributions this year of USD 193.6 million. These contributions received include USD 53.9 million for advance payments from Members for the Sixth Replenishment. Some major contributing

countries have yet to make payments for the Fifth Replenishment, but these are expected to be received most probably in early 2004. 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 30 November 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 present shortfall in resources of an estimated USD 243.3 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 243.3 million, approves the use of an additional USD 243.3 million under the ACA. It is expected that, taking into account the forecast net inflows until the end of the year, the net ACA carry-forward at 31 December 2003 will be USD 319.1 million, within the planned overall limit for the year of USD 400 million and representing an overall increase in cumulative ACA of some USD 41.3 million. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its Eightieth Session in December 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 NOVEMBER 2003
(USD '000)

| | | | |
|--|-----------------|--|---------------------------|
| Assets in freely convertible currencies | | | |
| Cash | 180 025 | | |
| Investments | 2 072 348 | | |
| Promissory notes – Member States | 245 358 | | |
| Other receivables | 112 288 | | 2 610 019 |
| Less | | | |
| Payables and accrued liabilities | | | (251 536) |
| General Reserve | | | (95 000) |
| Undisbursed effective loans | (1 899 102) | | |
| Approved loans signed but not yet effective | (284 271) | | |
| Undisbursed grants | <u>(37 087)</u> | | (2 220 460) |
| Drawdowns on promissory notes that have not been paid (see Attachment II) | | | <u>(88 176)</u> |
| | | | <u>(2 655 172)</u> |
| Resources available for commitment | | | (45 153) |
| Less | | | |
| Loans not yet signed | | | (112 215) |
| Grants not yet signed | | | <u>(15 351)</u> |
| Net resources available for commitment before ACA | | | <u>(172 719)</u> |
| ACA carried forward at 1 January 2003 | 277 780 | | |
| ACA approved at the Seventy-Eighth Executive Board Session | 77 300 | | |
| ACA approved at the Seventy-Ninth Executive Board Session | 99 800 | | 454 880 |
| Less: | | | |
| ACA reversed in the year 2003 to date | | | <u>(282 161)</u> |
| ACA carried forward | | | 172 719 |
| 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 NOVEMBER 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 | 508 | |
| | | 31 607 |
| 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 | <u>25</u> | |
| | | 8 482 |
| 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> |
| Total specifically excluded | | <u>88 176</u> |

ATTACHMENT III

**LOANS AND GRANTS APPROVED AT THE
SEVENTY-EIGHTH AND SEVENTY-NINTH SESSIONS
OF THE EXECUTIVE BOARD IN 2003**

| LOANS | | |
|--|---|--------------------|
| Seventy-Eighth Session | | |
| 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 |
| Seventy-Ninth Session | | |
| Country | Project/Programme Title | SDR Equivalent |
| Burkina Faso | Community Investment Programme for Agricultural Fertility | 8 800 000 |
| Ethiopia | Pastoral Community Development Project | 14 400 000 |
| Guatemala | National Rural Development Programme – Phase I: The Western Region | 21 550 000 |
| Morocco | Livestock and Rangelands Development Project in the Eastern Region – Phase II | 4 550 000 |
| Rwanda | Rural Small and Microenterprise Promotion Project – Phase II | 10 650 000 |
| Turkey | Sivas-Erzincan Development Project | 9 250 000 |
| Subtotal | | 69 200 000 |
| Total loans approved by the Executive Board to date in 2003 | | 119 600 000 |

| GRANTS | | |
|--|---|------------------|
| Seventy-Eighth Session | | |
| Institution | Title | SDR Equivalent |
| 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 |

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| Seventy-Ninth Session | | |
|---|---|--------------------------------|
| Institution | Title | SDR Equivalent |
| International Institute of Tropical Agriculture (IITA) | Participatory Technology Development, Diffusion, and Adoption of Cowpea for Poverty Reduction in West Africa – Phase II | 719 502 |
| West Africa Rice Development Association (WARDA) | Participatory Adaptive Research and Dissemination of Rice Technologies in West Africa – Phase II | 719 502 |
| 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 | 143 900 |
| Food and Agriculture Organization of the United Nations (FAO) | Expansion of the Farmers Field Schools Programme in Eastern and Southern Africa | 784 257 |
| 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 | 323 775 |
| International Development Research Centre (IDRC) | Programme to Develop a Knowledge Generation and Sharing Network in the Near East and North Africa (NENA) Region – Phase I | 719 502 |
| Subtotal | | 3 410 439 |
| Total grants approved by the Executive Board to date in 2003 | | 9 660 494 |
| Total loans and grants approved by the Executive Board to date in 2003 | | 129 260 494¹ |

¹ Equivalent to approximately USD 177.62 million, based on the exchange rates at 31 March and 26 August 2003 for the Seventy-Eighth and Seventy-Ninth Sessions respectively.

ATTACHMENT IV

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE
EIGHTIETH SESSION OF THE EXECUTIVE BOARD**

| PROPOSED LOANS | | | |
|-----------------------|--|-----------------------------------|-----------------------|
| Country | Project/Programme Title | USD Equivalent¹ | SDR Equivalent |
| Algeria | Rural Development Project for the Mountain Zones in the North of the Wilaya of M'Sila | 17 554 976 | 12 150 000 |
| Cambodia | Rural Poverty Reduction Project in Prey Veng and Svay Rieng | 15 676 665 | 10 850 000 |
| Guinea | Support to Rural Development in North Lower Guinea Project | 14 376 298 | 9 950 000 |
| India | Livelihoods Improvement Project in the Himalayas | 40 311 426 | 27 900 000 |
| Kenya | South Nyanza Community Development Project | 15 748 908 | 10 900 000 |
| Madagascar | Rural Income Promotion Programme | 14 665 269 | 10 150 000 |
| Mauritania | Oasis Sustainable Development Programme | 11 414 346 | 7 900 000 |
| Mexico | Strengthening Project for the National Micro-Watershed Plan | 15 170 967 | 10 500 000 |
| Republic of Moldova | Agricultural Revitalization Project | 14 881 997 | 10 300 000 |
| Mozambique | Rural Finance Support Programme | 9 608 279 | 6 650 000 |
| Pakistan | Community Development Programme | 22 034 024 | 15 250 000 |
| Sierra Leone | Rehabilitation and Community-Based Poverty Reduction Project | 8 524 638 | 5 900 000 |
| Sudan | Gash Sustainable Livelihoods Regeneration Project | 25 212 702 | 17 450 000 |
| Venezuela | Sustainable Rural Development Project for the Semi-Arid Zones of Falcon and Lara States (PROSALAFI II) | 15 026 482 | 10 400 000 |
| Subtotal | | 240 206 977 | 166 250 000 |

| PROPOSED GRANTS | | | |
|---|--|-----------------------------------|-----------------------|
| Institution | Title | USD Equivalent¹ | SDR Equivalent |
| African Rural and Agricultural Credit Association (AFRACA) | AFRACA Development Programme, 2004-2007 | 1 160 000 | 802 852 |
| International Center for Agricultural Research in the Dry Areas (ICARDA) | Community-Based Optimization of the Management of Scarce Water Resources in Agriculture in West Asia and North Africa | 1 000 000 | 692 112 |
| International Land Coalition (ILC) | Technical Assistance Grant to the International Land Coalition in Support of its Programmes, Partnership Activities and Services | 500 000 | 346 055 |
| Network of Farmers' Organizations and Agricultural Producers in West Africa (ROPPA) | Support Programme to Strengthen ROPPA Capacity | 400 000 | 276 844 |
| Subtotal | | 3 060 000 | 2 117 867 |
| Total | | 243 266 977 | 168 367 863 |

¹ Using the 30 November USD/SDR exchange rate of 1.44485 based on the actual SDR amounts for loans already negotiated and USD amounts for loans not yet negotiated and for grants.

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ATTACHMENT V

ACA UTILIZATION ANALYSIS

| 2002 | |
|--|----------------------|
| | (USD million) |
| 1) ACA carry-forward prior period | 153.7 |
| 2) Net ACA utilization* | 124.1 |
| 3) ACA carry-forward | 277.8 |

* 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.

| 2003 | | | |
|---|--|---|---|
| | (USD million) | | |
| | 2003 Estimate January to November¹ | 2003 Estimate December² | 2003 January to December |
| 1) Resources available at start of period | 0 | 0 | 0 |
| Analysis of flows | | | |
| Loan reflows | 163.4 | 18.6 | 182.0 |
| Loan cancellations | 15.7 | 19.3 | 35.0 |
| Members' contributions | 122.8 | 70.8 | 193.6 |
| Investment income | 77.8 | 0 | 77.8 |
| Operating expenses, ASMCS, SCP, PDFF | (74.2) | (11.8) | (86.0) |
| Debt Initiative for HIPC transfers | (27.0) | | (27.0) |
| Net exchange rate movements | (2.3) | 0 | (2.3) |
| Release of contributions excluded | 12.9 | 0 | 12.9 |
| 2) Total net flows | 289.1 | 96.9 | 386.0 |
| Approved loans and grants under ACA (EB 78) | 77.3 | | 77.3 |
| Approved loans and grants under ACA (EB 79) | 99.8 | | 99.8 |
| Proposed loans and grants under ACA (EB 80) | | 243.3 | 243.3 |
| 3) Total gross ACA approved by the Executive Board | 177.1 | 243.3 | 420.4 |
| 4) Loan and grant commitments³ | (184.0) | (243.3) | (427.3) |
| 5) ACA covered from flows in period | (282.2) | (96.9) | (379.1) |
| Resources available at end of period (=1+2+3+4+5) | 0 | 0 | 0 |
| 6) ACA carried forward (=3+5+(prior period)) | 172.7 | 319.1 | 319.1 |
| Net ACA utilization (=3+5) | (105.1) | 146.4 | 41.3 |

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

¹ Based on actual data up to March 2003. From April to November 2003 based on actual transactions for loans and grants, contributions and investments. The other figures are based on the latest estimates available.

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

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

