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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Second Session

Rome, 8-9 September 2004

RESOURCES AVAILABLE FOR COMMITMENT

1. For the information of the Executive Board, Attachments I and II contain details of the resources available for commitment under IFAD's Regular Programme as at 30 June 2004. As per the information in the following paragraphs, no additional Advance Commitment Authority (ACA) is being requested at this session of the Executive Board.
2. According to the new practice for ACA, under the Sixth Replenishment resolution "total net flows" will be maintained as resources available for commitment. During the period January to June 2004, the total net flows were estimated to be USD 195.6 million, as shown in Attachment I. Taking into account expected net flows for July and August and the loans and grants presented for approval at this Executive Board session of USD 108.7 million as shown in Attachment IV, net resources available for commitment carried forward would be some USD 143.9 million.
3. Details on Member States' contributions specifically excluded from committable resources as at 30 June 2004 are provided in Attachment II.
4. Attachment III provides details of loans and grants approved by the Executive Board at its Eighty-First session in April 2004.
5. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 74.0 million Special Drawing Rights (SDRs). Based on exchange rates in force as at 30 June 2004, such loans and grants amount to some USD 108.7 million.
6. Attachment V shows commitments under the use of the ACA and further analysis of net flows during 2003.
7. Attachment VI shows the expected net inflows until 31 December 2004.

Advance Commitment Authority and its Ceiling

8. The Governing Council authorized the use of ACA at its Twentieth Session in February 1997. Its main purpose is to cover shortfalls in the amount of committable resources available to approve loans and grants that may arise in a particular year due to delays in the receipt of contribution payments, volatility in the rate of return of investment income, and/or delays in the receipt of payments and repayments under loans provided by the Fund.

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

10. The procedures for the use of ACA during the Sixth Replenishment period are set out in document GC 26/Resolutions/Rev.1. The ceiling for the use of ACA during the Sixth Replenishment period based on the same principles as that of the Fourth and Fifth Replenishment periods, is namely a ceiling of three years of reflows. On the basis of current estimates of loan reflows for the next three years, this would amount to approximately USD 570 million. However, at the Consultation for the Sixth Replenishment it was also emphasized that efforts should be made to keep actual ACA use below the ceiling. According to the new procedures adopted, "total net flows" will be maintained as resources available for commitment. If necessary, the ACA requested at each Executive Board will then represent the excess of loan and grant commitments over the resources available for commitment. At year end, taking into account net resources available for commitment, the ACA carried forward will be adjusted accordingly. This procedure will make the use of the ACA clearer and more transparent. The additional use of ACA in any given year will be the simple sum of the ACA approved by the Executive Board at its three sessions during the year.

11. As may be seen in Attachment V, the level of ACA carried forward as of 31 December 2003 is USD 331.1 million. Net ACA utilization is showing a declining trend, as it was USD 153.7 million in 2001 and USD 124.1 million in 2002 and USD 53.3 million in 2003. As may be seen in Attachment VI, total net flows in January to August 2004 are estimated to be USD 252.6 million, taking into consideration the loan and grant commitments approved to date in 2004. Loans and grants amounting to USD 108.7 million are proposed for the September Executive Board. Therefore no additional ACA is being requested at this session of the Executive Board. An update of this document will be provided to the Eighty-Second Session of the Executive Board only should the net resources position of IFAD deteriorate significantly during the period proceeding the September Executive Board session.

STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT¹
AS AT 30 JUNE 2004

(USD '000)

Assets in freely convertible currencies		
Cash and investments	2 541 443	
Promissory notes – Member States	355 394	
Other receivables	<u>39 841</u>	<u>2 936 678</u>
Less		
Payables and liabilities and Programme Development		(285 455)
Financing Facility (PDFF) carry forward		
General Reserve		(95 000)
Undisbursed effective loans	(1 963 580)	
Approved loans signed but not yet effective	(465 156)	
Undisbursed grants	<u>(32 393)</u>	(2 461 129)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(86 406)</u>
		<u>(2 927 990)</u>
Resources available for commitment		8 688
Less		
Loans not yet signed		(121 088)
Grants not yet signed		<u>(23 116)</u>
Net resources available for commitment before ACA carry forward and 2004 total net flows		<u>(135 516)</u>

Net flows estimated January to June	252 722	
Actual loan and grant commitments approved at EB 81	<u>(57 107)</u>	
Net resources available for commitment (Total net flows to date in 2004)		<u>195 615</u>
ACA utilised January to June 2004		-
ACA carried forward at 1 January 2004		331 131

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

**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 30 JUNE 2004**

Amounts Specifically Provided for
(USD '000)

IFAD Regular Programme

Drawdowns on Initial Contribution

promissory notes that have not been paid

Iran	29 358
Iraq	<u>13 717</u>

43 075

Drawdowns on First Replenishment

promissory notes that have not been paid

Iraq	31 099
Qatar	<u>508</u>

31 607

Drawdowns on Second Replenishment

promissory notes that have not been paid

Mauritania	5 000
Qatar	<u>2</u>

5 002

Drawdowns on Third Replenishment

promissory notes that have not been paid

D.P.R. Korea	600
Libyan Arab Jamahiriya	6 087
Mauritania	<u>25</u>

6 712

**Special Programme for Sub-Saharan
African Countries Affected by Drought
and Desertification**

Drawdowns on First Phase

promissory notes that have not been paid

Mauritania	<u>10</u>
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Total specifically excluded

86 406

**LOANS AND GRANTS APPROVED AT THE
EIGHTY-FIRST SESSION OF THE EXECUTIVE BOARD**

PROPOSED LOANS		
Country	Programme/Project Title	SDR Equivalent¹
China	Rural Finance Sector Programme	9 950 000
Congo	Rural Development Project in the Plateaux, Cuvette and Western Cuvette Departments	8 050 000
D.R. Congo	Agricultural Revival Programme in Equateur Province	10 000 000
Gambia, The	Participatory Integrated Watershed-Management Project	4 850 000
Subtotal		32 850 000
PROPOSED GRANTS		
Institution	Programme/Project Title	SDR (Equivalent)¹
International Maize and Wheat Improvement Center	Project for Developing and Disseminating Stress-Tolerant Maize for Sustainable Food Security in East, West and Central Africa – Phase II	897 976
Centre for the Study and Promotion of Development	Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean (PREVAL) – Phase III	587 138
Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa	Support to Resource Mobilization for and Implementation of Action Programmes and Related Initiatives	863 439
International Center for Agricultural Research in the Dry Areas	Programme for Developing Sustainable Livelihoods of Agropastoral Communities in West Asia and North Africa	897 976
International Center for Biosaline Agriculture	Programme for Saving Freshwater Resources with Salt-Tolerant Forage Production in Marginal Areas of the West Asia and North Africa Region – An Opportunity to Raise the Incomes of the Rural Poor	932 514
World Agroforestry Centre	Diversification of Smallholder Farming Systems in West and Central Africa through Cultivation of Indigenous Trees – Phase II	828 901
International Plant Genetic Resources Institute	Programme for Empowering Sahelian Farmers to Leverage their Crop-Diversity Assets for Enhanced Livelihood Strategies	897 976
United Nations Office for Project Services	Remittances and Rural Development Programme in Latin America and the Caribbean – Strengthening the Income-Generating Capacity of the Rural Poor in Remittance-Recipient Countries	690 751
Subtotal		6 596 671
Total		39 446 671

¹ Equivalent to approximately USD 58.2 million based on the exchange rate at 31 March 2004.

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

PROPOSED LOANS			
Country	Programme/Project Title	USD (Equivalent)¹	SDR Equivalent¹
Azerbaijan	North-East Development Project	12 560 000	8 557 782
Brazil	North-East Rural Family Enterprises Development Support Project	23 200 000	15 807 368
Burundi	Transitional Programme of Post-Conflict Reconstruction	16 584 671	11 300 000
Nepal	Leasehold Forestry and Livestock Programme	11 710 000	7 978 633
Sri Lanka	Dry Zone Livelihood Support and Partnership Programme	20 660 000	14 076 734
Yemen	Al-Dhala Community Resource Management Project	14 383 166	9 800 000
Subtotal		99 097 837	67 520 517
PROPOSED GRANTS			
Institution	Programme/Project Title	USD	SDR (Equivalent)¹
International Development Research Centre	Regional Water Demand Initiative	1 200 000	817 622
Consultative Group to Assist the Poor	Programme for Building Strategic Coalitions and Promoting Innovation and Learning in Rural Finance	1 200 000	817 622
International Institute of Tropical Agriculture	Improving Livelihoods in Rural West and Central Africa through Productive and Competitive Yam Systems – Phase II	1 500 000	1 022 028
International Land Coalition	Technical Assistance Grant to the International Land Coalition in Support of the Mission and Programmes of the International Land Coalition	900 000	613 216
International Plant Genetic Resources Institute	Overcoming Poverty in Coconut-Growing Communities: Coconut Genetic Resources for Sustainable Livelihoods	1 000 000	681 352
International Rice Research Institute	Programme for Managing Rice Landscapes in the Marginal Uplands for Household Food Security and Environmental Sustainability	1 190 000	810 809
RUTA	Regional Unit for Technical Assistance – Phase VI	1 230 000	838 065
Sri Lanka	Dry Zone Livelihood Support and Partnership Programme	339 220	231 115
UNOPS	Regional Programme in Support of a Medicinal Plants Development Network in Argentina, Brazil, Paraguay and Uruguay	1 000 000	681 352
Subtotal		9 559 200	6 513 181
Total		108 657 037	74 033 698

¹ Based on the USD/SDR exchange rate of 1.46767 based on the USD amounts for loans not negotiated to date and for grants and on SDR amounts for loans already negotiated.

ADVANCE COMMITMENT AUTHORITY (ACA) UTILIZATION ANALYSIS

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

*Equal to loans and grants approved by the Executive Board of USD 388.1 million plus additional grant commitments of USD 7.9 million, less net 2002 flows of USD 271.9 million.

	2003 January to December (USD million)
(1) Resources available at start of period	0
Analysis of flows	
Loan reflows	185.2
Loan cancellations	37.2
Members' contributions	147.0
Net investment income	108.0
Operating expenses, ASMCS, SCP, PDFF	(86.9)
Debt Initiative for HIPC transfers	(27.0)
Miscellaneous grants	(11.2)
Net exchange rate movements	1.6
Release of contributions excluded	13.2
(2) Total net flows	367.1
Approved loans and grants under ACA (EB 78)	77.3
Approved loans and grants under ACA (EB 79)	99.8
Approved loans and grants under ACA (EB 80)	243.3
(3) Total gross ACA approved by the Executive Board	420.4
(4) Loan and grant commitments	(420.4)
(5) ACA covered from flows in period	(367.1)
Resources available at end of period (=1+2+3+4+5)	0
(6) ACA carried forward (=3+5+(prior period))	331.1
Net ACA utilization (=3+5)	53.3

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

EXPECTED NET INFLOWS UNTIL 31 DECEMBER 2004

	2004 Estimate January to June including EB 81	2004 Expected Net Flows July to August	2004 Estimate January to December
(1) Resources available at start of period	-	195.6	-
Analysis of flows			
Loan reflows	111.0	31.7	190.0
Loan cancellations	15.7	8.3	50.0
Members' contributions	142.4	18.9	184.0
Net investment income	26.7	13.5	67.5
Operating expenses, PDFF, SCP ^b	(44.9)	(15.4)	(92.2)
Release of contributions excluded	1.8	-	1.8
(2) Total net flows	252.7	57.0	401.1
(3) Loan and grant commitments	(57.1)	-	(449.0)
(4) Estimated resources available at period end (=1+2+3)	195.6	252.6	-
Estimated ACA utilization 2004	-	-	47.9
ACA brought forward (= prior period)	331.1	-	331.1
ACA carried forward^c	-	-	379.0

a Based on the relevant time period of the annual projections in document GC 27/L.4, Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2004 (except for transfers from IFAD's resources to the IFAD Trust Funds for the Heavily Indebted Poor Countries Debt Initiative and After-Service Medical Coverage Scheme, which will be made later in the year only if required) and latest results and projections for investments, loan data and contributions.

b PDFF = Programme Development Financing Facility.
SCP = Strategic Change Programme.

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

