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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-First Session

Rome, 21-22 April 2004

AUDITED FINANCIAL STATEMENTS OF IFAD AS AT 31 DECEMBER 2003

1. The Executive Board is invited to consider the attached Audited Financial Statements of IFAD (Appendices A to H) and the Report of the External Auditor for submission to the Governing Council for approval. The financial statements have been prepared in accordance with accounting principles recommended by the International Accounting Standards Committee.
2. In accordance with Article 6, Section 11, of the *Agreement Establishing IFAD*, the financial statements will form part of IFAD's *Annual Report 2003*. As in previous years, a note will be inserted to the effect that they have been submitted by the Executive Board to the Governing Council with a recommendation for their approval.
3. The reporting basis and accounting principles used for preparing IFAD's financial statements have been changed from 2002. These changes reflect IFAD's practice of aligning itself with International Financial Reporting Standards (formerly called International Accounting Standards) and emerging best practices in financial reporting. The principal changes are as follows:
 - (a) The 2003 financial statements include consolidated data for IFAD and entities that have a direct link to IFAD's core activities and are an integral part of the Fund's operational activities, namely supplementary funds, including the Belgian Survival Fund Joint Programme, and also IFAD's two trust funds (the Debt Initiative for Heavily Indebted Poor Countries, and After-Service Medical Coverage). This consolidated information should enable readers to understand more fully the total sources of income received by IFAD and the use that the Fund makes of this income in carrying out its global mandate. The financial statements provide consolidated balances and transactions, but also separate financial data (in particular, IFAD-only data) where deemed of interest for readers.

- (b) IFAD has changed the way of presenting information on service charge income and Italian Government reimbursable expenditures. In the past, these have been shown net of related costs. For reasons of improved transparency, they are now shown gross. IFAD has also changed the accounting for certain contributions by distinguishing the capital/equity from revenues. In other words, contributions received by IFAD to finance specific activities are now included in the income statement for the year in which the related expenditures are incurred. The 2002 data for IFAD have been restated accordingly.
- (c) The principal statements have been simplified to include main categories of transactions and balances rather than many details, with more analysis found in the notes to the accounts. These notes have been reorganized to reflect the order in which they appear in the main statements. Additional data have been provided where considered to be of interest to readers, for example, complementary and supplementary contributions from Member States (Appendix E1). There is also a new statement (Appendix B2) presenting IFAD-only total assets in terms of Special Drawing Rights (SDR); it shows the movement in the underlying assets, which are either denominated in, or pegged to, the SDR basket ratios, without the effect of exchange rate movements.

4. Statements of Revenues and Expenses (Appendixes A (consolidated data) and A1 (IFAD only)) and Statement of Operating Expenses (Appendix A2 (IFAD only))

- (a) Income from interest and service charges on loans amounted to USD 47.1 million in 2003 compared with USD 42.4 million in 2002. The Fund has excluded interest and service charges on loans with arrears in excess of 180 days. The amount in 2003 was USD 3.5 million compared with USD 2.9 million in 2002.
- (b) Gross income from cash and investments amounted to USD 114.5 million compared with USD 34.6 million in 2002 on a consolidated basis and USD 113.5 million in 2003, compared with USD 34.1 million for 2002 for IFAD only. Direct charges against investment income, which for improved clarity have been reported separately in 2003, amounted to USD 5.6 million compared with USD 8.0 million in 2002 on a consolidated basis and USD 5.5 million compared to USD 7.9 million in 2002 for IFAD only.
- (c) The subtotal of operating expenses amounted to USD 100.4 million (2002 – USD 88.2 million) on a consolidated basis, of which some 92.1% related to IFAD (2002 – 92.2%). A separate analysis of the principal sources of funding of IFAD-only costs is found in Appendix A2.
- (d) Grant expenses amounted to USD 22.9 million (2002 – USD 26.7 million) on a consolidated basis and USD 18.9 million (2002 – USD 16.8 million) for IFAD only.
- (e) In 2003, there was a net positive movement in the allowance for loan impairment losses of USD 17.5 million (2002 – USD 5.8 million negative movement), resulting in a balance of USD 60.5 million.
- (f) IFAD has been participating in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) since 1997. In 2003, there was a charge (prior to currency effects) of USD 14.0 million (2002 – USD 39.9 million). As shown in Appendix G, the total cumulative cost of debt relief is USD 368.9 million in nominal terms as at 31 December 2003, and the debt relief provided to date is some USD 26.2 million (principal) plus USD 11.0 million (interest).

- (g) In 2003, there was a charge of USD 4.3 million (2002 – USD 7.9 million) for the current deficit in the After-Service Medical Coverage Scheme.

5. Statement of Total Recognized Gains and Losses (Appendixes A3 (consolidated data) and A4 (IFAD only))

These statements include the retained earnings arising from the excess of accounting revenues over expenses and the effects of foreign-exchange-rate movements. It should be noted that retained earnings are fully committed.

6. Balance Sheet (Appendixes B (Consolidated data), B1 (IFAD only) and B2 Total Assets Retranslated in SDR (IFAD only))

The Fund has made provisions relating to arrears in Member states' contributions (IFAD and Special Programme for Africa) in terms of USD '000 as follows:

| | 31 December 2003 | 31 December 2002 |
|--------------------|-------------------------|-------------------------|
| Promissory notes | 88 176 | 94 685 |
| Amounts receivable | <u>92 495</u> | <u>92 070</u> |
| | <u>180 671</u> | <u>186 755</u> |

As at 31 December 2003, 13 countries had loans with arrears of 180 days or more and are thus in non-accrual status.

As in the case of arrears on Members' contributions, the Fund is making continued efforts to eliminate all arrears on its loans.

7. Statement of Cash Flows (Appendix C)

Appendix C has been prepared in accordance with IAS No. 7 (revised) based on consolidated data. The movements in cash and investments (excluding equities) in the balance sheet are dealt with in detail in this appendix. Some 94% of the balances of consolidated cash and investments relate to IFAD.

8. Statement of Resources Available for Commitment (Appendix D)

This statement includes all assets in freely convertible currencies that may be considered committable in accordance with the policy adopted at the Thirty-Fourth Session of the Executive Board. It should be noted that in 2003, as in 2002, use has been made of advance commitment authority (ACA), as regular resources were not sufficient to meet loan and grant commitments. The net use of ACA has continued to decrease since 2001.

9. Statement of Member States' Contributions and Special Contributions (Appendixes E and E1)

Appendix E combines contributions to the initial resources of the Fund and the First to Fourth Replenishments, as all amounts have been drawn down and full disclosure on non-payment has been made in Appendix H – Notes to the Financial Statements. Details are also provided on contributions to the Fifth and Sixth Replenishments separately.

Appendix E1 shows the complementary and supplementary contributions made by Members and non-Members.

10. Statement of Loans (Appendix F)

The position, country-by-country, of the Fund's borrowers is given in this appendix, with a split between USD loans and loans in Special Drawing Rights (SDRs).

11. Summary of the Debt Initiative for Heavily Indebted Poor Countries (Appendix G)

This appendix contains an analysis, country-by-country, of the debt relief provided to date and current commitments for future relief as authorized by the Executive Board.

12. Notes to the Consolidated Financial Statements (Appendix H)

This appendix contains further information both on the basis of accounting and on data underlying the principal statements.

13. The Financial Statements for 2003 were reviewed in detail at a meeting of the Audit Committee on 25 March 2004. The Chairperson of the Audit Committee will make a formal report to the Eighty-First Session of the Executive Board on the conclusions of the committee with respect to these statements.

Recommendation

14. Accordingly, the Executive Board may wish to adopt the following decision:

“In accordance with Regulation XII-6 of the Financial Regulations of IFAD, the Executive Board considered the 2003 Audited Financial Statements of IFAD and the Report of the External Auditor thereon and agreed to submit them to the Governing Council for approval.”

**INTERNATIONAL FUND
FOR AGRICULTURAL DEVELOPMENT**

CONSOLIDATED FINANCIAL STATEMENTS
for the years ended 31 December 2003 and 31 December 2002

| | |
|---------------------------------------|--|
| Appendix A | - Consolidated Statement of Revenues and Expenses |
| Appendix A1 | - IFAD-Only Statement of Revenues and Expenses |
| Appendix A2 | - IFAD-Only Statement of Operating Expenses |
| Appendix A3 | - Consolidated Statement of Total Recognized Gains and Losses |
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| Appendix B | - Consolidated Balance Sheet |
| Appendix B1 | - IFAD-Only Balance Sheet |
| Appendix B2 | - IFAD-Only Total Assets Retranslated in SDR |
| Appendix C | - Consolidated Cash-Flow Statement |
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| Appendix E | - Statement of Member States' Contributions and Special Contributions |
| Appendix E1 | - Statement of Complementary and Supplementary Contributions |
| Appendix F | - Statement of Loans |
| Appendix G | - Summary of the Debt Initiative for Heavily Indebted Poor Countries |
| Appendix H | - Notes to the Consolidated Financial Statements |
| Report of the External Auditor | |

These financial statements have been prepared using the symbols of the International Organization for Standardization (ISO), Geneva, International Standard 4217 and SDR. The Notes to the Consolidated Financial Statements (Appendix H) form an integral part of the financial statements.

Appendix A

Consolidated Statement of Revenues and Expenses¹
For the years ended 31 December (expressed in thousands of United States dollars)

| | 2003 | 2002 |
|---|------------------|------------------|
| Revenues | | |
| Income from loans (Note 3) | 47 100 | 42 388 |
| Income from cash and investments (Note 4) | 114 500 | 34 620 |
| Income from other sources (Note 5) | 5 612 | 6 246 |
| Contributions income (Note 6) | 20 615 | 20 292 |
| Total Revenues | 187 827 | 103 546 |
| Operating Expenses | | |
| Staff salaries and benefits (Note 7) | (40 617) | (32 691) |
| Office and general expenses | (18 729) | (16 308) |
| Consultants and other non-staff costs | (26 569) | (23 941) |
| Cooperating institutions | (9 227) | (7 771) |
| Direct bank and investment costs (Note 8) | (5 277) | (7 519) |
| Subtotal (Note 9) | (100 419) | (88 230) |
| Grant expenses (Note 10) | (22 854) | (26 708) |
| Allowance for loan impairment losses (Note 3 (b)) | 17 546 | (5 834) |
| Debt Initiative for HIPC's expenses (Note 11) | (14 010) | (39 869) |
| Provision for after-service medical benefits (Note 7 (c)) | (4 300) | (7 900) |
| Total Operating Expenses | (124 037) | (168 541) |
| Total Revenues Less Operating Expenses | 63 790 | (64 995) |
| Net Foreign-Exchange-Rate Movements (Note 2 (c)) | 486 739 | 373 369 |
| Transfer to Retained Earnings | 550 529 | 308 374 |

¹ This statement includes transactions for the following entities:

- IFAD
- Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)
- Other supplementary funds, including cofinancing, associate professional officers and programmatic supplementary funds; the Belgian Survival Fund Joint Programme (BSF.JP); and the Global Environment Facility
- Debt Initiative for Heavily Indebted Poor Countries (HIPC's) Trust Fund
- After-Service Medical Coverage Scheme (ASMCS) Trust Fund

See Note 2(a) for further information.

Appendix A1

IFAD-Only Statement of Revenues and Expenses

For the years ended 31 December (expressed in thousands of United States dollars)

| | 2003 | Restated 2002 ¹ |
|---|------------------|-------------------------------|
| Revenues | | |
| Income from loans (Note 3) | 47 100 | 42 388 |
| Income from cash and investments (Note 4) | 113 477 | 34 050 |
| Income from other sources (Note 5) | 6 844 | 6 976 |
| Total Revenues | 167 421 | 83 414 |
| Operating Expenses | | |
| Staff salaries and benefits (Note 7) | (37 962) | (31 172) |
| Office and general expenses | (18 091) | (16 274) |
| Consultants and other non-staff costs | (22 216) | (19 068) |
| Cooperating institutions | (9 033) | (7 479) |
| Direct bank and investment costs | (5 202) | (7 388) |
| Subtotal (Note 9) | (92 504) | (81 381) |
| Grant expenses (Note 10) | (18 906) | (16 776) |
| Allowance for loan impairment losses (Note 3) | 17 546 | (5 834) |
| Debt Initiative for HIPC's expenses (Note 11) | (41 010) | (53 869) |
| Provision for after-service medical benefits (Note 7) | (4 300) | (7 900) |
| Total Operating Expenses | (139 174) | (165 760) |
| Total Revenues Less Operating Expenses | 28 247 | (82 346) |
| Net Foreign-Exchange-Rate Movements | 484 921 | 369 102 |
| Transfer to Retained Earnings | 513 168 | 286 756 |

Appendix A2

IFAD-Only Statement of Operating Expenses

For the years ended 31 December (expressed in thousands of United States dollars)

An analysis of IFAD operating expenses by principal source of funding:

| | Administrative Budget | Programme Development Financing Facility (PDFF) | Strategic Change Programme (SCP) | Direct Charges ² | Other Sources ³ | Total |
|--|--------------------------|--|---|--------------------------------|-------------------------------|-----------------|
| Staff salaries and benefits | (34 547) | (1 675) | (685) | | (1 055) | (37 962) |
| Office and general expenses | (9 648) | (1 841) | (1 004) | (179) | (5 419) | (18 091) |
| Consultants and other non-staff costs | (4 872) | (12 493) | (4 491) | (134) | (226) | (22 216) |
| Cooperating institutions | | (9 033) | | | | (9 033) |
| Direct bank and investment costs | | | | (5 202) | | (5 202) |
| Total 2003 | (49 067) | (25 042) | (6 180) | (5 515) | (6 700) | (92 504) |
| Total 2002 Restated¹ | (40 299) | (23 160) | (2 724) | (7 864) | (7 334) | (81 381) |

¹ Restated on the basis indicated in Notes 2(a), 2(i) and Note 9.

² Direct charges against bank and investment income.

³ Includes position funded from service charges, from other funds and Italian government reimbursable expenditures.

Appendix A3

Consolidated Statement of Total Recognized Gains and Losses

For the years ended 31 December 2003 and 2002 (expressed in thousands of United States dollars)

| | Retained Earnings* from Operations | Foreign- Exchange Effects | Total Retained Earnings* |
|---|---------------------------------------|---------------------------------|--------------------------------|
| Opening Balance as at 1 January 2002 | 1 173 486 | (170 337) | 1 003 149 |
| Total revenues less operating expenses before the effect of foreign-exchange-rate movements | (64 995) | | (64 995) |
| Net foreign-exchange-rate movements (Note 2(c)) | | 373 369 | 373 369 |
| Retained Earnings at 31 December 2002 | 1 108 491 | 203 032 | 1 311 523 |
| Total revenues less operating expenses before the effect of foreign-exchange-rate movements | 63 790 | | 63 790 |
| Net foreign-exchange-rate movements (Note 2(c)) | | 486 739 | 486 739 |
| Retained Earnings as at 31 December 2003 | 1 172 281 | 689 771 | 1 862 052 |

Appendix A4

IFAD-Only Statement of Total Recognized Gains and Losses

For the years ended 31 December (expressed in thousands of United States dollars)

| | Retained Earnings* from Operations | Foreign- Exchange Effects | Total Retained Earnings* |
|---|---------------------------------------|---------------------------------|--------------------------------|
| Opening Balance as at 1 January 2002 | 1 172 630 | (171 751) | 1 000 879 |
| Total revenues less operating expenses before the effect of foreign-exchange-rate movements | (49 690) | | (49 690) |
| Transfer to Debt Initiative for HIPCs Trust Fund | (14 000) | | (14 000) |
| Net foreign-exchange-rate movements | | 369 102 | 369 102 |
| Retained Earnings as at 31 December 2002 as Originally Reported | 1 108 940 | 197 351 | 1 306 291 |
| Change in accounting for Debt Initiative for HIPCs expense | (36 900) | | (36 900) |
| Change in basis of presentation of supplementary-fund service charges | (85) | | (85) |
| Adjustment to inter-unit interest charges | 24 | | 24 |
| Net foreign-exchange-rate movements | | (223) | (223) |
| Retained Earnings as at 31 December 2002 Restated (Note 2) | 1 071 979 | 197 053 | 1 269 107 |
| Total revenues less operating expenses before the effect of foreign-exchange-rate movements | 28 247 | | 28 247 |
| Net foreign-exchange-rate movements | | 484 921 | 484 921 |
| Retained Earnings as at 31 December 2003 | 1 100 226 | 681 974 | 1 782 275 |

* Fully committed.

Appendix B

Consolidated Balance Sheet¹

As at 31 December (expressed in thousands of United States dollars)

| Assets | | | Liabilities, Contributions, Retained Earnings | | |
|--|------------------|------------------|--|------------------|------------------|
| | 2003 | 2002 | | 2003 | 2002 |
| Cash on hand and in banks (Note 12) | 270 359 | 361 625 | Payables and liabilities (Note 16) | 300 356 | 380 839 |
| Investments (Note 12) | 2 424 810 | 2 078 723 | Undisbursed grants | 81 032 | 76 501 |
| | | | Deferred revenues (Note 17) | <u>54 590</u> | <u>45 901</u> |
| | | | | 435 978 | 503 241 |
| Contributors' promissory notes (Note 13) | 301 713 | 328 141 | | | |
| Contributions receivable (Note 13) | 392 536 | 214 127 | Contributions (Note 18) | | |
| Less: provisions (Note 14) | <u>(180 671)</u> | <u>(186 754)</u> | Regular | 4 554 451 | 4 201 098 |
| | 513 578 | 355 514 | Provisions | <u>(180 671)</u> | <u>(186 755)</u> |
| | | | Special | <u>20 348</u> | <u>20 348</u> |
| Other receivables (Note 15) | 50 206 | 86 624 | Total Contributions | 4 394 128 | 4 034 691 |
| Loans outstanding (Note 3 and Appendix F) | 3 844 702 | 3 375 899 | Fully committed retained earnings (Note 2(a)) | 1 862 052 | 1 311 326 |
| Less: accumulated allowance for loan impairment losses (Note 3(b)) | <u>(60 525)</u> | <u>(78 071)</u> | | | |
| Less: accumulated allowance for the Debt Initiative for HIPCs (Note 11(c)) | <u>(255 972)</u> | <u>(236 056)</u> | General Reserve (Note 19) | 95 000 | 95 000 |
| Net loans outstanding | 3 528 205 | 3 061 772 | | | |
| | | | Net assets | 6 351 180 | 5 441 017 |
| Total Assets | 6 787 158 | 5 944 258 | Total Liabilities, Contributions, Retained Earnings | 6 787 158 | 5 944 258 |

¹ This balance sheet includes transactions for the following entities:

- IFAD
- SPA
- Other supplementary funds, including cofinancing, associate professional officers and programmatic supplementary funds; BSF.JP; and the Global Environment Facility
- Debt Initiative for HIPCs Trust Fund
- ASMCS Trust Fund

See Note 2(a) for further information.

Appendix B1

IFAD-Only Balance Sheet

As at 31 December (expressed in thousands of United States dollars)

| Assets | | | Liabilities, Contributions, Retained Earnings | | |
|--|------------------|--------------------------------------|--|------------------|--------------------------------------|
| | 2003 | Restated 2002¹ | | 2003 | Restated 2002¹ |
| Cash on hand and in banks | 244 012 | 349 992 | Payables and liabilities | 326 405 | 386 386 |
| Investments | 2 311 321 | 2 010 280 | Undisbursed grants | 35 407 | 32 494 |
| | | | Deferred revenues | <u>3 039</u> | <u>2 162</u> |
| | | | | 364 851 | 421 042 |
| Contributors' promissory notes | 272 461 | 292 574 | | | |
| Contributions receivable | 371 260 | 192 399 | Contributions (Note 18) | | |
| Less: provisions | <u>(180 671)</u> | <u>(186 755)</u> | Regular | 4 554 451 | 4 201 098 |
| | 463 050 | 298 218 | Provisions | <u>(180 671)</u> | <u>(186 755)</u> |
| | | | Special | <u>20 348</u> | <u>20 348</u> |
| Other receivables | 89 666 | 99 578 | Total Contributions | 4 394 128 | 4 034 691 |
| Loans outstanding (Note 3 and Appendix F) | 3 844 702 | 3 375 899 | Fully committed retained earnings (Note 2(a)) | 1 782 275 | 1 269 107 |
| Less: accumulated allowance for loan impairment losses (Note 3(b)) | <u>(60 525)</u> | <u>(78 071)</u> | | | |
| Less: accumulated allowance for the Debt Initiative for HIPCs (Note 11(c)) | <u>(255 972)</u> | <u>(236 056)</u> | General Reserve (Note 19) | 95 000 | 95 000 |
| Net loans outstanding | 3 528 205 | 3 061 772 | | | |
| | | | Net assets | 6 271 403 | 5 398 798 |
| Total Assets | 6 636 254 | 5 819 840 | Total Liabilities, Contributions, Retained Earnings | 6 636 254 | 5 819 840 |

Appendix B2

IFAD-Only Total Assets Retranslated in SDR

As at 31 December (expressed in thousands of Special Drawing Rights)

| Assets | | |
|---|------------------|------------------|
| | 2003 | 2002 |
| Cash on hand and in banks | 164 159 | 257 438 |
| Investments | 1 554 941 | 1 478 669 |
| Contributors' promissory notes | 183 298 | 215 204 |
| Contributions receivable | 249 765 | 141 519 |
| Less: provisions | <u>(121 547)</u> | <u>(137 367)</u> |
| | 311 516 | 219 356 |
| Other receivables | 60 323 | 73 245 |
| Loans outstanding | 2 586 525 | 2 483 155 |
| Less: accumulated allowance for loan impairment losses | <u>(40 718)</u> | <u>(57 425)</u> |
| Less: accumulated allowance for the Debt Initiative for HIPCs | <u>(172 205)</u> | <u>(173 632)</u> |
| Net loans outstanding | 2 373 602 | 2 252 098 |
| Total Assets | 4 464 541 | 4 280 806 |

¹ Restated on the basis indicated in Notes 2(a) and 2(i).

Consolidated Cash-Flow Statement¹
For the years ended 31 December
(Expressed in thousands of United States dollars)

| | 2003 | 2002 |
|--|------------------|------------------|
| Cash flows from investing activities | | |
| Loan disbursements | (288 352) | (267 295) |
| Loan principal repayments | 140 135 | 126 823 |
| Net sale of equities | 5 100 | 484 446 |
| Net cash flows invested in development activities | (143 117) | 343 974 |
| Cash flows from financing activities | | |
| Payments for replenishment contributions | 194 605 | 226 846 |
| Net cash flows provided by financing activities | 194 605 | 226 846 |
| Cash flows from operating activities | | |
| Interest received from loans | 42 095 | 42 282 |
| Income received from non-equity investments | 26 800 | 295 660 |
| Dividend income from equities | 4 596 | 7 956 |
| Receipts for non-replenishment contributions | 61 441 | 56 432 |
| Miscellaneous payments | (4 446) | (5 148) |
| Payments for operating expenses | (109 312) | (76 473) |
| Cash (payments)/receipts from other funds | (9 265) | 23 050 |
| Debt relief paid | (13 250) | (9 043) |
| Exchange loss on operations | (1 040) | (540) |
| Grant disbursements | (24 423) | (39 461) |
| Net cash flows (used)/provided by operating activities | (26 804) | 294 715 |
| Effects of exchange-rate movements on cash and investments excluding equities | 172 167 | 119 954 |
| Net increase in unrestricted cash and cash equivalents | 196 851 | 985 489 |
| Unrestricted cash and cash equivalents at beginning of year | 2 244 218 | 1 258 729 |
| Unrestricted cash and cash equivalents at end of year | 2 441 069 | 2 244 218 |
| COMPOSED OF: | | |
| Unrestricted cash | 269 965 | 361 270 |
| Unrestricted investments excluding equities | 2 171 104 | 1 882 948 |
| | 2 441 069 | 2 244 218 |
| Cash and Cash Equivalents at End of Period | | |
| Reconciliation of net income to net cash used by operating activities: | | |
| Excess of revenue over expenses before exchange movements | 63 790 | (64 995) |
| Adjustment to reconcile net income to net cash provided by operations: | | |
| - increase/(decrease) in accrued income on loans and investments | 41 597 | (74 099) |
| - increase in other receivables | (5 570) | (10 153) |
| - (decrease)/increase in other payables | (81 881) | 304 203 |
| - (gain)/loss on equities | (42 876) | 90 753 |
| - interest on restricted cash | (19) | 334 |
| - grants approved but not yet disbursed | (1 569) | (4 392) |
| - exchange loss on operations | (1 040) | (539) |
| - non-cash expenses relating to the Debt Initiative for HIPCs | 14 010 | 39 869 |
| - after-service medical provision | 4 300 | 7 900 |
| - loan-impairment provision movement | (17 546) | 5 834 |
| Net cash flows (used)/provided by operating activities | (26 804) | 294 715 |

¹ See Appendix H Note 2(g).

Appendix D

Statement of IFAD-Only Resources Available for Commitment¹
As at 31 December (expressed in thousands of United States dollars)

| | | 2003 | 2002 ² |
|---|---|------------------|-------------------|
| Assets in freely-convertible currencies | Cash | 243 618 | 322 899 |
| | Investments | 2 310 730 | 1 987 654 |
| | Promissory notes | 271 061 | 291 283 |
| | Other receivables | 87 634 | 146 652 |
| | | 2 913 043 | 2 748 488 |
| Less | Payables and liabilities | 326 405 | 407 502 |
| | Programme Development Financing Facility (PDFF) carry forward | 6 842 | 3 031 |
| | General Reserve | 95 000 | 95 000 |
| | Undisbursed effective loans | 2 009 778 | 1 725 503 |
| | Approved loans signed but not yet effective | 344 779 | 342 463 |
| | Undisbursed grants | 35 407 | 32 251 |
| | | 2 389 964 | 2 100 217 |
| | Provision for promissory notes | 88 176 | 101 400 |
| | | 2 906 387 | 2 707 150 |
| Resources Available for Commitment | | 6 656 | 41 338 |
| Less | Loans not yet signed | 317 206 | 299 706 |
| | Grants not yet signed | 20 581 | 19 412 |
| Net Resources pre-Advance Commitment Authority (ACA) | | (331 131) | (277 780) |
| ACA carried forward at 1 January | | 277 780 | 153 691 |
| ACA approved at Executive Board sessions during the year | | 420 400 | 388 100 |
| | | 698 180 | 541 791 |
| Less | ACA covered in year | (367 049) | (264 011) |
| ACA carried forward | | 331 131 | 277 780 |
| Net Resources Available for Commitment | | 0 | 0 |

¹ See Appendix H, Note 2(h) and 14(c).

² The 2002 figures have not been restated to reflect changes in presentation and format, as described in Note 14(c).

Appendix E

Statement of Member States' Contributions and Special Contributions¹
As at 31 December 2003 and 2002

| | Initial, First, Second, Third and Fourth ¹⁶ Replenishments | Fifth Replenishment Contributions | | | | | |
|------------------------------|--|------------------------------------|-------------|------------|---------------------------|------------|------------------|
| | | Instruments Deposited ² | | | Payments – USD Equivalent | | |
| | | USD Equivalent | Currency | Amount | USD Equivalent | Cash | Promissory Notes |
| | | | | | | | Total |
| Afghanistan | 93 | | | | | | |
| Albania ⁷ | 10 000 | USD | 10 000 | 10 000 | 10 000 | | 10 000 |
| Algeria | 49 830 000 | USD | 500 000 | 500 000 | 500 000 | | 500 000 |
| Angola ⁸ | 60 000 | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Argentina | 6 400 016 | | | | | | |
| Australia | 31 387 568 | AUD | 7 857 744 | 5 920 417 | | 5 920 417 | 5 920 417 |
| Austria ³ | 28 084 579 | EUR | 5 665 180 | 5 056 165 | 5 056 165 | | 5 056 165 |
| Bangladesh | 2 556 030 | USD | 600 000 | 600 000 | 600 000 | | 600 000 |
| Barbados | 10 000 | | | | | | |
| Belgium ³ | 51 932 315 | EUR | 8 924 167 | 9 415 194 | 9 415 194 | | 9 415 194 |
| Belize ¹¹ | 105 333 | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Benin | 75 000 | USD | 25 000 | 25 000 | 25 000 | | 25 000 |
| Bhutan | 51 000 | USD | 27 000 | 27 000 | 27 000 | | 27 000 |
| Bolivia | 600 000 | USD | 300 000 | 300 000 | 300 000 | | 300 000 |
| Botswana | 160 000 | USD | 75 000 | 75 000 | 75 000 | | 75 000 |
| Brazil ¹² | 28 187 234 | USD | 7 916 263 | 7 916 263 | | 7 916 263 | 7 916 263 |
| Burkina Faso | 60 000 | USD | 38 723 | 38 723 | 38 723 | | 38 723 |
| Burundi | 69 861 | | | | | | |
| Cambodia ⁷ | | USD | 210 000 | 210 000 | 210 000 | | 210 000 |
| Cameroon | 404 886 | USD | | | | | |
| Canada | 114 345 485 | CAD | 31 010 700 | 20 450 788 | 20 450 788 | | 20 450 788 |
| Cape Verde | 26 000 | | | | | | |
| Central African Republic | 10 725 | | | | | | |
| Chile ⁶ | 605 000 | | | | | | |
| China (PRC) | 20 338 534 | USD | 10 000 000 | 10 000 000 | 4 108 000 | | 4 108 000 |
| Colombia | 270 000 | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Comoros ⁶ | 32 188 | | | | | | |
| Congo | 151 092 | | | | | | |
| Cook Islands ⁹ | 5 000 | | | | | | |
| Côte d'Ivoire | 1 503 707 | USD | 55 115 | 55 115 | 55 115 | | 55 115 |
| Cuba | 8 520 | | | | | | |
| Cyprus | 112 000 | USD | 25 000 | 25 000 | 25 000 | | 25 000 |
| Denmark | 54 473 316 | DKK | 193 300 000 | 31 469 260 | 16 697 486 | 14 771 774 | 31 469 260 |
| Djibouti | 6 000 | | | | | | |
| Dominica | 54 987 | | | | | | |
| Dominican Republic | 25 000 | | | | | | |
| D.P.R. Korea ^{6, 8} | 700 000 | USD | 96 734 | 96 734 | 96 734 | | 96 734 |
| D.R. Congo | 27 691 | | | | | | |
| Ecuador | 690 994 | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Egypt | 8 408 882 | USD | 3 000 000 | 3 000 000 | 1 830 000 | 1 170 000 | 3 000 000 |
| El Salvador | 100 000 | | | | | | |
| Eritrea ¹⁰ | 5 000 | USD | 5 000 | 5 000 | 5 000 | | 5 000 |

Cont'd.

Appendix E

| | Initial, First, Second, Third and Fourth ¹⁶ Replenishments | Fifth Replenishment Contributions | | | | |
|--|--|------------------------------------|----------|---------------|---------------------------|------------|
| | | Instruments Deposited ² | | | Payments – USD Equivalent | |
| | | USD Equivalent | Currency | Amount | USD Equivalent | Total |
| Ethiopia | 130 869 | | USD | 30 000 | 30 000 | 30 000 |
| Fiji | 194 228 | | | | | |
| Finland ³ | 22 188 638 | | EUR | 3 456 720 | 3 512 304 | 3 512 304 |
| France ³ | 142 902 924 | | EUR | 24 005 000 | 30 278 705 | 30 278 705 |
| Gabon ⁶ | 2 801 000 | | | | | |
| Gambia, The | 30 086 | | | | | |
| Germany ³ | 220 112 172 | | EUR | 28 806 000 | 36 334 446 | 23 617 390 |
| Ghana | 666 487 | | USD | 300 000 | 300 000 | 300 000 |
| Greece ⁴ | 1 750 000 | | USD | 600 000 | 600 000 | 600 000 |
| Grenada | 25 000 | | USD | 25 000 | 25 000 | 25 000 |
| Guatemala | 443 021 | | USD | 250 000 | 250 000 | 250 000 |
| Guinea | 154 725 | | USD | 35 000 | 35 000 | 35 000 |
| Guinea-Bissau | 30 000 | | | | | |
| Guyana | 479 921 | | | | | |
| Haiti | 107 118 | | | | | |
| Honduras | 553 746 | | USD | 195 714 | 195 714 | 195 714 |
| Iceland | | | USD | 5 000 | 5 000 | 5 000 |
| India | 35 812 382 | | USD | 12 000 000 | 12 000 000 | 8 000 000 |
| Indonesia | 26 959 000 | | USD | 10 000 000 | 10 000 000 | 10 000 000 |
| Iran ⁶ | 128 750 000 | | | | | |
| Iraq ⁶ | 53 099 000 | | | | | |
| Ireland ³ | 4 089 351 | | EUR | 986 000 | 918 122 | 918 122 |
| Israel | 300 000 | | | | | |
| Italy ³ | 132 723 260 | | | | | |
| Jamaica | 325 814 | | | | | |
| Japan | 264 271 911 | | JPY | 3 212 100 000 | 28 259 442 | 28 259 442 |
| Jordan | 580 000 | | | | | |
| Kenya ⁶ | 4 407 784 | | | | | |
| Korea, Republic of | 5 239 031 | | USD | 2 500 000 | 2 500 000 | 2 500 000 |
| Kuwait | 146 041 000 | | USD | 2 000 000 | 2 000 000 | 1 220 000 |
| Laos | 52 213 | | USD | 51 000 | 51 000 | 51 000 |
| Lebanon | 114 999 | | USD | | | |
| Lesotho | 189 397 | | USD | 50 000 | 50 000 | 50 000 |
| Liberia | 39 000 | | | | | |
| Libyan Arab Jamahiriya ⁶ | 52 000 000 | | | | | |
| Luxembourg ³ | 1 472 974 | | EUR | 384 080 | 402 882 | 402 882 |
| Madagascar | 108 357 | | USD | 80 000 | 80 000 | 80 000 |
| Malawi | 73 346 | | | | | |
| Malaysia | 500 000 | | USD | 250 000 | 250 000 | 250 000 |
| Maldives | 51 000 | | | | | |
| Mali | 41 519 | | USD | 10 000 | 10 000 | 10 000 |
| Malta | 34 985 | | USD | 20 000 | 20 000 | 20 000 |
| Mauritania ⁶ | 50 000 | | | | | |
| Mauritius | 165 000 | | USD | 85 000 | 85 000 | 85 000 |

Cont'd.

Appendix E

| | Initial, First, Second, Third and Fourth ⁶ Replenishments | Fifth Replenishment Contributions | | | | | |
|---|---|------------------------------------|----------|-------------|---------------------------|------------|---------------------------|
| | | Instruments Deposited ² | | | Payments – USD Equivalent | | |
| | | USD Equivalent | Currency | Amount | USD Equivalent | Cash | Promissory Notes Total |
| Mexico | 24 130 985 | | USD | 3 000 000 | 3 000 000 | 3 000 000 | 3 000 000 |
| Morocco | 5 444 407 | | USD | 500 000 | 500 000 | | 250 000 |
| Mozambique | 160 390 | | USD | 80 000 | 80 000 | 80 000 | 80 000 |
| Myanmar ¹³ | 250 000 | | | | | | |
| Namibia ¹⁴ | 320 000 | | | | | | |
| Nepal | 110 000 | | | | | | |
| Netherlands ³ | 144 488 379 | | EUR | 26 885 600 | 27 259 459 | 27 259 459 | 27 259 459 |
| New Zealand | 6 847 610 | | NZD | 2 160 000 | 1 131 156 | 658 440 | 472 716 |
| Nicaragua ⁶ | 88 571 | | | | | | |
| Niger | 174 807 | | | | | | |
| Nigeria ⁶ | 91 459 000 | | | | | | |
| Norway | 94 555 182 | | NOK | 145 185 200 | 19 701 084 | 19 701 084 | 19 701 084 |
| Oman | 150 000 | | | | | | |
| Pakistan | 6 933 776 | | USD | 2 000 000 | 2 000 000 | | 2 000 000 |
| Panama | 99 965 | | USD | 33 200 | 33 200 | 33 200 | 33 200 |
| Papua New Guinea | 170 000 | | | | | | |
| Paraguay | 604 842 | | | | | | |
| Peru | 360 000 | | USD | 200 000 | 200 000 | 200 000 | 200 000 |
| Philippines | 1 477 907 | | USD | 300 000 | 300 000 | 199 999 | 199 999 |
| Portugal ^{3,5} | 1 366 138 | | EUR | 720 150 | 805 859 | 503 072 | 302 787 |
| Qatar ⁶ | 28 980 000 | | | | | | |
| Romania | 50 453 | | | | | | |
| Rwanda | 159 499 | | | | | | |
| Saint Christopher and Nevis ⁸ | 20 000 | | | | | | |
| Saint Lucia | 22 000 | | | | | | |
| Samoa | 50 000 | | | | | | |
| Sao Tome and Principe ⁶ | 10 000 | | | | | | |
| Saudi Arabia | 366 778 000 | | USD | 3 000 000 | 3 000 000 | 1 500 000 | 1 500 000 |
| Senegal | 140 650 | | USD | 62 737 | 62 737 | 62 737 | 62 737 |
| Seychelles | 19 667 | | | | | | |
| Sierra Leone | 36 726 | | | | | | |
| Solomon Islands | 10 000 | | | | | | |
| Somalia | 10 000 | | | | | | |
| South Africa ¹⁵ | 500 000 | | | | | | |
| Spain | 7 662 940 | | USD | 1 980 000 | 1 980 000 | 1 980 000 | 1 980 000 |
| Sri Lanka | 4 883 000 | | USD | 1 000 000 | 1 000 000 | 1 000 000 | 1 000 000 |
| Sudan | 488 265 | | USD | 194 585 | 194 585 | 194 585 | 194 585 |
| Swaziland | 112 329 | | USD | 66 000 | 66 000 | 66 000 | 66 000 |
| Sweden | 102 086 978 | | SEK | 202 838 412 | 23 013 136 | 23 013 136 | 23 013 136 |
| Switzerland | 63 567 635 | | CHF | 17 718 494 | 14 003 806 | 879 967 | 13 123 839 |
| Syria | 416 656 | | USD | 250 000 | 250 000 | 250 000 | 250 000 |
| Tajikistan ¹⁰ | | | USD | 200 | 200 | 200 | 200 |
| Tanzania, United Republic of | 114 385 | | USD | 100 000 | 100 000 | 100 000 | 100 000 |
| Thailand | 450 000 | | USD | 150 000 | 150 000 | 150 000 | 150 000 |
| Togo | 35 443 | | | | | | |
| Tonga | 55 000 | | | | | | |

Cont'd.

| Initial, First, Second, Third and Fourth ¹⁶ Replenishments | | Fifth Replenishment Contributions | | | | | Appendix E | |
|--|---------------|------------------------------------|------------|-------------|---------------------------|---------------------|-------------|-------|
| | | Instruments Deposited ² | | | Payments – USD Equivalent | | | |
| | | | | | Cash | Promissory Notes | | Total |
| | | USD Equivalent | Currency | Amount | USD Equivalent | | | |
| Tunisia | 1 359 806 | USD | 618 395 | 618 395 | 618 395 | | 618 395 | |
| Turkey ⁶ | 10 036 365 | USD | 5 000 000 | 5 000 000 | 1 739 272 | | 1 739 272 | |
| Uganda | 155 000 | USD | 45 000 | 45 000 | 45 000 | | 45 000 | |
| United Arab Emirates | 49 180 000 | USD | 1 000 000 | 1 000 000 | 610 000 | 390 000 | 1 000 000 | |
| United Kingdom | 105 025 553 | GBP | 18 531 000 | 33 130 745 | 2 642 700 | | 2 642 700 | |
| United States | 572 674 400 | USD | 30 000 000 | 30 000 000 | 29 906 143 | | 29 906 143 | |
| Uruguay | 225 000 | | | | | | | |
| Venezuela | 164 489 000 | USD | 4 600 000 | 4 600 000 | 70 026 | 4 529 974 | 4 600 000 | |
| Viet Nam | 103 012 | USD | 500 000 | 500 000 | 500 000 | | 500 000 | |
| Yemen | 788 914 | USD | 498 191 | 498 191 | 498 191 | | 498 191 | |
| Yugoslavia | 108 170 | | | | | | | |
| Zambia | 207 262 | USD | 100 000 | 100 000 | 100 000 | | 100 000 | |
| Zimbabwe | 2 103 074 | | | | | | | |
| Total Contributions | | | | | | | | |
| 31 December 2003 | 3 514 252 435 | | | 398 111 827 | 234 286 275 | 107 023 865 | 341 310 140 | |
| 31 December 2002 | 3 509 181 617 | | | 340 511 175 | 113 490 441 | 129 928 595 | 243 419 036 | |

Appendix E

Statement of Member States' Contributions and Special Contributions¹
As at 31 December 2003 and 2002

| Sixth Replenishment Contributions | | | | | | |
|--|--|---------------|-----------------------|----------------------------------|-------------------------|-------------------|
| | Instruments Deposited² | | | Payments – USD Equivalent | | |
| | Currency | Amount | USD Equivalent | Cash | Promissory Notes | Total |
| Angola ⁸ | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Austria | EUR | 7 831 044 | 9 877 687 | | | |
| Bangladesh | USD | 600 000 | 600 000 | | 600 000 | 600 000 |
| Botswana | USD | 100 000 | 100 000 | 100 000 | | 100 000 |
| Burkina Faso | USD | 60 000 | 60 000 | | | |
| Canada | CAD | 43 601 600 | 33 740 840 | | 11 246 947 | 11 246 947 |
| Denmark | DKK | 170 000 000 | 28 798 184 | | | |
| Eritrea ¹⁰ | USD | 10 000 | 10 000 | 10 000 | | 10 000 |
| Finland | EUR | 4 600 000 | 5 802 210 | | | |
| Gambia, The | USD | 4 817 | 4 817 | 4 817 | | 4 817 |
| Germany | USD | 40 000 000 | 40 000 000 | | | |
| Guatemala | USD | 77 332 | 77 332 | 77 332 | | 77 332 |
| Honduras | USD | 51 896 | 51 896 | 51 896 | | 51 896 |
| India | USD | 15 000 000 | 15 000 000 | | | |
| Indonesia | USD | 5 000 000 | 5 000 000 | | | |
| Ireland | EUR | 1 173 618 | 1 436 330 | 449 436 | | 449 436 |
| Luxembourg | EUR | 510 000 | 643 288 | | 643 288 | 643 288 |
| Madagascar | USD | 91 355 | 91 355 | 91 355 | | 91 355 |
| Mali | USD | 11 020 | 11 020 | 11 020 | | 11 020 |
| Mauritius | USD | 20 000 | 20 000 | 20 000 | | 20 000 |
| Mexico | USD | 3 000 000 | 3 000 000 | | | |
| Mozambique | USD | 80 000 | 80 000 | 80 000 | | 80 000 |
| Netherlands | EUR | 40 000 000 | 50 453 998 | | | |
| Norway | NOK | 194 691 467 | 29 264 590 | | | |
| Pakistan | USD | 2 000 000 | 2 000 000 | | | |
| Panama | USD | 8 300 | 8 300 | 8 300 | | 8 300 |
| Qatar ⁶ | USD | 1 000 000 | 1 000 000 | | | |
| Republic of Korea | USD | 2 500 000 | 2 500 000 | | | |
| Romania | USD | 100 000 | 100 000 | | | |
| Saudi Arabia | USD | 10 000 000 | 10 000 000 | | 10 000 000 | 10 000 000 |
| Senegal | EUR | 59 455 | 67 707 | 67 707 | | 67 707 |
| Spain | EUR | 2 596 500 | 3 056 989 | 3 056 989 | | 3 056 989 |
| Swaziland | USD | 20 000 | 20 000 | 20 000 | | 20 000 |
| Sweden | SEK | 296 706 440 | 40 978 170 | 12 917 291 | 28 060 879 | 40 978 170 |
| Turkey ⁶ | USD | 300 000 | 300 000 | | | |
| United Arab Emirates | USD | 1 000 000 | 1 000 000 | | 1 000 000 | 1 000 000 |
| Venezuela | USD | 5 600 000 | 5 600 000 | | | |
| Total Contributions | | | | | | |
| 31 December 2003 | | | 290 854 713 | 17 066 143 | 51 551 114 | 68 617 257 |
| 31 December 2002 | | | 172 892 | 172 892 | | 172 892 |

Appendix E

Statement of Member States' Contributions and Special Contributions¹
As at 31 December 2003 and 2002

Special Programme for Africa

| | First Phase | | | Second Phase | | |
|-----------------------------|------------------------------------|---------------|--------------------|------------------------------------|-------------------|--------------------|
| | Instruments Deposited ² | | | Instruments Deposited ² | | |
| | Currency | Amount | USD Equivalent | Amount | USD Equivalent | Total |
| Australia | AUD | 500 000 | 388 870 | | | 388 870 |
| Belgium ³ | EUR | 31 234 584 | 34 974 559 | 11 155 209 | 12 262 561 | 47 237 120 |
| Denmark | DKK | 120 000 000 | 18 672 804 | | | 18 672 804 |
| Djibouti | USD | 1 000 | 1 000 | | | 1 000 |
| European Union ³ | EUR | 15 000 000 | 17 618 920 | | | 17 618 920 |
| Finland ³ | EUR | 9 960 089 | 12 205 384 | | | 12 205 384 |
| France ³ | EUR | 32 014 294 | 37 690 272 | 3 811 225 | 4 008 189 | 41 698 461 |
| Germany ³ | EUR | 14 827 465 | 17 360 511 | | | 17 360 511 |
| Greece | USD | 37 030 | 37 030 | 40 000 | 40 000 | 77 030 |
| Guinea | USD | 25 000 | 25 000 | | | 25 000 |
| Ireland ³ | EUR | 380 921 | 418 410 | 253 948 | 288 600 | 707 010 |
| Italy ³ | EUR | 15 493 707 | 23 254 457 | 5 132 368 | 6 785 447 | 30 039 904 |
| | USD | 10 000 000 | 10 000 000 | | | 10 000 000 |
| Japan | JPY | 2 553 450 000 | 21 473 957 | | | 21 473 957 |
| Kuwait | USD | | | 15 000 000 | 15 000 000 | 15 000 000 |
| Luxembourg ³ | EUR | 247 894 | 266 099 | | | 266 099 |
| Mauritania ⁶ | USD | 25 000 | 25 000 | | | 25 000 |
| Netherlands ³ | EUR | 15 882 308 | 16 174 040 | 8 848 714 | 9 533 084 | 25 707 124 |
| New Zealand | NZD | 500 000 | 251 500 | | | 251 500 |
| Niger ³ | EUR | 15 245 | 17 730 | | | 17 730 |
| Nigeria | USD | | | 250 000 | 250 000 | 250 000 |
| Norway | NOK | 138 000 000 | 19 759 121 | | | 19 759 121 |
| Spain | USD | 1 000 000 | 1 000 000 | | | 1 000 000 |
| Sweden | SEK | 131 700 000 | 19 054 920 | 25 000 000 | 4 196 391 | 23 251 311 |
| Switzerland | CHF | 25 000 000 | 17 048 554 | | | 17 048 554 |
| United Kingdom | GBP | 7 000 000 | 11 149 647 | | | 11 149 647 |
| United States | USD | 10 000 000 | 10 000 000 | 10 000 000 | 10 000 000 | 20 000 000 |
| 31 December 2003 | | | 288 867 785 | | 62 364 272 | 351 232 057 |
| 31 December 2002 | | | 288 867 785 | | 62 364 272 | 351 232 057 |

Summary of Member States' Contributions

| | Value in USD '000 | |
|---------------------------|-------------------|------------------|
| | 31.12.2003 | 31.12.2002 |
| Initial Contributions | 1 017 310 | 1 017 309 |
| First Replenishment | 1 016 372 | 1 016 372 |
| Second Replenishment | 566 560 | 566 560 |
| Third Replenishment | 552 495 | 552 311 |
| Fourth Replenishment | 361 515 | 356 630 |
| Fifth Replenishment | 398 112 | 340 511 |
| Sixth Replenishment | 290 855 | 173 |
| Total IFAD | 4 203 219 | 3 849 866 |
| SPA First Phase | 288 868 | 288 868 |
| SPA Second Phase | 62 364 | 62 364 |
| Total SPA | 351 232 | 351 232 |
| Total IFAD and SPA | 4 554 451 | 4 201 098 |

Cont'd.

Appendix E

As at 31 December 2003 and 2002

| Special Contributions | | | |
|------------------------------|---|---------------------------------------|---------------------------------|
| | Initial, First, Second, Third and Fourth Replenishments USD Equivalent | First Phase USD Equivalent | Total USD Equivalent |
| IFAD | | | |
| OPEC Fund | 20 000 000 | | 20 000 000 |
| Iceland ¹⁷ | 10 000 | | 10 000 |
| Other | 129 050 | | 129 050 |
| 31 December 2003 | 20 139 050 | - | 20 139 050 |
| 31 December 2002 | 20 139 050 | - | 20 139 050 |
| SPA | | | |
| First Phase | - | 209 345 | 209 345 |
| 31 December 2003 | - | 209 345 | 209 345 |
| 31 December 2002 | - | 209 345 | 209 345 |
| Total IFAD and SPA | | | |
| 31 December 2003 | 20 139 050 | 209 345 | 20 348 395 |
| 31 December 2002 | 20 139 050 | 209 345 | 20 348 395 |

Notes to Statement of Member States' Contributions and Special Contributions

- ¹ Member States' contributions have been translated on the basis of the following:
- (i) at year-end market rates of exchange for amounts paid in the form of promissory notes and not yet drawn down, and for non-convertible currencies not yet disbursed;
 - (ii) at market rates of exchange as at date of receipt for amounts in cash, including drawdown payments, and at market rates of exchange as at date of disbursement in the case of non-convertible currencies.
- ² In those cases where no instrument has been received, the amounts shown are the equivalent of the actual payments.
- ³ These contributions were promised or paid in the constituent currencies of the euro prior to the introduction of the euro. For accounting convenience IFAD has converted all these contributions into euro from the said constituent currencies.
- ⁴ The Twelfth Session of the Governing Council of IFAD adopted Resolution 53/XII, reclassifying Greece from membership of Category III to that of Category I, with effect from 24 January 1989.
- ⁵ The Fourteenth Session of the Governing Council of IFAD adopted Resolution 65/XIV, reclassifying Portugal from membership of Category III to that of Category I, with effect from 29 May 1991.
- ⁶ See Appendix H, Note 14.
- ⁷ The Fifteenth Session of the Governing Council adopted Resolution 68/XV on 21 January 1992, approving the application for membership of these countries.
- ⁸ These Member States completed their membership formalities after the period of the First Replenishment.
- ⁹ The Sixteenth Session of the Governing Council adopted Resolution 73/XVI on 22 January 1993, approving the application for membership of these countries.
- ¹⁰ The Seventeenth Session of the Governing Council adopted Resolution 78/XVII on 26 January 1994, approving the application for membership of these countries.
- ¹¹ The Sixth Session of the Governing Council approved Resolution 23/VI on 13 December 1982, approving the application for membership of these countries.
- ¹² The Eighteenth Session of the Governing Council adopted Resolution 88/XVIII on 26 January 1995, deciding that the balance of the non-convertible currency contributions of Brazil to the First and Second Replenishments shall be converted into freely convertible currencies and transferred as its contribution to the Fourth Replenishment of IFAD's Resources. As agreed with the Government of Brazil, this has taken place upon effectiveness of the Fourth Replenishment.
- ¹³ This Member State completed its membership formalities after the period of the Second Replenishment.
- ¹⁴ The Fourteenth Session of the Governing Council adopted Resolution 64/XIV on 29 May 1991, approving the application for membership of this country.
- ¹⁵ The Nineteenth Session of the Governing Council adopted Resolution 91/XIX on 17 January 1996, approving the application for membership of this country.
- ¹⁶ With the adoption of Resolution 86/XVIII on 26 January 1995 and its entry into force on 20 February 1997, and with the effectiveness of Resolution 87/XVIII on 29 August 1997, the Fourth Replenishment became effective and consequently 'Categories' were replaced by 'Lists', with all Member States listed in alphabetical order.
- ¹⁷ The Twenty-Fourth Session of the Governing Council adopted Resolution 120/XXIV on 20 February 2001, approving the application for membership of this country.

**Statement of Complementary and Supplementary Contributions
As at 31 December**

Statement of Complementary Contributions Received Directly from Member States

| | Instruments Deposited ¹ | | | Payments – USD Equivalent | | |
|--|------------------------------------|------------|-------------------|---------------------------|-------------------|-------------------|
| | Currency | Amount | USD Equivalent | Cash | Promissory Notes | Total |
| Fourth Replenishment | | | | | | |
| Belgium ² | EUR | 19 831 482 | 23 401 179 | 15 180 985 | 8 220 194 | 23 401 179 |
| Netherlands ² | EUR | 12 081 227 | 12 486 572 | 10 984 923 | - | 10 984 923 |
| 31 December 2003 | | | 35 887 751 | 26 165 908 | 8 220 194 | 34 386 102 |
| 31 December 2002 | | | 32 731 170 | 11 498 536 | 18 080 646 | 29 579 182 |
| Fifth Replenishment | | | | | | |
| Belgium | EUR | 14 873 611 | 18 049 189 | 2 014 746 | 16 034 443 | 18 049 189 |
| 31 December 2003 | | | 18 049 189 | 2 014 746 | 16 034 443 | 18 049 189 |
| 31 December 2002 | | | 15 345 921 | 2 014 746 | 13 331 175 | 15 345 921 |
| Sixth Replenishment | | | | | | |
| Belgium | EUR | 6 178 656 | 7 443 605 | 2 446 136 | 4 997 469 | 7 443 605 |
| Luxembourg | EUR | 630 000 | 778 239 | 778 239 | - | 778 239 |
| 31 December 2003 | | | 8 221 844 | 3 224 375 | 4 997 469 | 8 221 844 |
| 31 December 2002 | | | 4 290 644 | 135 705 | 4 154 939 | 4 290 644 |
| Total Complementary Contributions | | | | | | |
| 31 December 2003 | | | 62 158 784 | 31 405 029 | 29 252 106 | 60 657 135 |
| 31 December 2002 | | | 52 367 735 | 13 648 987 | 35 566 760 | 49 215 747 |

Statement of Contributions from Member States to the Debt Initiative for HIPC's received through the World Bank Trust Fund

| | | | | | | |
|---|-----|-----------|-------------------|-------------------|----------|-------------------|
| Belgium | EUR | 2 974 722 | 2 713 086 | 2 713 086 | - | 2 713 086 |
| Germany | EUR | 7 669 378 | 6 988 921 | 6 988 921 | - | 6 988 921 |
| Norway | USD | 5 911 693 | 5 911 693 | 5 911 693 | - | 5 911 693 |
| 31 December 2003 | | | 15 613 700 | 15 613 700 | - | 15 613 700 |
| 31 December 2002 | | | 9 702 007 | 9 702 007 | - | 9 702 007 |
| Total contributions to Debt Initiative from Member States | | | | | | |
| Total 31 December 2003³ | | | 28 100 272 | 26 598 623 | - | 26 598 623 |
| Total 31 December 2002 ³ | | | 21 680 104 | 18 528 116 | - | 18 528 116 |

Statement of Contributions Received from Belgium for the Belgian Survival Fund Joint Programme

| | Current Value of Contributions | | |
|--|--------------------------------|--------------------|--------------------|
| | Currency | Amount | USD Equivalent |
| Contributions not made in the context of replenishment resources | EUR | 68 603 293 | 63 835 635 |
| Fourth Replenishment | EUR | 19 831 482 | 23 401 179 |
| Fifth Replenishment | EUR | 14 873 611 | 18 049 189 |
| Sixth Replenishment | EUR | 6 178 656 | 7 443 605 |
| 31 December 2003 | EUR | 109 487 042 | 114 236 578 |
| 31 December 2002 | EUR | 107 415 455 | 104 225 273 |

¹ In those cases where no instrument has been received, the amounts shown are the equivalent of the actual payments.

² These contributions were promised or paid in the constituent currencies of the euro prior to the introduction of the euro. For accounting convenience IFAD has converted all these contributions into euro from the said constituent currencies.

³ Comprises contributions from The Netherlands and Luxembourg included in complementary contributions received directly from Member States above.

Statement of Supplementary Contributions

Appendix E1

| Cumulative Value of Contributions | USD '000 Equivalent | |
|--|------------------------|------------------------|
| | As at 31 December 2003 | As at 31 December 2002 |
| Cofinancing funds | 157 744 | 150 549 |
| Programmatic supplementary funds | 59 519 | 49 759 |
| Associate professional officer funds | 22 174 | 19 824 |
| Other supplementary funds | 9 408 | 8 322 |
| Total Supplementary Contributions | 248 845 | 228 454 |

Cofinancing Funds

| Donor Member States | USD '000 Equivalent | | | |
|------------------------|--------------------------------------|-------|--------------------|--------|
| | Funds Available As at 31 December | | Contribution Value | |
| | 2003 | 2002 | 2003 | 2002 |
| Austria | - | - | 755 | 755 |
| Australia | - | - | 2 721 | 2 721 |
| Belgium | 127 | 126 | 5 057 | 5 055 |
| Denmark | - | 102 | 2 467 | 2 467 |
| Finland | - | - | 2 397 | 2 397 |
| France | - | - | 1 032 | 1 032 |
| Germany | - | - | 46 | 46 |
| Ireland | 3 035 | 2 280 | 4 921 | 3 782 |
| Italy | 1 123 | 802 | 9 594 | 7 847 |
| Japan | 751 | 34 | 1 626 | 763 |
| Luxembourg | 613 | 33 | 2 959 | 750 |
| Netherlands | - | 269 | 63 033 | 63 035 |
| Norway | 1 581 | 1 936 | 19 345 | 19 345 |
| Portugal | - | - | 142 | - |
| Suriname | 2 | 2 | 2 018 | 2 018 |
| Sweden | 642 | 655 | 9 379 | 9 379 |
| Switzerland | 1 767 | 2 200 | 8 051 | 8 051 |
| United Kingdom | - | - | 12 165 | 10 970 |

Non-Member States and Other Sources

| | | | | |
|--|-----|-----|-------|-------|
| African Development Bank | - | - | 2 800 | 2 800 |
| Arab Fund for Economic and Social Development | 686 | 686 | 2 998 | 2 998 |
| Arab Gulf Programme for United Nations Development Organizations | - | - | 299 | 299 |
| European Union | - | - | 814 | 814 |
| Food and Agriculture Organization of the United Nations | - | - | 14 | 14 |
| National Agricultural Cooperative Federation | - | - | 35 | 35 |
| Organization of the Petroleum Exporting Countries Fund for International Development | - | 50 | 50 | 150 |
| Service charges surplus | - | - | 50 | 50 |
| Office of the United Nations High Commissioner for Refugees | - | - | 1 976 | 1 976 |
| United Nations Office for the Coordination of Humanitarian Affairs | - | - | 1 000 | 1 000 |

| | | | | |
|--------------|---------------|--------------|----------------|----------------|
| Total | 10 327 | 9 175 | 157 744 | 150 549 |
|--------------|---------------|--------------|----------------|----------------|

Programmatic Supplementary Funds

| Donor | USD '000 Equivalent | | | |
|----------------|--------------------------------------|---------------|--------------------|---------------|
| | Funds Available As at 31 December | | Contribution Value | |
| | 2003 | 2002 | 2003 | 2002 |
| Canada | 296 | 152 | 329 | 160 |
| Denmark | 72 | 145 | 3 273 | 3 346 |
| Finland | 253 | 83 | 1 546 | 1 148 |
| France | - | - | 2 893 | 2 893 |
| Germany | 3 907 | 2 933 | 4 582 | 2 968 |
| Ireland | 1 670 | 2 905 | 1 964 | 3 039 |
| Italy | 11 648 | 7 646 | 16 637 | 9 886 |
| Japan | 866 | 1 675 | 4 020 | 4 707 |
| Luxembourg | 27 | - | 60 | - |
| Malaysia | 13 | - | 13 | - |
| Netherlands | 633 | 458 | 9 097 | 8 574 |
| Norway | 1 533 | 1 920 | 3 331 | 3 301 |
| Portugal | 336 | 317 | 587 | 462 |
| Sweden | 1 074 | 463 | 1 642 | 930 |
| Switzerland | 3 076 | 3 367 | 6 498 | 5 971 |
| United Kingdom | 726 | 774 | 2 467 | 1 638 |
| World Bank | 63 | 321 | 580 | 736 |
| Total | 26 193 | 23 159 | 59 519 | 49 759 |

Associate Professional Officer Funds

| Donor | USD '000 Equivalent | | | | | |
|---------------|---------------------------|------------|--------------------------------------|------------|--------------------------------|---------------|
| | Cumulative Number of APOs | | Funds Available As at 31 December | | Total Contribution Received | |
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Belgium | 3 | 3 | - | - | 321 | 321 |
| Denmark | 16 | 16 | 352 | 396 | 2 793 | 2 547 |
| Finland | 7 | 7 | 112 | 248 | 1 128 | 1 073 |
| France | 3 | 3 | (37) | (37) | 522 | 522 |
| Germany | 22 | 21 | 234 | 171 | 3 219 | 3 024 |
| Italy | 13 | 13 | 81 | (339) | 2 930 | 2 171 |
| Japan | 9 | 8 | 214 | 49 | 1 765 | 1 651 |
| Korea | 6 | 5 | (20) | (13) | 1 902 | 1 683 |
| Netherlands | 24 | 23 | 164 | 92 | 4 076 | 3 667 |
| Norway | 7 | 7 | 110 | 100 | 1 134 | 1 033 |
| Sweden | 11 | 10 | (39) | (102) | 1 399 | 1 271 |
| Switzerland | 2 | 2 | 110 | 92 | 368 | 244 |
| United States | 3 | 3 | 1 | 8 | 617 | 617 |
| Total | 126 | 121 | 1 282 | 665 | 22 174 | 19 824 |

A total of 27 APOs worked at IFAD during 2003. These were financed by Denmark (4), Finland (2), Germany (2), Italy (5), Japan (1), Korea (2), Netherlands (5), Norway (1), Sweden (4) and Switzerland (1).

Other Supplementary Funds

| Donor | USD '000 Equivalent | | | |
|-----------------------------|--------------------------------------|-----------|--------------------|--------------|
| | Funds Available As at 31 December | | Contribution Value | |
| | 2003 | 2002 | 2003 | 2002 |
| Member States | | | | |
| Angola | - | - | 7 | 7 |
| Australia | - | - | 84 | 84 |
| Belgium ¹ | 88 | - | 1 480 | 1 392 |
| Canada | - | - | 909 | 909 |
| China | - | - | 30 | 30 |
| Colombia | - | - | 25 | 25 |
| Denmark | 300 | - | 546 | 246 |
| Finland | - | - | 613 | 613 |
| France | - | - | 90 | 90 |
| Germany | - | - | 20 | 20 |
| Indonesia | - | - | 50 | 50 |
| Ireland | - | - | 14 | 14 |
| Italy | - | - | 1 712 | 1 712 |
| Jordan | - | - | 15 | 15 |
| Liechtenstein | - | - | 5 | 5 |
| Luxembourg | - | - | 50 | 50 |
| Malaysia | - | - | 15 | 15 |
| Morocco | - | - | 50 | 50 |
| Netherlands | - | - | 231 | 231 |
| Nigeria | - | - | 50 | 50 |
| Norway | 50 | - | 1 178 | 1 128 |
| Pakistan | - | - | 25 | 25 |
| Paraguay | - | - | 15 | 15 |
| Senegal | - | - | 15 | 15 |
| South Africa | - | - | 10 | 10 |
| Spain | - | - | 8 | 8 |
| Sweden | - | 56 | 317 | 373 |
| Switzerland | 2 | 2 | 272 | 272 |
| Turkey | - | - | 47 | 47 |
| United Kingdom ² | 620 | - | 739 | 50 |
| USA | - | - | 85 | 85 |
| Total | 1 060 | 58 | 8 707 | 7 636 |
| Non Member States | 26 | 15 | 701 | 686 |
| Grand Total | 1 086 | 73 | 9 408 | 8 322 |

¹ The total contribution of Belgium includes USD 942 000 provided by the Belgian Survival Fund.

² The total contribution of the United Kingdom includes USD 689 000 equivalent relating to the Innovation Programme.

Appendix F

Statement of Loans¹

As at 31 December 2003 and 2002

| Borrower or Guarantor | Approved | Loans Not Yet Effective | Effective Loans | | | |
|-------------------------------------|-----------------------------|----------------------------|------------------------|----------------------|------------|----------------------|
| | Loans Less Cancellations | | Undisbursed Portion | Disbursed Portion | Repayments | Outstanding Loans |
| | | | | | | |
| USD Loans ¹ | USD | USD | USD | USD | USD | USD |
| Bangladesh | 30 000 000 | - | - | 30 000 000 | 11 250 000 | 18 750 000 |
| Cape Verde | 2 003 243 | - | - | 2 003 243 | 751 200 | 1 252 043 |
| Haiti | 3 500 000 | - | - | 3 500 000 | 1 285 965 | 2 214 035 |
| Nepal | 11 538 262 | - | - | 11 538 262 | 4 338 500 | 7 199 762 |
| Sri Lanka | 12 000 000 | - | - | 12 000 000 | 4 650 000 | 7 350 000 |
| Tanzania, United Republic of | 9 488 456 | - | - | 9 488 456 | 3 676 786 | 5 811 670 |
| Subtotal ¹ | 68 529 961 | - | - | 68 529 961 | 25 952 451 | 42 577 510 |
| Exchange adjustment on USD loans | 3 251 160 | | | 3 251 160 | 3 121 730 | 129 430 |
| Subtotal USD Loans ¹ | 71 781 121 | - | - | 71 781 121 | 29 074 181 | 42 706 940 |

| SDR Loans ¹ | SDR | SDR | SDR | SDR | SDR | SDR |
|--------------------------|-------------|------------|------------|-------------|------------|-------------|
| Albania | 23 727 333 | 0 | 4 396 758 | 19 330 575 | 0 | 19 330 575 |
| Algeria | 33 300 530 | 12 150 000 | 9 003 868 | 12 146 662 | 9 366 856 | 2 779 806 |
| Angola | 12 000 000 | 0 | 6 375 481 | 5 624 519 | 0 | 5 624 519 |
| Argentina | 32 350 000 | 0 | 20 318 488 | 12 031 512 | 10 150 371 | 1 881 141 |
| Armenia | 27 300 000 | 0 | 3 327 787 | 23 972 213 | 0 | 23 972 213 |
| Azerbaijan | 13 350 000 | 0 | 6 013 611 | 7 336 389 | 0 | 7 336 389 |
| Bangladesh ² | 215 316 480 | 0 | 47 933 425 | 167 383 055 | 26 400 841 | 140 982 214 |
| Belize | 3 416 200 | 0 | 1 110 402 | 2 305 798 | 1 544 830 | 760 968 |
| Benin | 65 804 313 | 0 | 21 589 911 | 44 214 402 | 7 224 330 | 36 990 072 |
| Bhutan | 18 034 372 | 0 | 2 170 330 | 15 864 042 | 2 128 116 | 13 735 926 |
| Bolivia | 49 100 000 | 0 | 13 313 148 | 35 786 852 | 7 965 625 | 27 821 227 |
| Bosnia and Herzegovina | 23 957 479 | 0 | 8 273 145 | 15 684 334 | 0 | 15 684 334 |
| Brazil | 44 199 999 | 0 | 17 850 623 | 26 349 376 | 10 725 000 | 15 624 376 |
| Burkina Faso | 53 033 552 | 8 800 000 | 18 925 569 | 25 307 983 | 3 643 049 | 21 664 934 |
| Burundi ² | 33 046 617 | 0 | 11 885 742 | 21 160 875 | 5 386 280 | 15 774 595 |
| Cambodia | 28 350 000 | 10 850 000 | 6 808 781 | 10 691 219 | 0 | 10 691 219 |
| Cameroon | 48 202 893 | 9 600 000 | 16 019 784 | 22 583 109 | 11 921 358 | 10 661 751 |
| Cape Verde | 10 889 724 | 0 | 5 008 171 | 5 881 553 | 590 952 | 5 290 601 |
| Central African Republic | 23 282 467 | 0 | 248 666 | 23 033 801 | 1 758 492 | 21 275 309 |
| Chad | 17 750 000 | 9 500 000 | 7 181 866 | 1 068 134 | 0 | 1 068 134 |
| Chile | 3 726 874 | 0 | 0 | 3 726 874 | 2 199 996 | 1 526 878 |
| China | 304 432 321 | 21 950 000 | 51 641 767 | 230 840 554 | 28 307 425 | 202 533 129 |
| Colombia | 11 000 000 | 0 | 6 463 184 | 4 536 816 | 2 933 328 | 1 603 488 |
| Comoros | 4 186 867 | 0 | 4 916 | 4 181 951 | 510 267 | 3 671 684 |
| Congo | 1 953 279 | 0 | 0 | 1 953 279 | 1 744 469 | 208 810 |
| Costa Rica | 5 722 172 | 0 | 1 141 696 | 4 580 476 | 3 261 617 | 1 318 859 |
| Côte d'Ivoire | 30 677 969 | 0 | 18 257 204 | 12 420 765 | 6 321 308 | 6 099 457 |
| Cuba | 10 581 121 | 0 | 0 | 10 581 121 | 2 272 855 | 8 308 266 |
| D.R. Congo | 18 742 557 | 0 | 0 | 18 742 557 | 1 634 702 | 17 107 855 |
| Djibouti | 4 461 831 | 2 750 000 | 0 | 1 711 831 | 468 583 | 1 243 248 |
| Dominica | 4 246 460 | 0 | 199 817 | 4 046 643 | 1 773 750 | 2 272 893 |
| Dominican Republic | 29 058 437 | 10 600 000 | 3 561 554 | 14 896 883 | 5 218 031 | 9 678 852 |
| Ecuador | 23 821 257 | 0 | 1 783 591 | 22 037 666 | 6 567 466 | 15 470 200 |
| Egypt | 144 839 392 | 9 600 000 | 44 407 169 | 90 832 223 | 29 597 986 | 61 234 237 |
| El Salvador | 58 864 293 | 0 | 24 649 684 | 34 214 609 | 12 586 216 | 21 628 393 |
| Equatorial Guinea | 5 793 838 | 0 | 0 | 5 793 838 | 503 739 | 5 290 099 |
| Eritrea | 16 650 000 | 0 | 8 113 724 | 8 536 276 | 0 | 8 536 276 |
| Ethiopia | 113 774 839 | 14 400 000 | 34 733 365 | 64 641 474 | 10 577 950 | 54 063 524 |
| Gabon | 4 792 609 | 0 | 0 | 4 792 609 | 3 707 290 | 1 085 319 |
| Gambia, The | 20 608 432 | 0 | 4 007 706 | 16 600 726 | 2 241 168 | 14 359 558 |
| Georgia | 10 800 000 | 0 | 6 545 279 | 4 254 721 | 0 | 4 254 721 |
| Ghana | 79 290 184 | 9 750 000 | 22 808 141 | 46 732 043 | 5 239 430 | 41 492 613 |
| Grenada | 3 250 000 | 0 | 2 998 612 | 251 388 | 0 | 251 388 |
| Guatemala | 58 227 360 | 21 550 000 | 16 722 275 | 19 955 085 | 10 751 588 | 9 203 497 |
| Guinea-Bissau | 5 117 134 | 0 | 0 | 5 117 134 | 731 796 | 4 385 338 |
| Guinea | 74 783 729 | 19 350 000 | 13 365 922 | 42 067 807 | 3 356 394 | 38 711 413 |
| Guyana | 12 144 316 | 0 | 4 953 427 | 7 190 889 | 3 900 794 | 3 290 095 |
| Haiti | 52 051 777 | 0 | 27 811 783 | 24 239 994 | 5 409 701 | 18 830 293 |
| Honduras | 66 556 153 | 0 | 19 072 559 | 47 483 594 | 5 463 212 | 42 020 382 |
| India | 339 893 236 | 27 900 000 | 76 514 895 | 235 478 341 | 51 441 059 | 184 037 282 |

Appendix F

| | | | | | | |
|---|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Indonesia ² | 127 825 720 | 15 100 000 | 22 589 025 | 90 136 695 | 35 512 169 | 54 624 526 |
| Jamaica | 2 253 312 | 0 | 0 | 2 253 312 | 2 040 320 | 212 992 |
| Jordan | 25 672 042 | 0 | 8 009 153 | 17 662 889 | 3 980 007 | 13 682 882 |
| Kenya | 50 061 042 | 23 600 000 | 7 019 964 | 19 441 078 | 3 366 144 | 16 074 934 |
| Korea D.P.R. | 50 500 000 | 0 | 10 530 279 | 39 969 721 | 1 876 626 | 38 093 095 |
| Kyrgyzstan | 7 469 449 | 0 | 2 502 546 | 4 966 903 | 0 | 4 966 903 |
| Laos | 36 386 516 | 0 | 9 918 965 | 26 467 551 | 2 536 619 | 23 930 932 |
| Lebanon | 31 384 829 | 10 250 000 | 9 714 044 | 11 420 785 | 5 204 283 | 6 216 502 |
| Lesotho | 14 540 053 | 0 | 4 018 322 | 10 521 731 | 2 154 597 | 8 367 134 |
| Liberia | 10 179 774 | 0 | 0 | 10 179 774 | 0 | 10 179 774 |
| Madagascar ² | 67 916 665 | 10 150 000 | 9 575 029 | 48 191 636 | 5 973 329 | 42 218 307 |
| Malawi ² | 59 390 887 | 10 700 000 | 2 501 108 | 46 189 779 | 8 198 557 | 37 991 222 |
| Maldives | 5 880 830 | 0 | 278 126 | 5 602 704 | 720 153 | 4 882 551 |
| Mali | 61 313 528 | 0 | 19 008 445 | 42 305 083 | 5 925 311 | 36 379 772 |
| Mauritania | 41 467 143 | 7 900 000 | 15 947 483 | 17 619 660 | 3 247 764 | 14 371 896 |
| Mauritius | 8 200 000 | 0 | 6 212 829 | 1 987 171 | 0 | 1 987 171 |
| Mexico | 73 489 810 | 10 500 000 | 19 009 792 | 43 980 018 | 31 728 322 | 12 251 696 |
| Moldova, Republic of | 16 100 000 | 10 300 000 | 2 118 116 | 3 681 884 | 0 | 3 681 884 |
| Mongolia | 14 650 000 | 0 | 11 426 993 | 3 223 007 | 0 | 3 223 007 |
| Morocco | 61 418 705 | 4 550 000 | 24 139 840 | 32 728 865 | 17 738 571 | 14 990 294 |
| Mozambique ² | 81 426 845 | 6 650 000 | 31 254 087 | 43 522 758 | 5 342 415 | 38 180 343 |
| Namibia | 4 200 000 | 0 | 527 781 | 3 672 219 | 1 120 000 | 2 552 219 |
| Nepal | 65 806 798 | 0 | 17 765 071 | 48 041 727 | 9 760 157 | 38 281 570 |
| Nicaragua | 45 582 122 | 10 250 000 | 9 570 029 | 25 762 093 | 3 255 000 | 22 507 093 |
| Niger | 37 029 171 | 7 600 000 | 8 636 003 | 20 793 168 | 2 515 597 | 18 277 571 |
| Nigeria | 84 317 941 | 11 350 000 | 36 808 226 | 36 159 715 | 15 459 694 | 20 700 021 |
| Pakistan ² | 202 971 916 | 15 250 000 | 45 713 687 | 142 008 229 | 54 241 730 | 87 766 499 |
| Panama | 45 000 000 | 0 | 26 636 037 | 18 363 963 | 11 564 565 | 6 799 398 |
| Papua New Guinea | 6 136 672 | 0 | 525 662 | 5 611 010 | 3 161 750 | 2 449 260 |
| Paraguay | 13 079 234 | 0 | 1 447 884 | 11 631 350 | 5 739 998 | 5 891 352 |
| Peru | 51 993 421 | 12 100 000 | 10 210 102 | 29 683 319 | 12 313 118 | 17 370 201 |
| Philippines | 49 703 871 | 0 | 18 826 341 | 30 877 530 | 6 760 800 | 24 116 730 |
| Romania | 12 400 000 | 0 | 9 378 746 | 3 021 254 | 0 | 3 021 254 |
| Rwanda ² | 80 188 993 | 10 650 000 | 30 453 809 | 39 085 184 | 5 297 861 | 33 787 323 |
| Saint Lucia | 1 550 000 | 0 | 307 912 | 1 242 088 | 258 300 | 983 788 |
| Saint Vincent and the Grenadines | 1 484 045 | 0 | 0 | 1 484 045 | 690 106 | 793 939 |
| Samoa | 1 907 723 | 0 | 0 | 1 907 723 | 291 674 | 1 616 049 |
| Sao Tome and Principe | 13 772 528 | 0 | 7 668 979 | 6 103 549 | 744 034 | 5 359 515 |
| Senegal | 50 595 355 | 0 | 30 795 273 | 19 800 082 | 2 351 196 | 17 448 886 |
| Seychelles | 824 334 | 0 | 0 | 824 334 | 471 885 | 352 449 |
| Sierra Leone | 28 396 564 | 5 900 000 | 1 906 416 | 20 590 148 | 4 125 970 | 16 464 178 |
| Solomon Islands | 2 519 083 | 0 | 0 | 2 519 083 | 300 769 | 2 218 314 |
| Somalia | 17 709 534 | 0 | 0 | 17 709 534 | 410 968 | 17 298 566 |
| Sri Lanka | 58 645 806 | 0 | 5 216 483 | 53 429 323 | 8 996 509 | 44 432 814 |
| Sudan ² | 95 649 504 | 17 450 000 | 12 543 974 | 65 655 530 | 13 555 140 | 52 100 390 |
| Swaziland | 16 352 735 | 11 900 000 | 0 | 4 452 735 | 1 700 000 | 2 752 735 |
| Syria | 59 014 816 | 0 | 37 590 491 | 21 424 325 | 10 013 334 | 11 410 991 |
| Tanzania, United Republic of | 82 158 332 | 0 | 28 540 241 | 53 618 091 | 2 138 032 | 51 480 059 |
| Thailand | 6 562 653 | 0 | 0 | 6 562 653 | 5 103 531 | 1 459 122 |
| The Former Yugoslav Republic of Macedonia | 11 850 000 | 0 | 7 298 719 | 4 551 281 | 0 | 4 551 281 |
| Togo | 17 973 930 | 0 | 675 157 | 17 298 773 | 1 520 745 | 15 778 028 |
| Tonga | 4 837 121 | 0 | 0 | 4 837 121 | 496 979 | 4 340 142 |
| Tunisia | 59 039 311 | 0 | 22 482 431 | 36 556 880 | 19 907 897 | 16 648 983 |
| Turkey | 31 692 911 | 9 250 000 | 6 913 933 | 15 528 978 | 10 537 588 | 4 991 390 |
| Uganda ² | 104 320 096 | 13 900 000 | 36 768 076 | 53 652 020 | 10 008 497 | 43 643 523 |
| Uruguay | 18 879 950 | 0 | 8 729 708 | 10 150 242 | 4 219 700 | 5 930 542 |
| Venezuela | 39 750 000 | 10 400 000 | 16 713 901 | 12 636 099 | 11 443 531 | 1 192 568 |
| Viet Nam | 60 400 000 | 0 | 19 560 768 | 40 839 232 | 333 750 | 40 505 482 |
| Yemen ² | 111 486 097 | 10 900 000 | 13 564 216 | 87 021 881 | 17 359 213 | 69 662 668 |
| Zambia | 63 473 699 | 0 | 15 989 129 | 47 484 570 | 5 185 676 | 42 298 894 |
| Zimbabwe | 46 158 137 | 0 | 13 982 082 | 32 176 055 | 15 383 160 | 16 792 895 |
| Subtotal | 4 849 401 949 | 445 350 000 | 1 337 035 239 | 3 067 016 710 | 721 811 861 | 2 345 204 849 |
| Fund for Gaza and the West Bank ³ | 5 800 000 | 0 | 5 421 218 | 378 782 | 0 | 378 782 |
| USD equivalent | 7 288 729 399 | 661 984 393 | 1 995 475 972 | 4 631 269 034 | 1 009 979 443 | 3 621 289 591 |
| Exchange adjustment on SDR loan repayments | (92 022 071) | | | (92 022 071) | | (92 022 071) |
| 31 December 2003 | | | | | | |
| USD | 7 196 707 328 | 661 984 393 | 1 995 475 972 | 4 539 246 963 | 1 009 979 443 | 3 529 267 520 |
| 31 December 2002 | | | | | | |
| USD | 6 462 277 347 | 642 169 272 | 1 707 712 898 | 4 112 395 177 | 1 027 182 529 | 3 085 212 648 |

Appendix F

Statement of Loans¹
As at 31 December
Summary (in USD '000)

| Approved Loans | | | | | Value in USD | | | | | |
|--|-----|-------------------|--------------------|--------------------------|-------------------|-------------------|--------------------|--------------------------|--|-------------------|
| | | As at 31.12.02 | Loans Cancelled | Loans Fully Repaid | As at 31.12.03 | As at 31.12.02 | Loans Cancelled | Loans Fully Repaid | Movement in Exchange Rate SDR/USD | As at 31.12.03 |
| 1978 | USD | 68 530 | | | 68 530 | 68 530 | | | | 68 530 |
| 1979 | SDR | 210 786 | | | 210 786 | 286 568 | | | 26 752 | 313 320 |
| 1980 | SDR | 187 228 | | | 187 228 | 254 540 | | | 23 762 | 278 302 |
| 1981 | SDR | 188 716 | | | 188 716 | 256 563 | | | 23 951 | 280 514 |
| 1982 | SDR | 127 943 | | (24 833) | 103 110 | 173 941 | | (33 761) | 13 086 | 153 266 |
| 1983 | SDR | 205 842 | | (52 929) | 152 913 | 279 846 | | (71 958) | 19 407 | 227 295 |
| 1984 | SDR | 160 092 | | (7 054) | 153 038 | 217 648 | | (9 590) | 19 423 | 227 481 |
| 1985 | SDR | 94 338 | | (5 584) | 88 754 | 128 255 | | (7 592) | 11 264 | 131 927 |
| 1986 | SDR | 63 331 | | | 63 331 | 86 100 | | | 8 038 | 94 138 |
| 1987 | SDR | 94 454 | | | 94 454 | 128 412 | | | 11 988 | 140 400 |
| 1988 | SDR | 99 606 | | (7 800) | 91 806 | 135 416 | | (10 604) | 11 652 | 136 464 |
| 1989 | SDR | 119 821 | (650) | (10 919) | 108 252 | 162 899 | (884) | (14 885) | 13 780 | 160 910 |
| 1990 | SDR | 129 111 | | (883) | 128 228 | 175 529 | | (1 200) | 16 274 | 190 603 |
| 1991 | SDR | 150 895 | (2 654) | | 148 241 | 205 145 | (3 608) | | 18 814 | 220 351 |
| 1992 | SDR | 170 066 | (333) | | 169 733 | 231 208 | (453) | | 21 542 | 252 297 |
| 1993 | SDR | 185 884 | (1 404) | | 184 480 | 252 713 | (1 909) | | 23 414 | 274 218 |
| 1994 | SDR | 195 356 | (3 571) | | 191 785 | 265 590 | (4 855) | | 24 341 | 285 076 |
| 1995 | SDR | 251 100 | (10 047) | | 241 053 | 341 376 | (13 659) | | 30 593 | 358 310 |
| 1996 | SDR | 253 807 | (8) | | 253 799 | 345 056 | (11) | | 32 211 | 377 256 |
| 1997 | SDR | 288 210 | | | 288 210 | 391 827 | | | 36 579 | 428 406 |
| 1998 | SDR | 299 700 | (4 816) | | 294 884 | 407 448 | (6 547) | | 37 425 | 438 326 |
| 1999 | SDR | 316 050 | | | 316 050 | 429 676 | | | 40 112 | 469 788 |
| 2000 | SDR | 312 250 | | | 312 250 | 424 510 | | | 39 630 | 464 140 |
| 2001 | SDR | 316 850 | | | 316 850 | 430 764 | | | 40 214 | 470 978 |
| 2002 | SDR | 281 400 | | | 281 400 | 382 569 | | | 35 715 | 418 284 |
| 2003 | SDR | | | | 285 850 | | | | | 424 898 |
| Total | SDR | 4 702 836 | (23 483) | (110 002) | 4 855 201 | | | | | |
| | USD | 68 530 | | | 68 530 | | | | | |
| Total | | | | | USD | 6 462 129 | (31 926) | (149 590) | 579 967 | 7 285 478 |
| Exchange adjustment on loans disbursed | | | | | | 148 | | | | (88 771) |
| | | | | | | USD | 6 462 277 | | | 7 196 707 |

Maturity Structure of Outstanding Loans
As at 31 December 2003

| PERIODS | USD '000 |
|------------------------------------|------------------|
| 1 January 2004 to 31 December 2004 | 185 875 |
| 1 January 2005 to 31 December 2005 | 145 116 |
| 1 January 2006 to 31 December 2006 | 144 907 |
| 1 January 2007 to 31 December 2007 | 141 684 |
| 1 January 2008 to 31 December 2008 | 140 815 |
| 1 January 2009 to 31 December 2013 | 757 172 |
| 1 January 2014 to 31 December 2018 | 582 885 |
| 1 January 2019 to 31 December 2023 | 487 706 |
| 1 January 2024 to 31 December 2028 | 438 956 |
| 1 January 2029 and thereafter | 504 152 |
| Total | 3 529 268 |

¹ Loans approved in 1978 were denominated in United States dollars and are repayable in the currencies in which withdrawals are made. From 1979, loans have been denominated in SDRs and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDRs has been valued at the USD/SDR rate of 1.48644/1 at 31 December 2003. Since the loans were valued at 31 December 2002 at the then prevailing rate of 1.35952/1, there is an increase in value in terms of United States dollars of USD 579 967 000, attributable to the movement in exchange rates from 31 December 2002 to 31 December 2003 (from 2001 to 2002, there was a increase in value in terms of United States dollars of USD 454 475 000).

² Repayment amounts include participation by The Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and a corresponding increase in committable resources.

³ See Appendix H, Note 3(e).

Appendix F

Statement of Loans – Special Programme for Africa
As at 31 December

| Borrower or Guarantor | Approved Loans Less Cancellations | Loans Not Yet Effective | Effective Loans | | | | Outstanding Loans |
|---|---|----------------------------|------------------------|----------------------|-------------------|--|----------------------|
| | | | Undisbursed Portion | Disbursed Portion | Repayments | | |
| SDR Loans ¹ | SDR | SDR | SDR | SDR | SDR | | SDR |
| Angola | 2 767 309 | 0 | 938 007 | 1 829 302 | 40 887 | | 1 788 415 |
| Burkina Faso | 10 546 114 | 0 | 0 | 10 546 114 | 869 412 | | 9 676 702 |
| Burundi | 5 050 000 | 0 | 496 985 | 4 553 015 | 0 | | 4 553 015 |
| Cape Verde | 2 182 547 | 0 | 0 | 2 182 547 | 209 370 | | 1 973 177 |
| Chad | 9 617 099 | 0 | 0 | 9 617 099 | 318 949 | | 9 298 149 |
| Comoros | 2 450 000 | 0 | 524 043 | 1 925 957 | 0 | | 1 925 957 |
| Djibouti | 113 718 | 0 | 0 | 113 718 | 8 532 | | 105 186 |
| Ethiopia | 6 816 469 | 0 | 0 | 6 816 469 | 816 690 | | 5 999 779 |
| Gambia, The | 2 638 448 | 0 | 0 | 2 638 448 | 263 840 | | 2 374 608 |
| Ghana | 22 321 749 | 0 | 7 171 | 22 314 578 | 1 806 172 | | 20 508 406 |
| Guinea | 10 761 866 | 0 | 0 | 10 761 866 | 1 344 242 | | 9 417 624 |
| Guinea-Bissau | 2 126 406 | 0 | 0 | 2 126 406 | 79 740 | | 2 046 666 |
| Kenya | 13 887 096 | 0 | 5 846 548 | 8 040 547 | 641 964 | | 7 398 583 |
| Lesotho | 7 481 439 | 0 | 0 | 7 481 439 | 658 500 | | 6 822 939 |
| Madagascar | 1 098 064 | 0 | 0 | 1 098 064 | 0 | | 1 098 064 |
| Malawi | 5 776 933 | 0 | 0 | 5 776 933 | 0 | | 5 776 933 |
| Mali | 10 193 236 | 0 | 0 | 10 193 236 | 1 533 540 | | 8 659 696 |
| Mauritania | 19 087 176 | 0 | 19 245 | 19 067 931 | 1 712 780 | | 17 355 151 |
| Mozambique | 8 291 210 | 0 | 0 | 8 291 210 | 1 347 320 | | 6 943 890 |
| Niger | 12 339 566 | 0 | 1 287 533 | 11 052 033 | 1 623 540 | | 9 428 493 |
| Senegal | 23 376 422 | 0 | 556 719 | 22 819 703 | 1 881 922 | | 20 937 781 |
| Sierra Leone | 1 505 254 | 0 | 0 | 1 505 254 | 18 816 | | 1 486 438 |
| Sudan | 26 012 587 | 0 | (54 839) | 26 067 425 | 2 322 750 | | 23 744 675 |
| Tanzania, United Republic of | 6 789 416 | 0 | 0 | 6 789 416 | 678 960 | | 6 110 456 |
| Uganda | 8 123 651 | 0 | 0 | 8 123 651 | 1 218 540 | | 6 905 111 |
| Zambia | 8 606 704 | 0 | 0 | 8 606 704 | 1 252 302 | | 7 354 402 |
| Subtotal | 229 960 478 | 0 | 9 621 413 | 220 339 066 | 20 648 769 | | 199 690 297 |
| USD Equivalent¹ | 341 821 598 | | 14 301 617 | 327 519 981 | 27 540 917 | | 299 979 062 |
| Exchange adjustment on SDR Loan Repayments | (3 152 162) | | | (3 152 162) | | | (3 152 162) |
| 31 December 2003 | | | | | | | |
| USD | 338 669 436 | | 14 301 617 | 324 367 819 | 27 540 917 | | 296 826 900 |
| 31 December 2002 | | | | | | | |
| USD | 313 795 567 | | 17 790 006 | 296 005 561 | 21 516 324 | | 274 489 237 |
| Summary (in USD'000) | | | | | | | |

Approved Loans

| | | At 31.12.02 | Loans Cancelled | At 31.12.03 | At 31.12.02 | Loans Cancelled | Movement in Exchange Rate | | At 31.12.03 |
|--------------|------------|----------------|--------------------|----------------|----------------|--------------------|---------------------------------|--|----------------|
| | | | | | | | SDR/USD | | |
| 1986 | SDR | 24 902 | | 24 902 | 33 855 | 0 | 3 160 | | 37 015 |
| 1987 | SDR | 41 292 | | 41 292 | 56 137 | 0 | 5 241 | | 61 378 |
| 1988 | SDR | 34 770 | | 34 770 | 47 271 | 0 | 4 412 | | 51 683 |
| 1989 | SDR | 25 756 | | 25 756 | 35 016 | 0 | 3 269 | | 38 285 |
| 1990 | SDR | 17 370 | | 17 370 | 23 615 | 0 | 2 204 | | 25 819 |
| 1991 | SDR | 18 261 | (15) | 18 246 | 24 826 | (20) | 2 315 | | 27 121 |
| 1992 | SDR | 6 952 | | 6 952 | 9 451 | 0 | 883 | | 10 334 |
| 1993 | SDR | 37 944 | (1 317) | 36 627 | 51 586 | (1 790) | 4 648 | | 54 444 |
| 1994 | SDR | 16 548 | | 16 548 | 22 497 | 0 | 2 101 | | 24 518 |
| 1995 | SDR | 7 498 | | 7 498 | 10 193 | 0 | 952 | | 11 145 |
| Total | SDR | 231 293 | (1 332) | 229 961 | 314 447 | (1 810) | 29 185 | | 341 822 |

Appendix F

Maturity Structure of Outstanding Loans
As at 31 December 2003

| PERIODS | USD '000 |
|------------------------------------|-----------------|
| 1 January 2004 to 31 December 2004 | 8 763 |
| 1 January 2005 to 31 December 2005 | 8 630 |
| 1 January 2006 to 31 December 2006 | 8 974 |
| 1 January 2007 to 31 December 2007 | 8 974 |
| 1 January 2008 to 31 December 2008 | 8 974 |
| 1 January 2009 to 31 December 2013 | 44 870 |
| 1 January 2014 to 31 December 2018 | 43 122 |
| 1 January 2019 to 31 December 2023 | 42 857 |
| 1 January 2024 to 31 December 2028 | 41 286 |
| 1 January 2029 and thereafter | 80 377 |
| Total | 296 827 |

¹ Loans have been denominated in SDR and, for purposes of presentation in the balance sheet, the accumulated amount has been valued at the USD/SDR rate of 1.48644/1 as at 31 December 2003. Since the loans were valued at 31 December 2002, at the then prevailing rate of 1.35952/1, there has been an increase in value in terms of United States dollars of USD 29 185 000, attributable to the movement in exchange rates from 31 December 2002 to 31 December 2003 (from 2001 to 2002 there was an increase in value in terms of United States dollars of USD 23 775 000).

Appendix G

Summary of the Debt Initiative for Heavily Indebted Poor Countries

As at 31 December (expressed in thousands of United States dollars)

At 31 December 2003, the cumulative position of the debt relief provided and estimated to be provided, under both the original and enhanced Debt Initiative for HIPC's, is as follows:

| | Debt Relief Provided to Date | | Debt Relief to Be Provided | | Total | | Total |
|--|------------------------------|---------------|----------------------------|---------------|----------------|---------------|----------------|
| | Principal | Interest | Principal ¹ | Interest | Principal | Interest | |
| Benin | 400 | 155 | 4 601 | 2 140 | 5 001 | 2 295 | 7 296 |
| Bolivia | 6 310 | 1 982 | 3 056 | 1 635 | 9 366 | 3 617 | 12 983 |
| Burkina Faso | 1 674 | 985 | 11 106 | 2 247 | 12 780 | 3 232 | 16 012 |
| Cameroon | | | 854 | 410 | 854 | 410 | 1 264 |
| Chad | | | 1 169 | 599 | 1 169 | 599 | 1 768 |
| Côte d'Ivoire | | | 159 | 21 | 159 | 21 | 180 |
| D.R. Congo | 2 062 | 336 | 26 966 | 38 | 29 028 | 374 | 29 402 |
| Ethiopia | | | 17 368 | 5 834 | 17 368 | 5 834 | 23 202 |
| Gambia | | | 1 598 | 890 | 1 598 | 890 | 2 488 |
| Ghana | | | 20 347 | 7 010 | 20 347 | 7 010 | 27 357 |
| Guinea | | | 5 075 | 2 600 | 5 075 | 2 600 | 7 675 |
| Guinea-Bissau | | | 2 704 | 1 189 | 2 704 | 1 189 | 3 893 |
| Guyana | 730 | 185 | 201 | 310 | 931 | 495 | 1 426 |
| Honduras | | | 641 | 598 | 641 | 598 | 1 239 |
| Madagascar | | | 7 551 | 3 200 | 7 551 | 3 200 | 10 751 |
| Malawi | | | 10 638 | 4 224 | 10 638 | 4 224 | 14 862 |
| Mali | 2 288 | 1 093 | 4 567 | 2 053 | 6 855 | 3 146 | 10 001 |
| Mauritania | 927 | 536 | 10 848 | 3 858 | 11 775 | 4 394 | 16 169 |
| Mozambique | 3 594 | 1 591 | 9 407 | 3 463 | 13 001 | 5 054 | 18 055 |
| Nicaragua | | | 19 118 | 3 346 | 19 118 | 3 346 | 22 464 |
| Niger | | | 8 524 | 3 332 | 8 524 | 3 332 | 11 856 |
| Rwanda | | | 15 878 | 4 598 | 15 878 | 4 598 | 20 476 |
| Sao Tome and Principe | | | 4 662 | 1 211 | 4 662 | 1 211 | 5 873 |
| Senegal | | | 2 121 | 1 035 | 2 121 | 1 035 | 3 156 |
| Sierra Leone | | | 13 494 | 3 863 | 13 494 | 3 863 | 17 357 |
| Tanzania, United Republic of | 1 746 | 1 059 | 18 242 | 5 980 | 19 988 | 7 039 | 27 027 |
| Uganda | 6 504 | 3 098 | 4 998 | 9 962 | 11 502 | 13 060 | 24 562 |
| Zambia | | | 30 079 | 0 | 30 079 | 0 | 30 079 |
| 31 December 2003 | 26 235 | 11 020 | 255 972 | 75 646 | 282 207 | 86 666 | 368 873 |
| Less future interest on debt relief not accrued | | | | | | | (75 646) |
| Total cumulative cost of debt relief as at 31 December 2003 | | | | | | | 293 227 |
| 31 December 2002 | 16 860 | 7 145 | 236 056 | 66 404 | 252 915 | 73 549 | 326 464 |
| Less future interest on debt relief not accrued | | | | | | | (66 403) |
| Total cumulative cost of debt relief as at 31 December 2002 | | | | | | | 260 061 |

¹ See Appendix H, Note 11(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Appendix H

Note 1: Brief Description of the Fund and the Nature of Operations

The International Fund for Agricultural Development (IFAD or the Fund) is a specialized agency of the United Nations. IFAD formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force, and has its headquarters in Rome, Italy. The Fund and its operations are governed by the *Agreement Establishing the International Fund for Agricultural Development*.

Membership in the Fund is open to any state member of the United Nations or any of its specialized agencies, or of the International Atomic Energy Agency (IAEA). The Fund's resources come from Member contributions, special contributions from non-Member States and other sources, and funds derived or to be derived from operations.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms primarily for financing projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

Note 2: Summary of Significant Accounting and Related Policies

(a) Basis of Accounting

The Consolidated Financial Statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The format of the Consolidated Statement of Revenue and Expenses (formally called the Statement of Activities and Changes in Net Assets) is changed from 2003 onwards in order to present the operations of the Fund more concisely. Similarly, the expenditures incurred by the Fund have been classified on a more consistent basis. Certain data have been aggregated in the balance sheet on the grounds of immateriality. Certain reclassifications of the prior year's information have been made to conform to the current year's presentation.

Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant judgements have been used in the computation of estimated losses for the Debt Initiative for HIPCs and overdue loan repayments.

Financing in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. As such, from 2003 on the Fund prepares consolidated accounts, which include the transactions and balances for the following entities:

- Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification
- Other supplementary funds, including cofinancing, associate professional officers and programmatic supplementary funds; the Belgian Survival Fund Joint Programme; and the Global Environment Facility
- Debt Initiative for HIPCs Trust Fund
- After-Service Medical Coverage Scheme Trust Fund

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. Accordingly, from 2003 on they are consolidated in IFAD's financial statements for reasons of completeness and clarity. Prior to 2003, separate financial statements were drawn up for the BSF.JP and other supplementary funds, which were not included in IFAD's financial statements on the basis of immateriality. Additional financial data for these funds will be drawn up as and when requested to meet donor requirements. All transactions and balances between these entities have been eliminated.

This change to prepare consolidated accounts has been applied retroactively and comparative information has been restated accordingly. Certain information is provided in the accounts for entities separately where this is deemed of interest to the readers of the accounts.

Loans are stated at cost, less an allowance for losses due to impairment (i.e. possible reduction in the value of an asset) to be made in cases where the full amount of the loan is not being repaid in accordance with the original repayment schedule. In addition, in instances where IFAD participates in debt relief under the Debt Initiative for HIPCs framework, an allowance is established for the estimated impairment loss.

The Fund carries its investment securities at market value, with the exception of selected securities that the Fund intends to hold until maturity, which are carried on the basis of cost. Both realized and unrealized security gains and losses are included in income from investments as they arise. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date, which is the date that the Fund commits to purchase or sell the assets. Costs of purchase include transaction costs.

Service charge income and income from other sources is recognized as revenue in the period in which the related expenditures are incurred. In 2002 these revenues were set directly against the related costs in the accounts. From 2003 on, they are shown gross of the related costs for reasons of improved transparency. For 2002, figures have been restated accordingly, as shown in Note 5.

A contribution for IFAD replenishment resources is recorded in full as receivable when the Member deposits its instrument of contribution. Amounts receivable from Member States as contributions, loans and other receivables have been recorded at their full value except for the policy on overdue contributions described in subparagraph (f) below and on overdue loans and the Debt Initiative for HIPCs described three paragraphs above.

Contributions for non-replenishment resources are recorded as revenues in the period in which the related expenditures occur. For cofinancing activities, contributions received are recorded as revenues in the period in which the related grant is approved. Grants approved are therefore included as expenditures in the statement of revenues and expenses. Contributions relating to programmatic grants, associate professional officers (APOs) and other supplementary funds are recorded in the balance sheet as deferred income and are reduced by the amount of project-related expenses in the statement of revenues and expenses. Where specified in the donor agreements, contributions received and interest earned thereon, for which no direct expenditures have yet been incurred, are deferred until future periods to be matched against the related costs.

Grants, with the exception of cofinancing activities mentioned above, are recorded as expenditures on effectiveness of the approved amount and as a liability for undisbursed amounts. Cancellations of grants are recognized as an offset to the expense in the period in which they occur.

The cost of office furniture and equipment is charged directly to expense when purchased. The expenditures involved are not material in the context of the total assets of IFAD's consolidated accounts and therefore its presented financial position. In addition,

the annual expenditures do not have a significant effect on the reported results of operations. Furthermore, most office furniture and some equipment is reimbursed to IFAD and therefore actually owned by the Host Government. IFAD maintains an inventory system and performs controls to monitor the related assets.

Retained earnings represent the excess of revenue over expenses net of the effects of changes in foreign exchange rates. The resulting balance is considered a reserve for accounting purposes only and is in fact currently fully committed for loans and grants. For operational purposes, reference should be made to the Statement of IFAD-Only Resources Available for Commitment (Appendix D).

(b) Area of Consolidation

Financing for IFAD's supplementary funds is given for the following principal purposes: technical assistance grants, cofinancing, associate professional officers and programmatic or thematic funds.

Supplementary funds administered by IFAD also include BSF.JP, whose main activities relate to improvement of household food security and nutritional status in specific developing-country areas, capacity-building and empowerment. The BSF.JP is housed by IFAD, although the programme of work is agreed with the Belgian Government in the context of annual steering committee meetings. Furthermore, in 2002, IFAD became the executing agency for supervision of a global environment facility project in Mali.

IFAD has established two trust funds, whose transactions and balances are included in these Consolidated Financial Statements. Please refer to Notes 7(c) and 11 for further information.

Entities Housed at IFAD

Other entities are housed at IFAD, although they do not form part of the core activities of the Fund and, as such, are not included in IFAD's accounts. These are the International Land Coalition (ILC) (formally called the Popular Coalition to Eradicate Hunger and Poverty) and the Global Mechanism of the United Nations Convention to Combat Desertification (GM). The ILC and GM are separate entities, and further financial data can be found in their respective financial statements.

(c) Translation and Conversion of Currencies

The Fund, as an international organization, conducts its operations in several currencies, and at the present time maintains its accounting records in United States dollars. The financial statements are expressed in United States dollars solely for the purpose of summarizing the financial position.

The Fund has translated all items in its balance sheet, except its Member States' contributions in currencies other than the United States dollar, at market rates of exchange at year-end. Member States' contributions have been translated at market rates of exchange as at date of receipt in respect of cash, including drawdown payments, and at market rates of exchange as at date of disbursement in the case of non-convertible currencies.

From 2003 on management also prepares IFAD's total assets in SDR (Appendix B2), given that a majority of its assets are denominated in SDR and/or SDR currencies. This statement has been included solely for the purpose of providing additional information to readers of the accounts.

Revenue and expense items in currencies other than the United States dollar have been recorded at appropriate rates of exchange during the period.

The exchange adjustments arising from the translation of assets and liabilities in currencies other than the United States dollar are credited or charged to an exchange adjustment account and included in the statement of revenues and expenses.

The following rates of 1 unit of SDR in terms of USD as at 31 December were used:

| Year | USD |
|------|---------|
| 2001 | 1.25673 |
| 2002 | 1.35952 |
| 2003 | 1.48644 |

The movement in the account for foreign exchange rates is explained as follows:

| | USD '000 | |
|---|----------|-----------|
| | 2003 | 2002 |
| Opening balance at 1 January | 203 032 | (170 337) |
| Exchange movements for the year on: | | |
| Cash and investments | 172 699 | 119 954 |
| Equities | 13 601 | 20 766 |
| Net receivables/payables | (196) | (776) |
| Loans and grants outstanding | 299 100 | 228 557 |
| Promissory notes and Members' receivables | 50 484 | 56 649 |
| Member States' contributions | (47 775) | (51 241) |
| Net exchange loss on operations | (1 174) | (540) |
| Total movements in the year | 486 739 | 373 369 |
| Closing balance at 31 December | 689 771 | 203 032 |

(d) Valuation of Financial Instruments

(i) **Investments:** With the exception of selected securities that the Fund intends to hold until maturity, which are carried at cost, all investment securities held by the Fund are held for trading and are reported at estimated fair value, represented by the quoted market value at the balance-sheet date. Both purchases and sales of investment securities are accounted for at trade date.

(ii) **Loans:** Loans are carried in the financial statements at cost, i.e. at the full-face amount of the borrower's outstanding obligations, less an allowance for impairment losses.

(e) Provisions

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave and long-service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service separation entitlements as a result of services rendered by employees up to the balance-sheet date.

(f) Provisions against Overdue Member States' Contributions

The policy on provisions against overdue Member States' contributions is as follows:

(i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

(ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e., a replenishment period).

(iii) The end of the financial year is currently used for determining the 24- and 48-month periods.

(g) Consolidated Cash-Flow Statement

For the purpose of the cash-flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks. They also include investments that are readily convertible at the balance-sheet date. Equities and net investment payables are excluded from readily convertible investments for cash-flow purposes in accordance with the related accounting standard.

(h) IFAD Resources Available for Commitment

Resources available for commitment are those resources in freely convertible currencies defined in Article 4, Section 1, of the *Agreement Establishing IFAD*, which have been contributed by Member States and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

The policy for determining resources available for commitment is as follows:

(i) Only actual payments in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.

(ii) As of 2003 provisions have been established for overdue promissory notes as per section (f) above. In prior years, the related periods for subsections (i) and (ii) above were 18 and 36 months respectively. Alignment of the periods for determining provisions in the balance sheet and statement of resources was done in the interests of consistency.

(iii) The Executive Board has authority to employ advance commitment authority (ACA) prudently and cautiously to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. ACA has been used since 2001, as regular resources have not been sufficient to meet loan and grant commitments.

A loan or grant is considered to be committed when a formal agreement is signed by the Fund and the respective borrower or grantee. PDFF costs are considered to be committed when the associated milestone for each type of activity has been reached. The Fund's Executive Board reviews a statement of resources available for commitment at every Executive Board meeting to ensure that resources are available to meet loans and grants presented for approval.

(i) Accounting Changes

As of 2003 the Fund has:

- drawn up consolidated accounts, as indicated in Note 2 (a). Comparative figures have been adjusted to conform to the presentation in the current year;
- changed its accounting policy on contributions received from donors to finance specific activities, i.e. BSF.JP and HPCs. Prior to 2003, these contributions were included as complementary contributions together with regular contributions in the balance sheet. From 2003 on these contributions are recognized as income within the statement of revenues and expenses and matched against the related expenditures, in order to align with the accounting principle adopted for supplementary funds and present more clearly the underlying nature of these balances. A summary of the new accounting principle can be found in Note 6;
- changed the presentation of service-charge income received from supplementary funds and entities housed at IFAD. Prior to 2003, this income was set directly against the related (staff) costs. From 2003 on the income and expenditures are grossed up for reasons of

transparency. The comparative figures have been restated accordingly. A summary of the impact of this change is included in Note 5;

- aligned the time period used for determining exclusion states for Members that have overdue contributions as described in section (h) above. The effect of this change is described in Note 14 (c).

Note 3: Loans

(a) Background to Loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan becomes effective when IFAD has received a satisfactory legal opinion from the borrower and any other conditions precedent to effectiveness have been fulfilled. Upon effectiveness, disbursement may commence.

Loan repayments and related interest payments for loans approved during 1978 are required to be made in the currency in which the respective portion of the loan was advanced or as specified in the loan agreement. In respect of all Fund loans approved after 1 January 1979, loan repayments and interest are payable in the currency specified in the loan agreement in amounts equivalent to the SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

Currently the lending terms of the Fund are as follows:

“(a) Special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50%) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (c) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100%) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; (d) no commitment charge shall be levied on any loan.”

Loans are stated at cost, minus an allowance for impairment losses. IFAD reviews its loan portfolio regularly for impairment. It makes an allowance in the event of any uncertainty about the receipt of the full amount in accordance with the original repayment schedule. The resulting write-down does not extinguish the liability of any Member State to discharge its obligations. If the write-down is no longer required, it is reversed. The net movement in the allowance for impairment loss is included as a separate line in the statement of revenues and expenses and also separately on the face of the balance sheet.

(b) Accumulated Allowance for Impairment Losses

The allowance is based on the difference between expected cash flows derived from those calculated on the estimated or renegotiated repayment schedule and the nominal value. The entire loan, and not just the overdue instalment, is subject to impairment. In cases where it is not possible to estimate with any reasonable certainty the expected cash flows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is allowed that adopts a method similar to the benchmark used for the provisioning of Members States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months for all cases where a settlement plan is not being actively followed. An allowance is also made for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all

outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance-sheet date.

An analysis of the accumulated allowance for loan impairment losses is shown below:

| | USD '000 | |
|--|---------------|---------------|
| | 2003 | 2002 |
| Balance at beginning of year | 78 071 | 72 237 |
| Net (reduction)/ increase in allowance | (17 546) | 5 834 |
| Balance at end of year | <u>60 525</u> | <u>78 071</u> |

(c) **Non-Accrual Status**

For loans with overdue amounts in excess of 180 days interest and service charges are recognized as income only when actually received. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

Had these amounts been recognized as income, income from loans as reported in the statement of revenues and expenses for the year 2003 would have been greater by USD 3 466 000 (2002 – USD 2 844 000). The corresponding figures relating to SPA were USD 50 000 (2002 – USD 47 000). The Member States concerned are shown below:

(i) **Borrowers in Non-Accrual Status – IFAD**

| | USD '000 | | 31 December 2003 | |
|--------------------------|-----------------------|-------------------|----------------------------|------------------|
| | Principal Outstanding | Principal Overdue | Income Not Accrued in 2003 | In Arrears Since |
| Central African Republic | 25 242 | 2 233 | 295 | May 2001 |
| Cuba | 9 857 | 12 721 | 468 | Sept. 1989 |
| D.R. Congo | 20 297 | 5 010 | 247 | Feb. 1993 |
| Guinea-Bissau | 5 203 | 931 | 63 | Nov. 1995 |
| Haiti | 9 659 | 223 | 118 | Oct 2002 |
| Liberia | 12 078 | 10 269 | 417 | Nov. 1995 |
| Paraguay | 6 990 | 1 438 | 552 | Oct 2002 |
| Seychelles | 418 | 145 | 37 | Jan. 2002 |
| Sierra Leone | 19 534 | 1 367 | 243 | Mar. 1998 |
| Solomon Islands | 2 632 | 254 | 31 | April 2001 |
| Somalia | 20 524 | 9 255 | 244 | Jan. 1991 |
| Togo | 18 720 | 2 276 | 212 | Sept. 2000 |
| Zimbabwe | <u>19 924</u> | <u>4 252</u> | <u>539</u> | Oct. 2001 |
| Total | <u>171 078</u> | <u>50 374</u> | <u>3 466</u> | |

(ii) **Borrowers in Non-Accrual Status – SPA**

| | USD '000 | | 31 December 2003 | |
|---------------|-----------------------|-------------------|----------------------------|------------------|
| | Principal Outstanding | Principal Overdue | Income Not Accrued In 2003 | In Arrears Since |
| Guinea-Bissau | 2 428 | 391 | 29 | Dec. 1995 |
| Sierra Leone | <u>1 763</u> | <u>0</u> | <u>21</u> | Mar. 1998 |
| Total | <u>4 191</u> | <u>391</u> | <u>50</u> | |

The income from loans reported in the statement of revenues and expenses for 2003 includes USD 2 162 000 (2002 – USD 275 000) in respect of income received relating to prior years.

Details of loans approved and disbursed and of loan repayments appear in Appendix F.

(d) **Further Analysis of Loan Balances**

| | USD '000 | |
|---|------------------|------------------|
| | 2003 | 2002 |
| IFAD approved loans less cancellations and adjustment for movement in value of total SDR loans (Appendix F) | | |
| USD '000 | | |
| 2003 – USD 7 196 707 | | |
| 2002 – USD 6 462 277 | | |
| Effective loans | 6 534 723 | 5 820 108 |
| Undisbursed balance of effective loans | (1 995 476) | (1 707 713) |
| Repayments | (1 009 979) | (1 027 183) |
| Interest Receivable | 18 608 | 16 197 |
| Loans outstanding | <u>3 547 876</u> | <u>3 101 409</u> |

SPA approved loans and adjustment for movements in value of total SDR loans (Appendix F)

| | USD '000 | |
|--|----------------|----------------|
| | 2003 | 2002 |
| 2003 – USD 338 669 | | |
| 2002 – USD 313 796 | | |
| Effective loans | 338 669 | 313 796 |
| Undisbursed balance of effective loans | (14 302) | (17 790) |
| Repayments | (27 541) | (21 516) |
| Loans outstanding | <u>296 826</u> | <u>274 490</u> |

Total approved loans less cancellations and adjustment for movements in value of SDR loans in terms of USD

| | USD '000 | |
|--|------------------|------------------|
| | 2003 | 2002 |
| 2003 – USD 7 535 376 | | |
| 2002 – USD 6 776 073 | | |
| Effective loans | 6 873 392 | 6 133 904 |
| Undisbursed balance of effective loans | (2 009 778) | (1 725 503) |
| Repayments | (1 037 520) | (1 048 699) |
| Interest Receivable | 18 608 | 16 197 |
| Loans outstanding | <u>3 844 702</u> | <u>3 375 899</u> |

(e) **Loans to Non-Member States**

Fund for Gaza and the West Bank (FGWB)

At its Twenty-First Session in February 1998, the Governing Council adopted Resolution 107/XXI approving the establishment of a fund for the specific purpose of lending to the Gaza Strip and the West Bank. The application of Article 7, Section 1(b), of the *Agreement Establishing IFAD* was waived for this purpose. Financial assistance, including loans, is transferred to the FGWB by decision of the Executive Board and the repayment thereof, if applicable, is made directly to IFAD's regular resources.

Note 4: Income from Cash and Investments

(a) **Basic Principles**

The President may place or invest cash funds not needed immediately for the Fund's operations or administrative expenditures.

In investing the resources of the Fund, the President shall be guided by the paramount consideration of security and liquidity. Within these constraints, the President shall seek the highest possible return in a non-speculative manner.

Income earned from investments may, inter alia, be used by the Fund to meet its administrative and other expenditures in accordance with the approved budget.

(b) **Investment Management**

IFAD's current investment policy was adopted in December 2001. The investment policy allocates 5% in cash, 44% in government bonds, 23% in diversified fixed-interest instruments, 18% in inflation-indexed bonds and 10% in equities (previous investment policy – 5% in cash, 40% in government bonds, 10% in diversified fixed-interest instruments and 45% in equities) and

has a credit floor of AA- for fixed-interest investments. The current investment policy was fully implemented in 2002 with the exception of the asset class for inflation-indexed bonds. A portion of the inflation-indexed bonds asset class remained unfunded as at 31 December 2003, with the unfunded amount being held in time deposits and government bonds.

Since 1994, management of the major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2003, funds under external management amounted to USD 2 142.6 million (2002 – USD 1 710.2 million), representing some 85.8% (2002 – 77.7%) of total cash and investments.

(c) Risk Management

The Fund has addressed investment risks through the provision of the investment guidelines and custodial arrangements:

(i) **Credit Risk:** The investment guidelines permit investments in time deposits with selected commercial banks, government and government-guaranteed bonds, corporate bonds, bonds issued by multilateral development banks and exchange-traded derivatives of such securities. The eligibility of banks and bond issues is determined on the basis of ratings made by major credit-rating agencies.

(ii) **Market Risk:** Exposure to market risk is adjusted by modifying the duration of the portfolio, depending on the outlook for securities prices. The upper limit for the duration of the fixed-income portion of the portfolio is set at 0-2 years above the benchmarks of respective fixed-income asset classes. Options and futures are held for managing market risk rather than for trading purposes.

(iii) **Currency Risk:** The majority of the Fund's commitments are expressed in SDR. Consequently the overall assets of the Fund, including the investment portfolio and promissory notes, are maintained in such way as to ensure that, to the extent possible, commitments for undisbursed loans and grants denominated in SDR are matched by assets denominated in the currencies and in the ratios of the SDR valuation basket. Similarly, the General Reserve and commitments for grants denominated in United States dollars are matched by assets denominated in USD.

To increase returns, the Fund may invest in securities denominated in currencies other than those included in the SDR valuation basket, and enter into covered forward foreign-exchange agreements in order to maintain the matching in currency terms of commitments denominated in SDR and United States dollars.

(iv) **Custodial Risk:** IFAD has entrusted the safekeeping of its investment assets to a major custodian bank. The custodian safeguards the funds, maintains separate accounts for each externally managed investment subportfolio, and settles the investment transactions initiated by external investment managers. Following a tender process, the Fund changed its custodian bank with effect from 1 April 2003.

(d) Derivative Instruments

The Fund's investment guidelines authorize the use of the following types of derivative instruments:

(i) **Futures:** Futures contracts open at year-end were as follows:

| | 31 December | |
|---|----------------|----------------|
| | 2003 | 2002 |
| Number of contracts open: | | |
| Buy | 1 362 | 1 042 |
| Sell | 713 | 495 |
| Net unrealized gains of open contracts (USD '000) | 881 | 951 |
| Maturity range of open contracts | 67 to 354 days | 59 to 349 days |

(ii) **Options:** IFAD only permits the use of investment in exchange-traded options. It does not write option contracts. Relevant data for options at year-end were as follows:

| | 31 December | |
|--|----------------|----------------|
| | 2003 | 2002 |
| Number of contracts open: | | |
| Buy | 0 | 193 |
| Sell | 683 | 166 |
| Market value of open contracts gain/(loss) (USD '000) | (350) | (226) |
| Net unrealized gains/(losses) of open contracts (USD '000) | 157 | (18) |
| Maturity range of open options | 51 to 348 days | 52 to 349 days |

(iii) **Covered Forwards:** The unrealized market-value gain on forward contracts at 31 December 2003 amounted to USD 191 000 (2002 – loss of USD 77 000). The maturity of forward contracts at 31 December 2003 ranged from 16 to 76 days (31 December 2002 – 16 to 51 days).

(e) Valuation

The Fund records its investment portfolio at market value, with the exception of selected securities that the Fund intends to hold until maturity, and which are therefore carried at cost. Both realized and unrealized gains and losses are recognized in the period to which they relate and are included in income from cash and investments.

(f) Income from Cash and Investments

The gross income from cash and investments for the year ended 31 December 2003 amounted to USD 114 500 000 (2002 – gross income of USD 34 620 000). This figure is gross of direct charges against investment income of USD 5 590 000 (2002 – USD 7 995 000), which from 2003 on are included in expenses. The 2002 figures have been restated accordingly (see Note 8).

| | USD '000 | |
|---|----------------|---------------|
| | 2003 | 2002 |
| Interest from fixed-income investments | 67 515 | 59 154 |
| Dividend income from equities | 4 709 | 7 652 |
| Net income from futures and options | 2 166 | 1 652 |
| Realized capital income from fixed-income securities | 41 532 | 11 671 |
| Realized capital loss from equities | (1 631) | (101 259) |
| Unrealized (loss)/gain from fixed-income securities | (48 374) | 41 852 |
| Unrealized gain from equities | 44 507 | 10 505 |
| Income from securities lending and commission recapture | 430 | 436 |
| Interest income from banks and non-convertible currencies | <u>3 646</u> | <u>2 957</u> |
| Total | <u>114 500</u> | <u>34 620</u> |

The above figures include income for the consolidated entities, as follows:

| | USD '000 | |
|---------------------------------------|----------------|---------------|
| | 2003 | 2002 |
| IFAD | 113 477 | 34 050 |
| ASMCS Trust Fund | 256 | 269 |
| Debt Initiative for HIPC's Trust Fund | 320 | 301 |
| BSF | 297 | 420 |
| Other supplementary funds | 447 | 635 |
| Less: income deferred/retained | (297) | (995) |
| Less: interfund interest | — | (60) |
| Total | <u>114 500</u> | <u>34 620</u> |

The average rate of return on consolidated cash and investments in 2003 was positive 4.9% gross of expenses and positive 4.7% net of expenses (2002 – positive 1.6% gross of expenses, positive 1.2% net of expenses).

The average rate of return on IFAD cash and investments in 2003 was 5.1% positive gross of expenses and 4.9% positive net of expenses (2002 –1.6% positive gross of expenses, 1.3% positive net of expenses).

Note 5: Income from Other Sources

This income relates principally to reimbursement from the Host Government for specific operating expenditures. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. The analysis is as follows:

| | USD '000 | |
|---------------------------|--------------|--------------|
| | 2003 | 2002 |
| Service charges | 111 | 99 |
| Host Government income | 5 357 | 6 147 |
| Income from other sources | <u>144</u> | <u>—</u> |
| Total | <u>5 612</u> | <u>6 246</u> |

In 2002, these revenues were set directly against the related cost in the accounts and the net effect was zero; from 2003 on these revenues are shown gross of the related costs for reasons of improved transparency. The 2002 figures (revenues and related staff costs) have been restated accordingly by the amounts shown above.

Note 6: Contributions Income

Contributions received for non-replenishment resources to finance specific activities are included in the statement of revenues and expenses in the year in which the related expenditure is incurred. For cofinancing activities, contributions received are recorded as revenues in the period in which the related grant is approved. Contributions relating to programmatic grants, associate professional officers and other supplementary funds are recorded in the balance sheet as deferred income and reduced by the amount of project-related expenses in the statement of revenues and expenses.

Prior to 2003, contributions received for the Debt Initiative for HIPC's Trust Fund and BSF.JP were included as complementary contributions together with regular contributions in the balance sheet. From 2003 on these contributions are recognized as income within the statement of revenues and expenses and matched against related expenditures, in order to align with the accounting principle adopted by IFAD's combined supplementary funds and to present the underlying nature of these balances more clearly. Disclosure of these contributions can be found in Appendix E1.

A summary of the net effect of these changes is shown below. The 2003 figures have not been presented, as it is impracticable to do so:

| | USD '000 | | |
|---|-----------------|----------------------|------------------|
| | Prior to Change | Impact of New Policy | Restated Balance |
| 2002 | | | |
| <i>In balance sheet:</i> | | | |
| Complementary contributions | 35 567 | (35 567) | - |
| <i>In statement of revenues and expenditures:</i> | | | |
| Contributions revenue | - | <u>26 170</u> | <u>26 170</u> |

Individual donors provided human resources (APOs) to assist in IFAD's activities. From 2002, the benefits received from donors have been recorded as revenues and the costs included in staff costs.

Note 7: Staff Numbers and Retirement and Medical Benefits

(a) Staff Numbers

Employees that are on IFAD's payroll are part of the benefits system offered by IFAD. These benefits include participation in the United Nations Joint Staff Pension Fund and in the After-Service Medical Coverage Scheme administered by FAO.

The number of approved posts of the Fund, including the President and Vice President, at 31 December was as follows:

| IFAD Posts | 2003 and 2002 |
|-----------------|---------------|
| Professional | 134.0 |
| General Service | <u>181.5</u> |
| Total | <u>315.5</u> |

The number of staff on the payroll of the Fund and other consolidated entities by principal budget source as at 31 December 2003 was as follows:

| | Professional | General Service | Total |
|--------------------|--------------|-----------------|------------|
| IFAD admin. budget | 147 | 244 | 391 |
| IFAD PDFF | 9 | 12 | 21 |
| IFAD other sources | 4 | 10 | 14 |
| BSF.JP | 2 | 3 | 5 |
| APO | 20 | 0 | 20 |
| Programmatic funds | 10 | 3 | 13 |
| Total | <u>192</u> | <u>272</u> | <u>464</u> |

The difference between approved posts and number of staff engaged on the payroll consists in staff engaged on temporary contracts.

As in previous years, IFAD engaged the services of consultants, conference personnel and other temporary staff to enable it to meet its operational needs.

(b) Retirement Plan

IFAD is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted is the Open Group Aggregate method. The cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The latest actuarial valuation was prepared as of 31 December 2001. This valuation revealed a third consecutive actuarial surplus, amounting to 2.92% of pensionable remuneration. IFAD makes contributions on behalf of its staff (currently payable by the participant and IFAD at 7.9% and 15.8%, respectively, of the staff member's pensionable remuneration) and would be liable for its share of the unfunded liability, if any. Total retirement plan contributions made for staff in 2003 amounted to USD 5 460 000 (2002 – USD 4 510 000). "The plan exposes participating enterprises to actuarial risks associated with the current and former

employees of other enterprises, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual enterprises participating in the plan.” (International Accounting Standards Board, *International Accounting Standards 2002*, IAS 19, p.4 (London, 2002).) IFAD is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has not recorded any assets in its accounts in this regard, nor included related information such as the return on plan assets.

(c) After-Service Medical Coverage Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme administered by FAO for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Since 1995, FAO has engaged an actuary to determine the unfunded accrued liability pertaining to the scheme, of which IFAD is allocated its share, currently based on pensionable remuneration. IAS No. 19 requires that this liability be fully provided in the accounts of an organization immediately.

The latest actuarial valuation was carried out as at 31 December 2001. The methodology used was the projected unit-credit-cost method with service prorata. The principal actuarial assumptions used were as follows: discount rate, 6.0%; expected salary increases, 3.0%; medical cost increases, 4.5%; and inflation, 2.5%. The results determined IFAD’s share of the unfunded liability as at 31 December 2001 to be some USD 23.3 million. The 2003 and 2002 financial statements include a provision and related assets constituted as follows as at 31 December:

| | USD million | |
|--|-------------|-------------|
| | 2003 | 2002 |
| Past service costs | | |
| Total provision brought forward | <u>19.1</u> | <u>11.2</u> |
| One fifth of estimated initial deficit of USD 12.9 million | 2.6 | 2.6 |
| One fourth of integration to original deficit of USD 6.8 million | 1.6 | 1.7 |
| Cost charged in year | - | <u>3.6</u> |
| Total charge for unfunded deficit | <u>4.2</u> | <u>7.9</u> |
| Provision carried forward | <u>23.3</u> | <u>19.1</u> |
| Current service costs | | |
| Provision brought forward | 3.3 | 2.6 |
| Charge in year | <u>0.7</u> | <u>0.7</u> |
| Cumulative provision | <u>4.0</u> | <u>3.3</u> |
| Total costs charged in year | <u>4.9</u> | <u>8.6</u> |
| Interest earned | | |
| Interest earned on balances | <u>0.3</u> | <u>0.2</u> |
| Cumulative interest earned | <u>0.5</u> | <u>0.2</u> |
| Total provision at 31 December | <u>27.8</u> | <u>22.6</u> |

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2003, such costs included within staff salaries and benefits in the financial statements amounted to USD 721 000 (2002 – USD 721 000). In 2002 this liability was included as restricted cash in the balance sheet, but in 2003 the balances have been included in the consolidated accounts as non-restricted balances. The comparative figures have been restated accordingly.

It is intended that actuarial valuations will continue to be carried out at least every two years. A new valuation is currently in progress to determine IFAD’s deemed liability as at 31 December 2003, the results of which are expected to be included in IFAD’s 2004 accounts, since they are not available at the time of preparation of the current year accounts.

In accordance with the relevant accounting standard, IFAD has set up a trust fund into which it transfers the accrued assets. This is necessary in order for these assets to qualify as ASMCS assets and as such to be used to offset IFAD’s deemed liability for its former staff under this scheme.

Note 8: Direct Bank and Investment Costs

| | 2003 | USD '000 2002 |
|----------------------------|----------------|------------------|
| Investment management fees | (5 087) | (7 248) |
| Net other charges | <u>(190)</u> | <u>(271)</u> |
| Total | <u>(5 277)</u> | <u>(7 519)</u> |

From 2003 on these costs are included as a separate line item within expenses for reasons of improved clarity and transparency. In prior years, they were set against investment income. The comparative figures have been restated accordingly in order to conform to the 2003 presentation.

Note 9: Operating Expenses

An analysis of IFAD operating expenses by principal funding source is shown in Appendix A2.

The Programme Development Financing Facility finances the multi-year expenditures required for the design, implementation and supervision of projects and programmes financed by loans and grants from IFAD. During 2002 the Fund changed its accounting policy related to costs of the PDFF. The catalyst for this change was the establishment of the PDFF by the Governing Council in February 2001, as a cost category separate from IFAD’s programme of work and budget. From 2002 on, when an obligation is incurred for PDFF costs, the related costs are recorded as a separate line item within expenditures in the statement of revenues and expenses and as a liability in the balance sheet for undisbursed accrued amounts. PDFF commitments are recorded as a deduction from resources available for commitment upon effectiveness of the underlying activities, based on specific milestones for each type of activity.

From 2003 on the costs incurred relating to PDFF, and SCP as well, are classified in the accounts in accordance with the underlying nature of the expense. This change in presentation has been made to ensure more consistency in the reporting of expenditures by cost type. Previously, the costs were included as separate line items in operating expenses, which for 2002 have also been restated to include the effect of expenditures incurred for service charges and other income (see Note 5). The prior year information has been restated accordingly to conform to the current presentation.

As part of the SCP, during 2003 the Fund has implemented new financial systems for the general ledger, contributions and certain expenditures. Financial data has been migrated from the Legacy system of the general ledger as at 1 April 2003. The migration of financial data involved retrieval, conversion and transformation, and required adding new data fields and restructured values to take into account the new activity-based budget structure. During the migration period, business was conducted continuously while waiting for the closure of accounts at 31 March 2003, the data clean-up initiated prior to migration, and the accounting entries required to reflect the changes in accounting principles described in Note 2(i).

Note 10: Grants

The *Agreement Establishing IFAD* empowers the Fund to make grants to its Member States, or to intergovernmental organizations in which its Members participate, on such terms as the Fund deems appropriate.

Grants are recorded at effectiveness as a separate line item of expenditures in the statement of revenues and expenses and as a liability in the balance sheet for undisbursed amounts.

Cancellations of undisbursed balances shall be recognized as an offset to the expense in the period in which they occur. These grants are deducted from resources available on approval by the appropriate authority, consistent with prior years.

Grants include annual funding for entities housed at IFAD, i.e. the International Land Coalition and Global Mechanism:

| | USD '000 | |
|-------|------------|--------------|
| | 2003 | 2002 |
| ILC | 500 | 600 |
| GM | - | 1 250 |
| Total | <u>500</u> | <u>1 850</u> |

Note 11: Debt Initiative for Heavily Indebted Poor Countries

(a) Background to the Debt Initiative for HIPC

IFAD participates in the International Monetary Fund/World Bank original and enhanced Debt Initiative for Heavily Indebted Poor Countries as an element of IFAD's broader policy framework for managing operational partnerships with countries that have arrears with IFAD, or that face the risk of having arrears in the future because of their debt-service burden. Accordingly, IFAD provides debt relief by forgiving a portion of an eligible country's debt-service obligations as they become due.

In 1998, IFAD established a trust fund for the Debt Initiative. This fund receives resources from within IFAD (when approved by the Executive Board) and from other sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. (Refer to Appendix G for details). Amounts of debt service forgiven are expected to be reimbursed by the trust fund on a pay-as-you-go basis to the extent that resources are available in the fund.

IFAD has funded the Debt Initiative in the amount of USD 59.7 million during the period 1998-2003. Details of funding from external donors on a cumulative basis are found in Appendix E1.

(b) Impact of the Debt Initiative for HIPC

Upon approval of individual debt relief by the Executive Board, the nominal value of the principal component of estimated debt relief costs is recorded as a reduction of disbursed and outstanding loans under accumulated allowance for the Debt Initiative for HIPC, and as a charge to income. This estimate is subject to periodic revision. Significant judgements have been used in the computation of the estimated nominal value of allowances for the Debt Initiative.

The accumulated allowance for the Debt Initiative is reduced when debt relief is provided by the trust fund (see subparagraph (c) below).

For a summary of debt relief reimbursed since the start of the Debt Initiative and of that expected in the future, please refer to Appendix G. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for Burundi, the Central African Republic, The Comoros, The Congo, Côte d'Ivoire, Laos, Liberia, Somalia, The Sudan and Togo. Debt relief for these countries at the end of 2002 was announced by the World Bank/International Monetary Fund. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2004. At the time of preparation of the 2003 financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was USD 140 660 000.

Gross investment income amounted to USD 320 000 (2002 – USD 301 000) from Debt Initiative trust fund balances. In 2002 this income was included in the net charge for Debt Initiative commitments in the statement of revenues and expenses, but from 2003 on it is included in consolidated income from cash and investments.

The total cumulative cost of debt relief derives from the following sources:

| | USD '000 | | |
|---|----------------|---------------|----------------|
| | 2003 | Movement | 2002 |
| IFAD contributions 1998-2003 | 59 670 | 27 000 | 32 670 |
| Shortfall between debt relief approved and funds available (Appendix A) | 209 104 | <u>14 010</u> | 195 095 |
| Subtotal (Appendix A1) | | 41 010 | |
| Cumulative net exchange-rate movements | 30 703 | 21 547 | 9 155 |
| Change in accounting principle for contributions | (36 900) | (36 900) | - |
| Total IFAD cumulative cost | <u>262 577</u> | <u>25 657</u> | <u>236 921</u> |
| Contributions from external sources: | | | |
| The Netherlands | 12 487 | 508 | 11 978 |
| Germany | 6 989 | | 6 989 |
| Belgium | 2 713 | | 2 713 |
| Norway | 5 912 | 5 912 | |
| Luxembourg | 778 | 778 | |
| Cumulative net investment income | 1 771 | 311 | 1 460 |
| Total (Appendix G) | <u>293 227</u> | <u>33 166</u> | <u>260 061</u> |

(c) Accumulated Allowance for the Debt Initiative for HIPC

On approval of the Executive Board, the estimated nominal value of the principal component of the debt relief to be provided under the Debt Initiative for HIPC framework is included as a cost to the accumulated allowance for the Debt Initiative. This cost is offset by income receivable from the Debt Initiative trust fund to the extent that resources are available. These amounts are net of any debt relief delivered to date. The balances for the years ended 31 December are summarized below:

| | USD '000 | |
|------------------------------|----------------|----------------|
| | 2003 | 2002 |
| Balance at beginning of year | 236 056 | 189 442 |
| Repayments of principal | (9 375) | (5 969) |
| New approvals | 10 135 | 36 631 |
| Less exchange-rate movements | <u>19 156</u> | <u>15 952</u> |
| Balance at end of year | <u>255 972</u> | <u>236 056</u> |

Note 12: Cash and Investment Balances

(a) Analysis of Balances

| | USD '000 | |
|---|------------------|---------------------------------|
| | 2003 | 2002 (Restated) ¹ |
| Unrestricted cash | 269 965 | 361 270 |
| Cash subject to restriction (Note 12(c)) | <u>394</u> | <u>355</u> |
| Total | <u>270 359</u> | <u>361 625</u> |
| Unrestricted investments | 2 424 410 | 2 078 326 |
| Investments subject to restriction (Note 12(c)) | <u>400</u> | <u>397</u> |
| Total | <u>2 424 810</u> | <u>2 078 723</u> |

¹ See Note 12(b) below.

(b) Classification of Cash and Investment Balances

In 2002, certain balances relating principally to the IFAD Credit Union and supplementary funds/trust fund balances were classified as restricted cash and investments. In the 2003 accounts, these

balances have been reclassified as accounts owing to third parties and unrestricted (consolidated) cash and investments respectively.

(c) Cash and Investments Subject to Restriction

(i) Currencies Not Freely Convertible: Cash and investments held by the Fund at 31 December 2003 in currencies that are not freely convertible amounted to USD 394 000 (2002 - USD 355 000) and USD 400 000 (2002 - USD 397 000) respectively.

In accordance with the *Agreement Establishing IFAD*, the amounts paid into the Fund by the then Category III Member States in their respective currencies on account of their initial or additional contributions are subject to restriction in usage.

(ii) Advance Contributions to the Sixth Replenishment: In 2002, amounts received in cash as advance payments for Sixth Replenishment contributions totalled USD 173 000. These amounts were excluded from resources available for commitment as the Sixth Replenishment was not yet effective. In 2003, the advance payments made for the Sixth Replenishment were reclassified as part of regular resources on the effectiveness of the Sixth Replenishment. The prior year figures have been reclassified for the sake of consistency.

(d) Composition of the Investment Portfolio by Instrument

At 31 December 2003, cash and investments at market value amounted to USD 2 495 963 000, excluding restricted and non-convertible currencies (2002 - USD 2 200 917 000 restated), and comprised the following instruments:

| | USD '000 | |
|--|------------------|------------------|
| | 2003 | 2002 |
| Cash | 269 965 | 361 270 |
| Fixed-income instruments | 1 839 854 | 1 450 360 |
| Unrealized market-value gain/(loss) on forward contracts | 191 | (77) |
| Time deposits and other obligations of banks | 327 473 | 430 973 |
| Equities | 253 306 | 195 378 |
| Futures | 3 936 | 1 918 |
| Options | (350) | (226) |
| Total cash and investments | 2 694 375 | 2 439 596 |
| Receivables for investments sold | 31 433 | 78 047 |
| Payables for investments purchased | (229 845) | (316 726) |
| Total | <u>2 495 963</u> | <u>2 200 917</u> |

(e) Composition of the Investment Portfolio by Currency

The currency composition of cash and investments at 31 December was as follows:

| | USD '000 | |
|----------------------|------------------|------------------|
| | 2003 | 2002 |
| Euro | 694 914 | 573 994 |
| Japanese yen | 360 775 | 276 608 |
| Pound sterling | 279 472 | 218 047 |
| United States dollar | 1 061 351 | 1 040 813 |
| Others | 99 451 | 91 455 |
| Total | <u>2 495 963</u> | <u>2 200 917</u> |

(f) Composition of the Investment Portfolio by Maturity

The composition of cash and investments by maturity at 31 December was as follows:

| | USD '000 | |
|---------------------------------------|------------------|------------------|
| | 2003 | 2002 |
| Due in one year or less | 529 910 | 608 660 |
| Due after one year through five years | 1 040 526 | 457 341 |
| Due from five to ten years | 268 688 | 373 420 |
| Due after ten years | 403 840 | 566 313 |
| No fixed maturity (equities) | <u>252 999</u> | <u>195 183</u> |
| Total | <u>2 495 963</u> | <u>2 200 917</u> |

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2003 was 90 months (2002 - 124 months).

Note 13: Contributors' Promissory Notes and Receivables

| | USD '000 | |
|---------------------------------|----------------|----------------|
| | 2003 | 2002 |
| Promissory notes to be encashed | | |
| Replenishment contributions | 272 461 | 292 574 |
| Supplementary contributions | <u>29 252</u> | <u>35 567</u> |
| Total | <u>301 713</u> | <u>328 141</u> |
| Contributions receivable | | |
| Replenishment contributions | 371 260 | 192 399 |
| Complementary contributions | 1 502 | 4 657 |
| Supplementary contributions | <u>19 775</u> | <u>17 071</u> |
| Total | <u>392 536</u> | <u>214 127</u> |

(a) Initial, First, Second, Third and Fourth Replenishment Contributions

These contributions have been fully paid except as detailed in Note 14 and in the matrix below, the latter representing cases in which Members and IFAD have agreed to special encashment schedules.

Contributions Not Paid at 31 December 2003

| | USD '000 | |
|-----------------------------|---------------|--------|
| Donor | Replenishment | Amount |
| Australia ¹ | Fourth | 1 398 |
| France ¹ | Fourth | 4 346 |
| Germany ¹ | Fourth | 5 404 |
| India ¹ | Fourth | 90 |
| Jordan ¹ | Fourth | 167 |
| Maldives ¹ | Fourth | 10 |
| Morocco ¹ | Fourth | 1 300 |
| Nigeria ¹ | Fourth | 1 275 |
| Switzerland ¹ | Fourth | 484 |
| United Kingdom ¹ | Fourth | 11 811 |
| United States ² | Fourth | 11 |

¹ Subject to special arrangement.

² Qualified contribution.

(b) Fifth Replenishment

Details of Fifth Replenishment contributions are shown in Appendix E.

The Fund's Fifth Replenishment came into effect on 7 September 2001, when instruments of contribution were deposited amounting in aggregate to 50% of the respective contributions from Members as set forth in Resolution 119/XXIV, adopted by the Twenty-Fourth Session of the Governing Council, as amended.

(c) Sixth Replenishment

Details of payments made for the Sixth Replenishment are shown in Appendix E. At 31 December 2002, requirements for the effectiveness of the Sixth Replenishment had not yet been met, hence any contributions received at that date were excluded from the resources of the Fund. The Sixth Replenishment became effective on 17 December 2003 and hence any such contributions have been classified as regular resources in 2003.

(d) Special Programme for Africa (SPA)

Details of contributions to the SPA under the First Phase and Second Phase are shown in Appendix E.

Note 14: Provisions

In accordance with the policy referred to in Note 2(f) and (h), the Fund has established provisions as follows:

| | USD '000 | |
|--|----------------|----------------|
| | 2003 | 2002 |
| Balance at beginning of the year | 186 755 | 195 655 |
| Total movements | <u>(6 084)</u> | <u>(8 910)</u> |
| Balance at end of year | <u>180 671</u> | <u>186 755</u> |
| Analysed as: | | |
| Promissory notes of contributors (a) | 88 176 | 94 685 |
| Amounts receivable from contributors (b) | <u>92 495</u> | <u>92 070</u> |
| Total | <u>180 671</u> | <u>186 755</u> |

(a) Provisions against Promissory Notes

As at 31 December 2003, all IFAD replenishment contributions up to and including the Fifth Replenishment, deposited in the form of promissory notes, have been drawn down to the extent of 100% (31 December 2002 – 100% up to the Fourth Replenishment and 61.0% for the Fifth Replenishment).

As at 31 December 2003 and 2002, all First and Second Phase SPA contributions have been fully drawn down.

In accordance with the policy referred to in Note 2 (f) and (h), the Fund has established provisions against promissory notes as indicated hereunder.

| | USD '000 | |
|-----------------------------------|---------------|---------------|
| IFAD | 2003 | 2002 |
| (i) Initial Contributions | | |
| Iran | 29 358 | 29 358 |
| Iraq | <u>13 717</u> | <u>13 717</u> |
| | 43 075 | 43 075 |
| (ii) First Replenishment | | |
| Iraq | 31 099 | 31 099 |
| Qatar | <u>508</u> | <u>7 017</u> |
| | 31 607 | 38 116 |
| (iii) Second Replenishment | | |
| Mauritania | 2 | 2 |
| Qatar | <u>5 000</u> | <u>5 000</u> |
| | 5 002 | 5 002 |
| (iv) Third Replenishment | | |
| D.P.R. Korea | 600 | 600 |
| Libyan Arab Jamahiriya | 7 857 | 7 857 |
| Mauritania | <u>25</u> | <u>25</u> |
| | <u>8 482</u> | <u>8 482</u> |
| Total IFAD | <u>88 166</u> | <u>94 675</u> |
| SPA | | |
| First Phase | | |
| Mauritania | <u>10</u> | <u>10</u> |
| Total SPA | <u>10</u> | <u>10</u> |
| GRAND TOTAL | <u>88 176</u> | <u>94 685</u> |

(b) Provisions against Amounts Receivable from Contributors

In accordance with the policy referred to in Note 2 (f), the Fund has established provisions against certain of these amounts as indicated hereunder.

| | USD '000 | |
|----------------------------------|---------------|---------------|
| | 2003 | 2002 |
| (i) Initial Contributions | | |
| Comoros | 9 | 8 |
| Iran | <u>83 167</u> | <u>83 167</u> |
| | 83 176 | 83 175 |
| (ii) Second Replenishment | | |
| Gabon | 371 | 371 |
| Iraq | <u>2 000</u> | <u>2 000</u> |
| | 2 371 | 2 371 |
| (iii) Third Replenishment | | |
| Iran | 2 400 | 2 400 |
| Qatar | 1 000 | 1 000 |
| Sao Tome and Principe | <u>10</u> | <u>10</u> |
| | 3 410 | 3 410 |
| (iv) Fourth Replenishment | | |
| Chile | 400 | 420 |
| Kenya | 877 | 927 |
| Nicaragua | - | 17 |
| Nigeria | = | <u>1 750</u> |
| | <u>1 277</u> | <u>3 114</u> |
| (v) Fifth Replenishment | | |
| Turkey | <u>2 261</u> | = |
| Total | <u>92 495</u> | <u>92 070</u> |

Subsequent to 31 December 2003, an amount of USD 1.8 million was received from the Libyan Arab Jamahiriya in payment of Third Replenishment contributions. Had this amount been received prior to 31 December 2002, the total provisions on promissory notes would have been reduced to USD 86 406 000.

(c) Effect of Alignment in Time Period for Provisions

As described in Note 2(i), the time period for determining provisions on promissory notes has been aligned in the balance sheet and resources statement, with effect from 2003. There was no impact deriving from this change on promissory notes excluded from the statement of resources as at 31 December 2003. The prior year figures for resources have not been restated, given that this statement is a managerial rather than a financial report and is used for operational purposes.

This change has no impact on the statement of revenues and expenses or on the balance sheet.

Note 15: Other Receivables

| | USD '000 | |
|----------------------------------|---------------|---------------|
| | 2003 | 2002 |
| Receivables for investments sold | 31 433 | 78 047 |
| Miscellaneous | <u>18 773</u> | <u>8 577</u> |
| Total | <u>50 206</u> | <u>86 624</u> |

The amounts above are expected to be received within one year of the balance-sheet date.

Note 16: Payables and Liabilities

| | USD '000 | |
|--|-----------|-----------|
| | 2003 | 2002 |
| Payables for investments purchased | (229 845) | (316 726) |
| ASMCS liability | (27 373) | (22 378) |
| Other payables and accrued liabilities | (43 138) | (41 735) |
| Total | (300 356) | (380 839) |

Of the total above, some USD 56.8 million (2002 – USD 48.2 million) is estimated to be payable in more than one year from the balance-sheet date.

Note 17: Deferred Revenues

| | USD '000 | |
|------------------------|----------|----------|
| | 2003 | 2002 |
| Deferred contributions | (50 107) | (42 043) |
| Deferred income | (4 483) | (3 858) |
| Total | (54 590) | (45 901) |

Deferred contributions balances represent contributions received for which the revenue recognition has been deferred to future periods to match the related costs in accordance with the accounting policy stated in Note 2(a).

Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

Note 18: Contributions

The contributions to the Fund by each Member when due are payable in freely convertible currencies, except that Category III Members up to the end of the Third Replenishment period could pay contributions in their own currency whether or not it was freely convertible. Each contribution is to be made in cash or, to the extent that any part of the contribution is not needed immediately by the Fund in its operations, it may be paid in the form of non-negotiable, irrevocable, non-interest-bearing promissory notes or obligations payable on demand. The Fund, on the recommendation of its External Auditor, has considered it prudent to establish provisions against unpaid contributions (see Notes 2(f), and 14).

Note 19: General Reserve

The General Reserve was established in recognition of the need to cover the Fund's potential over-commitment risk as a result of exchange-rate fluctuations and possible delinquencies in receipt of loan-service payments or in the recovery of amounts due to the Fund from the investment of its liquid assets. It is also intended to cover the risk of over-commitment as a result of a diminution in the value of assets caused by fluctuations in the market value of investments.

Note 20: Taxation

IFAD is a specialized agency of the United Nations and as such enjoys privileged tax-exemption status under the Convention on Privileges and Immunities of Specialized United Nations Agencies 1947 and the Agreement between the Italian Republic and IFAD on IFAD's Permanent Headquarters. Taxation levied where this exemption has not yet been obtained is deducted directly from the related investment income.

Note 21: Contingencies**(a) Contingent Liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for eleven countries. See Note 11(b) for further details of the potential cost of loan principal and interest relating to these countries, as well as the future interest not accrued on debt relief already approved as shown in Appendix G.

(b) Contingent Assets

The organization expects to receive some EUR 974 000 (currently USD 1 229 000) in reimbursement of taxation deducted on investment income in prior years. These costs were fully provided for in the accounts of previous years as the exact amount and year in which the reimbursement will be made was not certain. IFAD has submitted a formal request to the Italian Government to reclaim these taxes.

Note 22: Date of Authorization for Issue of Financial Statements

The financial statements are authorized for issue following the recommendation of the Audit Committee in March 2004 and endorsement by the Executive Board in April 2004. The 2003 financial statements will be submitted to the Governing Council for formal approval at its next session in February 2005. The 2002 financial statements were approved by the Governing Council at its Twenty-Seventh Session in February 2004.

The International Fund for Agricultural Development
Rome

We have audited the accompanying consolidated Financial Statements (Appendices A through H) of the International Fund for Agricultural Development (the Fund) as at and for the years ended 31 December 2003 and 2002. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the International Fund for Agricultural Development at 31 December 2003 and 2002, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Rome,