



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 September 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-September 2003, loan and grant commitments amounted to USD 183.4 million and net inflows are estimated to be USD 295.5 million. Therefore, this would reduce the ACA carried forward at the end of September 2003 to USD 165.7 million. Loans and grants amounting to USD 241.4 million proposed for the December Board are to be covered by the ACA. 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 277.2 million, within the planned overall limit for the year of USD 400 million. Thus it is projected that, based on the assumptions shown in Attachment V, IFAD will not make recourse to additional ACA in overall terms for 2003; moreover, cumulative ACA will be reduced in overall terms by some USD 0.6 million. Net ACA utilization is therefore showing a declining trend, as it was USD 153.7 million in 2001 and USD 124.1 million in 2002 and is forecast to be negative USD 0.6 million in 2003.
3. Consequent to this accounting practice, as shown in Attachment I, the net resources available for commitment as at 30 September 2003 stood at USD 0.
4. Details of Member States' contributions specifically excluded from committable resources as at 30 September 2003 are provided in Attachment II.
5. The Executive Board is informed that subsequent to 30 September 2003, a payment from Qatar of USD 3.3 million has been received for outstanding replenishment contributions.

6. 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.

7. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 169.5 million Special Drawing Rights (SDR). Based on exchange rates in force as at 30 September 2003, such loans and grants amount to some USD 241.4 million.

8. 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

9. 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 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 of IFAD 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 295.5 million for January-September 2003 include USD 114.1 million for Members' contributions out of the total expected contributions this year of USD 212.2 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

15. Based on the resource position as at 30 September 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 241.4 million due to resources available for commitment of USD 0 and of loans and grants presented for approval amounting to USD 241.4 million, approves the use of an additional USD 241.4 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 277.2 million, within the planned overall limit for the year of USD 400 million and representing an overall reduction in cumulative ACA of some USD 0.6 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.

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ATTACHMENT I

STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT¹
30 SEPTEMBER 2003
(USD '000)

Assets in freely convertible currencies		
Cash	323 237	
Investments	1 948 026	
Promissory notes – Member States	288 842	
Other receivables	<u>107 199</u>	2 667 304
Less		
Payables and accrued liabilities		(251 536)
General Reserve		(95 000)
Undisbursed effective loans	(1 915 041)	
Approved loans signed but not yet effective	(248 895)	
Undisbursed grants	<u>(35 323)</u>	(2 199 259)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(92 031)</u>
		(2 637 826)
Resources available for commitment		29 478
Less		
Loans not yet signed		(179 804)
Grants not yet signed		<u>(15 362)</u>
Net resources available for commitment before ACA		(165 688)
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		(289 192)
ACA carried forward		<u>165 688</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 SEPTEMBER 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 ¹	<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	<u>25</u>	8 482
Drawdowns on Fourth Replenishment		
promissory notes that have not been paid		
Morocco	<u>600</u>	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>
Total specifically excluded		<u>92 031</u>

¹ In October 2003, a payment was received from Qatar in the amount of USD 3 254 000 for which the correct allocation between replenishments will be provided by December.

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	17 600 000	12 354 345
Cambodia	Rural Poverty Reduction Project in Prey Veng and Svay Rieng	15 500 000	10 880 247
China	Rural Finance Sector Programme	14 700 000	10 318 685
Guinea	Support to Rural Development in North Lower Guinea Project	14 600 000	10 248 490
India	Livelihoods Improvement Project in the Himalayas	39 920 000	28 021 900
Kenya	South Nyanza Community Development Project	15 600 000	10 950 442
Madagascar	Rural Income Promotion Programme	14 500 000	10 178 295
Mauritania	Oasis Sustainable Development Support Programme	11 400 000	8 002 246
Mexico	Strengthening Project for the National Micro-Watershed Plan	15 000 000	10 529 271
Mozambique	Rural Finance Support Programme	9 450 000	6 633 400
Pakistan	Community Development Programme	21 770 000	15 281 482
Sierra Leone	Rehabilitation and Community-Based Poverty Reduction Project	8 500 000	5 966 587
Sudan	Gash Sustainable Livelihoods Regeneration Project	25 000 000	17 548 785
Venezuela	Sustainable Rural Development Project for the Semi-Arid Zones of Falcon and Lara States (PROSALAFIA II)	15 000 000	10 529 271
Subtotal		238 540 000	167 443 492

PROPOSED GRANTS			
Institution	Title		
African Rural and Agricultural Credit Association (AFRACA)	Development Programme, 2004-2007	1 000 000	701 951
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	701 951
International Land Coalition (ILC)	Technical Assistance Grant to the International Land Coalition in Support of its Programmes, Partnership Activities and Services	500 000	350 975
Network of Farmers' Organizations and Agricultural Producers in West Africa (ROPPA)	Support Programme to Strengthen ROPPA Capacity	400 000	280 780
Subtotal		2 900 000	2 035 659
Total		241 440 000	169 479 152

¹ Using the 30 September 2003 USD/SDR exchange rate of 1.42460 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 September¹	2003 Estimate October to December²	2003 January to December
1) Resources available at start of period	0	0	0
Analysis of flows			
Loan reflows	136.7	53.3	190.0
Loan cancellations	8.0	42.0	50.0
Members' contributions	114.1	98.1	212.2
Investment income	75.9	0	75.9
Operating expenses, ASMCS, SCP, PDFF	(46.2)	(39.8)	(86.0)
Debt Initiative for HIPC transfers		(27.0)	(27.0)
Net exchange rate movements	(2.3)	0	(2.3)
Release of contributions excluded	9.3	3.3	12.6
2) Total net flows	295.5	129.9	425.4
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)		241.4	241.4
3) Total gross ACA approved by the Executive Board	177.1	241.4	418.5
4) Loan and grant commitments³	(183.4)	(241.4)	(424.8)
5) ACA covered from flows in period	(289.2)	(129.9)	(419.1)
Resources available at end of period (=1+2+3+4+5)	0	0	0
6) ACA carried forward (=3+5+(prior period))	165.7	277.2	277.2
Net ACA utilization (=3+5)	(112.1)	111.5	(0.6)

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 September 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.