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

Rome, 1-2 December 2004

## **RESOURCES AVAILABLE FOR COMMITMENT**

1. For the information of the Executive Board, Attachments I and II contain details of the estimated resources available for commitment under IFAD's Regular Programme as at 30 September 2004.
2. During the period January to September 2004, total net flows less loan and grant commitments already made at the April and September Sessions of the Executive Board were estimated to be USD 252.4 million, as shown in Attachment I.
3. Details on Member States' contributions specifically excluded from committable resources as at 30 September 2004 are provided in Attachment II.
4. Attachment III gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 257.0 million Special Drawing Rights (SDRs). Based on exchange rates in force as at 30 September 2004, such loans and grants amount to some USD 378.9 million<sup>1</sup>.
5. Attachment IV shows commitments under the use of the ACA and further analysis of net flows during 2003.
6. Attachment V shows the expected net inflows until 31 December 2004.

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<sup>1</sup> It may not be possible, for various reasons, to conclude negotiations for all the loans before the session. In any event, if the total amount for approval were to exceed the approved level, one or two of these proposals could be reviewed at the December session but formally approved at the April 2005 session of the Executive Board. The programme of work for 2004 is estimated at USD 480 million, using the traditional format.

**Advance Commitment Authority and its Ceiling**

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

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

9. 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 this three-year period, this would amount to approximately USD 570 million. ACA requested at each Executive Board, if any, 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 and the additional ACA utilised during the year, the ACA carried forward will be adjusted accordingly. This procedure will make ACA use clearer and more transparent. The additional use of the 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.

10. As may be seen in Attachment V, the level of ACA carried forward as at 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, USD 124.1 million in 2002 and USD 53.3 million in 2003. Taking into consideration total net flows from January to December 2004, the loan and grant commitments approved to date in 2004, and also the loans and grants that are proposed for the December Executive Board, no additional ACA is being requested at this session of the Executive Board. Furthermore, it is expected that IFAD will be able to cover some USD 55.2 million in ACA in 2004, thus reducing the ACA carried forward as at 31 December 2004 to some USD 275.9 million. An update of this document will be provided to the Eighty-Third Session of the Executive Board, indicating the ACA required, if any, to approve the proposed programme of work based on the resource situation calculated shortly before the Board session.

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT<sup>1</sup>  
AS AT 30 SEPTEMBER 2004**

(USD '000)

<b>Assets in freely convertible currencies</b>		
Cash and investments	2 632 959	
Promissory notes – Member States	318 636	
Other receivables	<u>101 611</u>	<b><u>3 053 206</u></b>
<b>Less</b>		
Payables and liabilities and programme development		(378 035)
Financing facility (PDFF) carry-forward		
General Reserve		(95 000)
Undisbursed effective loans	(2 005 392)	
Approved loans signed but not yet effective	(373 531)	
Undisbursed grants	<u>(33 201)</u>	(2 412 124)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(83 152)</u>
		<b><u>(2 968 311)</u></b>
<b>Resources available for commitment</b>		<b>84 895</b>
<b>Less</b>		
Loans not yet signed		(136 651)
Grants not yet signed		<u>(26 978)</u>
<b>Net resources available for commitment before ACA carry-forward and 2004 total net flows</b>		<b><u>(78 734)</u></b>
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<b>Net flows estimated January to September</b>	383 905	
<b>Actual loan and grant commitments approved to date</b>	<u>(131 508)</u>	
<b>Net resources available for commitment (total net flows to date in 2004)</b>		<b><u>252 397</u></b>
<b>ACA utilized January to September 2004</b>		-
<b>ACA brought forward at 1 January 2004</b>		<b><u>331 131</u></b>

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

**RESOURCES AVAILABLE FOR COMMITMENT  
UNDER THE REGULAR PROGRAMME  
AS AT 30 SEPTEMBER 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 13 717

43 075

**Drawdowns on First Replenishment**

**promissory notes that have not been paid**

Iraq 31 099

31 099

**Drawdowns on Second Replenishment**

**promissory notes that have not been paid**

Mauritania 2

Qatar 2 254

2 256

**Drawdowns on Third Replenishment**

**promissory notes that have not been paid**

D.P.R. Korea 600

Libyan Arab Jamahiriya 6 087

Mauritania 25

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 10

**Total specifically excluded**

83 152

ATTACHMENT III

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE  
EIGHTY-THIRD SESSION OF THE EXECUTIVE BOARD<sup>1</sup>**

<b>PROPOSED LOANS</b>			
<b>Country</b>	<b>Programme/Project Title</b>	<b>USD</b>	<b>SDR (Equivalent)<sup>2</sup></b>
Algeria	Rural Development Project in the Traras and Sebaa Chioukh Mountains of the Wilaya of Tlemcen	11 800 000	8 001 573
Argentina	Patagonia Rural Development Project	20 000 000	13 561 989
Armenia	Rural Areas Economic Development Programme	15 410 720	10 450 000
Bangladesh	Microfinance for Marginal and Small Farmers Project	20 060 000	13 602 674
Brazil	North-East Rural Family Enterprises Development Support Project	23 200 000	15 731 907
Burkina Faso	Sustainable Rural Development Programme	16 000 000	10 849 591
Chad	Batha Rural Development Project	12 800 000	8 679 673
China	South Gansu Poverty-Reduction Programme	28 700 000	19 461 453
Colombia	<i>Activos</i> Project	13 900 000	9 425 582
Ecuador	Development of the Central Corridor Project	14 800 000	10 035 872
Ethiopia	Agricultural Marketing Improvement Programme	27 200 000	18 444 304
Guatemala	National Rural Development Programme: Central and Eastern Regions	17 000 000	11 527 690
Indonesia	Rural Poverty Reduction Programme for Marginal Communities in Central Sulawesi Province	33 880 000	22 974 008
Jordan	Agricultural Resource Management Project – Phase II	11 370 000	7 709 990
Lesotho	Sustainable Agriculture and Natural Resource Management Programme	10 100 000	6 848 804
Nepal	Leasehold Forestry and Livestock Programme	10 544 176	7 150 000
Sudan	Western Sudan Resources Management Programme	25 500 000	17 291 535
Tanzania	Agricultural Services Support Programme	25 143 806	17 050 000
Viet Nam	Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces	24 120 000	16 355 758
Zambia	Rural Finance Programme	10 540 000	7 147 168
<b>Subtotal</b>		<b>372 068 702</b>	<b>252 299 571</b>
<b>PROPOSED GRANTS</b>			
<b>Institution</b>	<b>Programme/Project Title</b>	<b>USD</b>	<b>SDR (Equivalent)<sup>2</sup></b>
Chad	Batha Rural Development Project	400 000	271 240
Food and Agriculture Organization of the United Nations	Technical Assistance Grant under the Global/Regional Grants Window to the Food and Agriculture Organization of the United Nations for the Development of a Preventive and Environmentally Safe Approach to a Desert-Locust Control Methodology	1 500 000	1 017 149
Indonesia	Rural Poverty Reduction Programme for Marginal Communities in Central Sulawesi Province	500 000	339 050
Jordan	Agricultural Resources Management Project – Phase II	200 000	135 620
MORDI	Technical Assistance Grants under the Global/Regional Grants Window for the Mainstreaming of Rural Development Innovations (MORDI) Programme in the Pacific	2 000 000	1 356 199
Nepal	Leasehold Forestry and Livestock Programme	1 238 756	840 000
Rwanda	Technical Assistance Grant under the Country-Specific Grant Window for Programme for Strengthening the Capacity of the National Agricultural Policy Platform in Rwanda	400 000	271 240
Viet Nam	Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces	630 000	427 202
<b>Subtotal</b>		<b>6 868 756</b>	<b>4 657 700</b>
<b>Total</b>		<b>378 937 458</b>	<b>256 957 271</b>

<sup>1</sup> It may not be possible, for various reasons, to conclude negotiations for all the loans before the session. In any event, if the total amount for approval were to exceed the approved level, one or two of these proposals could be reviewed at the December session but formally approved at the April 2005 session of the Executive Board. The programme of work for 2004 is estimated at USD 480 million, using the traditional format.

<sup>2</sup> Based on the USD/SDR exchange rate of 1.47471 as at 30 September 2004 using USD amounts for loans not negotiated to date and for grants and SDR amounts for loans negotiated to date with associated grant.

**ADVANCE COMMITMENT AUTHORITY (ACA) UTILIZATION ANALYSIS**

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

\*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.

<b>2003</b>	
	<b>USD million</b>
<b>(1) ACA carry-forward prior period</b>	<b>277.8</b>
<b>Analysis of flows</b>	
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
Total net flows	367.1
Loans and grants approved by the Executive Board	(420.4)
<b>(2) Net ACA utilization in 2003</b>	<b>53.3</b>
<b>(3) ACA carried forward in 2003</b>	<b>331.1</b>

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 RESOURCE INFLOWS UNTIL 31 DECEMBER 2004**

	2004 Estimate January to September including EB 81 and EB 82 <sup>a</sup>	2004 Expected Net Flows October to December <sup>a</sup>	2004 Estimate January to December
<b>(1) Resources available at start of period</b>	-	252.4	-
<b>Analysis of flows</b>			
Loan reflows	150.5	54.5	205.0
Loan and grant cancellations	17.9	32.1	50.0
Members' contributions	227.9	38.1	266.0
Net investment income	61.2	20.9	82.1
Operating expenses, PDFF, SCP <sup>b</sup>	(74.5)	(19.3)	(93.8)
After Service Medical Coverage Scheme (ASMCS)		12.3	12.3
Heavily Indebted Poor Countries Debt Initiative (HIPC DI) <sup>c</sup>		-	-
Release of contributions excluded	5.0	-	5.0
Exchange rate movements	(4.1)	(1.0)	(5.1)
<b>(2) Total net flows</b>	<b>383.9</b>	<b>137.6</b>	<b>521.5</b>
<b>(3) Loan and grant commitments<sup>d</sup></b>	<b>(131.5)</b>	<b>(334.8)</b>	<b>(466.3)</b>
<b>(4) Estimated resources available at period end (=1+2+3)</b>	<b>252.4</b>	<b>55.2</b>	<b>55.2</b>
<b>Estimated ACA covered 2004</b>	-	<b>(55.2)</b>	<b>(55.2)</b>
<b>ACA brought forward (= prior period)</b>	<b>331.1</b>	-	<b>331.1</b>
<b>ACA carried forward<sup>e</sup></b>	-	-	<b>275.9</b>

a Based on the latest results and projections for investments, loan data and contributions, the After-Service Medical Coverage Scheme and the relevant time period of the forecast annual operating expenses. The expenditures also include the Office of Evaluation and one-time costs.

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

c At present it is expected that 2004 debt relief obligations amounting to some USD 27.5 million will be met from specific IFAD and external donor resources.

d The programme of work for 2004 is estimated at USD 480 million, using the traditional format (inclusive of ex-grant items transferred to the PDFF of some USD 13.7 million in 2004).

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