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IFAD INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-First Session

Rome, 21-22 April 2004

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 2003.
2. According to actual accounting practice for advance commitment authority (ACA), the net inflows received are immediately used to cover the outstanding ACA balance. As may be seen in Attachment IV, the level of ACA carried forward as at 31 December 2003 was USD 331.1 million, within the planned overall limit for the year of USD 400 million. Net ACA utilization is showing a declining trend, as it was USD 153.7 million in 2001 and USD 124.1 million in 2002 and USD 53.3 million in 2003.
3. Consequent to this accounting practice, as shown in Attachment I, the net resources available for commitment as at 31 December 2003 stood at USD 0.
4. Details on Member States' contributions specifically excluded from committable resources as at 31 December 2003 are provided in Attachment II.
5. Attachment III gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 38.3 million Special Drawing Rights (SDR). Based on exchange rates in force as at 31 December 2003, such loans and grants amount to some USD 58.0 million.
6. Attachment IV shows commitments under the use of the ACA during 2003. It also provides further analysis of net flows during 2003. Attachment V shows the expected net inflows until 31 March 2004.

Advance Commitment Authority and its Ceiling

7. The Governing Council authorized the use of ACA at its Twentieth Session in February 1997. Its main purpose 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.

8. When the ACA scheme was adopted for the Fourth Replenishment, the maximum amount that could be made available through ACA during that replenishment period was set at USD 450 million. This was equivalent to three years of reflows at the time. The procedures for use of ACA during the Fifth Replenishment period are set out in document GC 24/Res.119/XXIV/Rev.1.

9. For the Sixth Replenishment period, the Report of the Consultation on 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.

10. The procedures for use of ACA during the Sixth Replenishment period are set out in document GC 26/Resolutions/Rev.1. According to the new procedures adopted, "Total net flows" will be maintained as resources available for commitment. If necessary, the ACA requested at each Executive Board will then represent the excess of loan and grant commitments over the resources available for commitment. At year end, taking into account net resources available for commitment, the ACA carried forward will be adjusted accordingly. This procedure will make the use of ACA clearer and more transparent. The additional use of ACA in any given year will be the simple sum of the ACA approved by the Executive Board at its three sessions during the year.

11. As may be seen in Attachment IV, the level of ACA carried forward as of 31 December 2003 is USD 331.1 million. Net flows in January to March 2004 are estimated to be USD 95.6 million. Loans and grants amounting to USD 58.0 million are proposed for the April Board. Therefore no additional ACA is being requested at this session of the Executive Board. An update of this document will be provided to the Eighty-First Session of the Executive Board.

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT
AS AT 31 DECEMBER 2003**

(USD '000)

Assets in freely convertible currencies		
Cash	243 618	
Investments	2 310 730	
Promissory notes – Member States	271 061	
Other receivables	<u>87 634</u>	<u>2 913 043</u>
Less		
Payables and liabilities		(326 405)
Programme Development Financing Facility (PDFF) carry forward		(6 842)
General Reserve		(95 000)
Undisbursed effective loans	(2 009 778)	
Approved loans signed but not yet effective	(344 779)	
Undisbursed grants	<u>(35 407)</u>	(2 389 964)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(88 176)</u>
		<u>(2 906 387)</u>
Resources available for commitment		6 656
Less		
Loans not yet signed		(317 206)
Grants not yet signed		<u>(20 581)</u>
Net resources available for commitment before ACA		<u>(331 131)</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	
ACA approved at the Eightieth Executive Board Session	<u>243 300</u>	698 180
Less:		
ACA reversed in the year 2003		<u>(367 049)</u>
ACA carried forward as at 31 December 2003		<u>331 131</u>
Net resources available for commitment		<u>0</u>

**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 31 DECEMBER 2003**

Amounts Specifically Provided For¹
(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>508</u>	
		31 607

Drawdowns on Second Replenishment

promissory notes that have not been paid

Mauritania	5 000	
Qatar	<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>
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Total specifically excluded

88 176

¹ As approved in the Eightieth Session of the Executive Board in December 2003, the basis for which contributions have been excluded from resources is now aligned to that used for the provisioning status of contributions.

ATTACHMENT III

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE
EIGHTY-FIRST SESSION OF THE EXECUTIVE BOARD**

PROPOSED LOANS			
Country	Programme/Project Title	USD (Equivalent)¹	SDR (Equivalent)¹
China	Rural Finance Sector Programme	14 700 000	9 889 400
Congo	Rural Development Project in the Plateaux, Cuvette and Western Cuvette Departments	11 900 000	8 005 705
D.R. Congo	Rural Development Revival Programme in Equateur Province (RUDEREP)	14 700 000	9 889 400
Gambia, The	Participatory Integrated Watershed-Management Project (PIWAMP)	7 100 000	4 776 513
Subtotal		48 400 000	32 561 018
PROPOSED GRANTS			
Institution	Programme/Project Title	USD	SDR (Equivalent)¹
International Maize and Wheat Improvement Center (CIMMYT)	Project for Developing and Disseminating Stress-Tolerant Maize for Sustainable Food Security in East, West and Central Africa – Phase II	1 300 000	874 573
Centre for Study and Promotion of Development (DESCO)	Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean (PREVAL) – Phase III	850 000	571 836
Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (CCD)	Support to Resource Mobilization for and Implementation of Action Programmes and Related Initiatives	1 250 000	840 935
International Center for Agricultural Research in the Dry Areas (ICARDA)	Programme for Developing Sustainable Livelihoods of Agropastoral Communities in West Asia and North Africa	1 300 000	874 573
International Center for Biosaline Agriculture (ICBA)	Programme for Saving Freshwater Resources with Salt-Tolerant Forage Production in Marginal Areas of the West Asia and North Africa Region – An Opportunity to Raise the Incomes of the Rural Poor	1 350 000	908 210
World Agroforestry Centre (ICRAF)	Growing out of Poverty: Programme in West Africa for Tree Cultivation for Home Use and Markets – Phase II	1 200 000	807 298
International Plant Genetic Resources Institute (IPGRI)	Programme for Empowering Sahelian Farmers to Leverage their Crop-Diversity Assets for Enhanced Livelihood Strategies	1 300 000	874 573
United Nations Office for Project Services (UNOPS)	Remittances and Rural Development Programme in Latin America and the Caribbean – Strengthening the Income-Generating Capacity of the Rural Poor in Remittance-Recipient Countries	1 000 000	672 748
Subtotal		9 550 000	6 424 746
Total		57 950 000	38 985 764

¹ Using the 31 December 2003 USD/SDR exchange rate of 1.48644, based on the USD amounts for loans not negotiated to date and for grants.

ADVANCE COMMITMENT AUTHORITY (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 January to December (USD million)
1) Resources available at start of period	0
Analysis of flows	
Loan reflows	185.2
Loan cancellations	37.2
Members' contributions	147.0
Net investment income	108.0
Operating expenses, ASMCS, SCP, PDFF	(86.9)
Debt Initiative for HIPC transfers	(27.0)
Miscellaneous grants	(11.2)
Net exchange rate movements	1.6
Release of contributions excluded	13.2
2) Total net flows	367.1
Approved loans and grants under ACA (EB 78)	77.3
Approved loans and grants under ACA (EB 79)	99.8
Approved loans and grants under ACA (EB 80)	243.3
Proposed loans and grants (EB 81)	
3) Total gross ACA approved by the Executive Board	420.4
4) Loan and grant commitments	(420.4)
5) ACA covered from flows in period	(367.1)
Resources available at end of period (=1+2+3+4+5)	0
6) ACA carried forward (=3+5+(prior period))	331.1
Net ACA utilization (=3+5)	53.3

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

EXPECTED NET INFLOWS UNTIL 31 MARCH 2004

	2004 Estimate January to March including EB 81¹ (Under 6th Replenishment) (USD million)
1) Resources available at start of period	0
Analysis of flows	
Loan reflows	47.5
Loan cancellations	12.5
Members' contributions	38.9
Net Investment income	19.8
Operating expenses, ASMCS, SCP, PDFF	(23.1)
Debt Initiative for HIPC transfers	-
Miscellaneous grants	-
Net exchange rate movements	-
Release of contributions excluded	-
2) Total net flows	95.6
3) Loan and grant commitments	(58.0)
4) Estimated resources available after April Executive Board Session (=1+2+3)	37.6
ACA brought forward (= prior period)	331.1²
Actual ACA utilization in 2004	0

Note: 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 three twelfths of the annual projections in document GC 27/L.4, Programme of Work and Administrative Budget of IFAD and Its Office of Evaluation for 2004, except for HIPC transfers that will be made later in the year.

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