



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council — Twenty-Second Session**

Rome, 17-18 February 1999

**AUDITED FINANCIAL STATEMENTS OF IFAD - 31 DECEMBER 1997**

1. At its Sixty-Third Session in April 1998, the Executive Board reviewed the Audited Financial Statements for 1997, Appendixes A to G inclusive, and the Report of the External Auditor thereon, contained in this document. These statements, which have been prepared in accordance with standards recommended by the International Accounting Standards Committee, had been examined in detail by the Audit Committee, which also reviewed the work of the External Auditor. Based on the recommendation of the Audit Committee, the Executive Board now submits them to the Twenty-Second Session of the Governing Council with a recommendation for approval, in accordance with Regulation XII (6) of the Financial Regulations of IFAD.

2. The Financial Statements reflect the following key points:

**Statement of Revenue and Expenses (Appendix A)**

- (a) Investment income amounted to USD 163.9 million in 1997 compared with USD 148.9 million in 1996. Investment income in 1997 includes interest on investments of USD 127.8 million compared with USD 131.7 million in 1996. Unrealised market value gains amounted to USD 19.7 million in 1997 compared with USD 22.0 million in 1996. Realized capital gains of USD 21.5 million were made in 1997, whereas 1996 showed realised losses of USD 0.1 million. Interest income from banks decreased from USD 1.1 million in 1996 to USD 0.9 million in 1997. IFAD used the services of external investment managers to manage the major part of its investment portfolio. The fees for investment management and custody, which are charged against investment income, amounted to USD 5.5 million in 1997 compared with USD 5.9 million in 1996.
- (b) Income from interest and service charges on loans amounted to USD 42.0 million in 1997 compared with USD 41.1 million in 1996. In line with the policy initiated in 1988, the Fund has excluded interest and service charges on loans with arrears in excess of 10 months. The amount excluded in 1997 was USD 2 456 000.
- (c) Total operational and administrative expenditures, as indicated in the Statement of Revenue and Expenses (Appendix A), amounted to USD 50.5 million compared with a budget of USD 50.9 million. The difference of USD 0.4 million represents an underspending of approximately 1% of the 1997 administrative budget.



### **Statement of Changes in Accumulated Surplus (Appendix A1)**

This statement complies with the requirements of International Accounting Standard (IAS) No. 21 which states that all gains and losses arising from foreign exchange rate movements should be taken through the Statement of Revenue and Expenses as opposed to passing through the balance sheet as in previous years. This policy was adopted in 1995.

The statement includes the accumulated surplus arising from the excess of revenue over expenses, foreign exchange rate movements and transfers to the General Reserve.

### **Balance Sheet (Appendix B)**

The Fund has made provisions relating to overdue Members' contributions as follows:

	<b>USD '000</b>
Promissory notes	89 500
Amounts receivable	<u>89 558</u>
	179 058

These are shown in Appendix B and detailed by country in Note 8 of Appendix G.

It should be noted that, at 31 December 1997, 12 countries had loans with arrears of ten months or more and are thus in non-accrual status. Details of the countries and amounts involved are given in Note 8 of Appendix G. Subsequent to the date of the External Auditor's Report, the Government of Niger made a payment of USD 496 992 as part settlement of arrears.

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

### **Statement of Cash Flows (Appendix C)**

Appendix C has been prepared in accordance with IAS No 7 (revised). The movements in cash and investments in the balance sheet are dealt with in detail in this appendix.

### **Statement of Resources Available for Commitment (Appendix D)**

This statement includes all assets in freely-convertible currencies which may be considered committable in accordance with the policy adopted at the Thirty-Fourth Session of the Executive Board.

### **Statement of Members' and Special Contributions (Appendix E)**

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

### **Statement of Loans (Appendix F)**

The position, by country, of the Fund's borrowers is given in this appendix, with a split between loans in United States dollars and those in Special Drawing Rights.



3. The Financial Statements for 1997 were reviewed in detail at a meeting of the Audit Committee held on 20 February 1998. The Chairman of the Audit Committee made a formal report at the Sixty-Third Session of the Executive Board in April 1998. The Executive Board recommended the adoption of these statements by the Governing Council following the Audit Committee's report.

**Recommendation**

4. Upon concluding its consideration of this item, the Governing Council may wish to adopt the following decision:

"The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 1997 and the results of its operations for the year ended on that date, as contained in Appendixes A to G inclusive of document GC 22/L.4 and the Report of the External Auditor thereon".



**INTERNATIONAL FUND  
FOR AGRICULTURAL DEVELOPMENT**

**FINANCIAL STATEMENTS**  
for the years ended 31 December 1997 and 31 December 1996

<b>APPENDIX A</b>	<b>-</b>	<b>STATEMENT OF REVENUE AND EXPENSES</b>
<b>APPENDIX A1</b>	<b>-</b>	<b>STATEMENT OF CHANGES IN ACCUMULATED SURPLUS</b>
<b>APPENDIX B</b>	<b>-</b>	<b>BALANCE SHEET</b>
<b>APPENDIX D</b>	<b>-</b>	<b>STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT</b>
<b>APPENDIX E</b>	<b>-</b>	<b>STATEMENT OF MEMBERS' AND SPECIAL CONTRIBUTIONS</b>
<b>APPENDIX F</b>	<b>-</b>	<b>STATEMENT OF LOANS</b>
<b>APPENDIX G</b>	<b>-</b>	<b>NOTES TO THE FINANCIAL STATEMENTS</b>
<b>REPORT OF THE EXTERNAL AUDITOR</b>		

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 Financial Statements (Appendix G) form an integral part of the Financial Statements.



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

**Statement of Revenue and Expenses**  
**For the years ended 31 December 1997 and 31 December 1996**  
(Expressed in thousands of United States Dollars)

**Appendix A**

	1997	1996
<b>Revenue</b>		
Income from investments (Note 3)	163,940	148,852
Income from loans (Note 8)	42,035	41,102
<b>Total Revenue</b>	<b>205,975</b>	<b>189,954</b>
<b>Expenses</b>		
Staff salaries and benefits	25,577	25,114
Other operational and administrative costs	8,656	8,651
Cooperating institutions and consultants	14,379	15,091
Governing Council and Executive Board and other official meetings	1,910	1,869
<b>Total Expenses</b>	<b>50,522</b>	<b>50,725</b>
Excess of revenue over expenses before the effects of foreign exchange rate movements	155,453	139,229
Effects of foreign exchange rate movements (Note 2(d))	(312,138)	(160,966)
<b>Transfer to Accumulated Surplus</b>	<b>(156,685)</b>	<b>(21,737)</b>



IFAD - Financial Statements

**Statement of Changes in Accumulated Surplus**  
**For the years ended 31 December 1997 and 31 December 1996**  
(Expressed in thousands of United States Dollars)

**Appendix A1**

	Surplus from Operations	Foreign Exchange Effects 1/	Total Accumulated Surplus
<b>Opening Balance at 1 January 1996</b>	<b>1,280,512</b>	<b>694,614</b>	<b>1,975,126</b>
Excess of revenue over expenses before the effect of foreign exchange rate movement	139,229		139,229
Effects of foreign exchange rate movements		(160,966)	(160,966)
<b>Accumulated Surplus at 31 December 1996</b>	<b>1,419,741</b>	<b>533,648</b>	<b>1,953,389</b>
Excess of revenue over expenses before the effect of foreign exchange rate movements	155,453		155,453
Effects of foreign exchange rate movements		(312,138)	(312,138)
<b>Accumulated Surplus at 31 December 1997</b>	<b>1,575,194</b>	<b>221,510</b>	<b>1,796,704</b>

1/ See Appendix G, Note 2(d).



IFAD - Financial Statements

**Balance Sheet**  
**31 December 1997 and 31 December 1996**  
(Expressed in thousands of United States Dollars)

**Appendix B**

<b>Assets</b>			<b>Liabilities, Contributions, Accumulated Surplus and Reserve</b>		
	1997	1996		1997	1996
<b>Cash in banks</b>	<b>74,359</b>	<b>47,715</b>	<b>Liabilities</b>		
			Payable for investments purchased	19,253	21,543
			Payables and accrued liabilities	34,666	28,455
			Undisbursed grants (Note 9)	61,745	53,239
			Amounts due to other funds	10,264	8,863
<b>Investments (Notes 2 (a) and 3)</b>	<b>2,052,218</b>	<b>2,095,249</b>		<b>125,928</b>	<b>112,100</b>
<b>Cash and Investments subject to restriction (Note 4)</b>	<b>11,309</b>	<b>17,535</b>			
<b>Promissory notes of contributors (Note 6)</b>	567,110	585,943	<b>Contributions, accumulated surplus and reserve</b>		
Less : Provision	89,500	110,805	IFAD Members' contributions		
	<b>477,610</b>	<b>475,138</b>	(Appendix E and Note 5)	3,467,429	3,198,085
<b>Amounts receivable from contributors (Note 7)</b>	265,607	95,148	Less: Provision (Note 5(f))	179,033	205,928
Less : Provision (Note 5(f))	89,558	95,148		<b>3,288,396</b>	<b>2,992,157</b>
	<b>176,049</b>	<b>0</b>	IFAD Special contributions	20,129	20,129
<b>Other receivables</b>			IFAD Complementary Contributions	21,669	0
Accrued income on loans	10,214	11,193	SPA Contributors - First Phase		
Accrued income on investments	38,005	45,277	(Appendix E and Note 5)	289,393	292,625
Receivable for investments sold	4,356	6,834	Less: Provision (Note 7)	25	25
Miscellaneous	4,458	4,199		289,368	292,600
Due from other funds	13,348	7,647			
	<b>70,381</b>	<b>75,150</b>			
<b>Loans (Note 8 and Appendix F)</b>			SPA Contributors - Second Phase	63,697	66,805
IFAD Approved loans less cancellations and the adjustment for movement in value of total SDR loans in terms of United States Dollars			SPA Special contributions	209	209
(Appendix D, F and Note 8):				<b>353,274</b>	<b>359,614</b>
<b>1997 - USD 5,035,801</b>			Accumulated Surplus (Appendix A1)	1,796,704	1,953,389
<b>1996 - USD 4,957,492</b>				<b>5,480,172</b>	<b>5,325,289</b>
Effective Loans	4,500,418	4,474,410	Less : Grants (Notes 2 (a) and 9)	310,226	280,151
Less : Undisbursed balance of effective loans	1,389,984	1,450,792		<b>5,169,946</b>	<b>5,045,138</b>
Repayments	805,878	690,747			
Loans outstanding	<b>2,304,556</b>	<b>2,332,871</b>	General Reserve (Note 10)	95,000	95,000
SPA Approved loans and the adjustment for movement in value of total SDR loans in terms of United States Dollars					
(Appendix F)					
<b>1997 - USD 351,621</b>					
<b>1996 - USD 389,550</b>					
Effective Loans	349,462	380,347		<b>5,264,946</b>	<b>5,140,138</b>
Less : Undisbursed balance of effective loans	123,639	171,695			
Repayments	1,431	72			
Loans outstanding	<b>224,392</b>	<b>208,580</b>			
	<b>5,390,874</b>	<b>5,252,238</b>		<b>5,390,874</b>	<b>5,252,238</b>



IFAD - Financial Statements

**Statement of Cash Flows**  
**For the years ended 31 December 1997 and 31 December 1996 1/**  
(Expressed in thousands of United States Dollars)

Appendix C

	1997	1996
<b>Cash flows from investing in development activities</b>		
Loan disbursements	(259,808)	(261,909)
Loan principal repayments	115,618	110,746
Grant disbursements	(21,569)	(18,917)
<b>Net Cash flows used by investing in development activities</b>	<b>(165,759)</b>	<b>(170,080)</b>
<b>Cash flows from financing activities</b>		
Receipts from Member States		
- Promissory notes drawn down/encashed	122,499	112,264
- Cancellation of Brazilian cash contributions	(7,522)	0
- Second Replenishment contributions	260	0
- Third Replenishment contributions	1,180	1,235
- Fourth Replenishment contributions	16,804	1,768
Special contributions	0	1
<b>Net Cash flows provided by financing activities</b>	<b>133,221</b>	<b>115,268</b>
<b>Cash flows from operating activities</b>		
Income received from investments	171,212	148,481
Interest received from loans	43,014	39,805
Cash receipts from other funds	(5,960)	(4,739)
Payments for administrative expenses	(44,311)	(49,057)
Exchange gain/(loss) on operations	582	(131)
<b>Net Cash flows provided by operating activities</b>	<b>164,537</b>	<b>134,359</b>
<b>Effects of exchange rate movements on Cash and Investments</b>	<b>(156,220)</b>	<b>(80,389)</b>
<b>Net (Decrease) in unrestricted Cash and Investments</b>	<b>(24,221)</b>	<b>(842)</b>
<b>Unrestricted Cash and Investments at the beginning of year</b>	<b>2,136,946</b>	<b>2,137,788</b>
<b>Unrestricted Cash and Investments at the end of year</b>	<b>2,112,725</b>	<b>2,136,946</b>
<b>COMPOSED OF:</b>		
<b>Cash in banks</b>	<b>74,359</b>	<b>47,715</b>
<b>Investments including equities</b>	<b>2,052,218</b>	<b>2,095,249</b>
<b>Cash and Investments subject to restriction</b>	<b>1,045</b>	<b>8,691</b>
<b>Net (payable)/receivable for securities purchased</b>	<b>(14,897)</b>	<b>(14,709)</b>
	<b>2,112,725</b>	<b>2,136,946</b>
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Excess of revenue over expenses	155,453	139,229
Adjustment to reconcile net income to net cash provided by operations:		
- Decrease/(Increase) in accrued income on loans and investments	8,251	(1,668)
- (Increase) in other receivables	(5,960)	(4,739)
- Increase in liabilities	6,211	1,668
- Exchange gain/(loss) on operations	582	(131)
<b>Net Cash flows provided by operating activities</b>	<b>164,537</b>	<b>134,359</b>

1/ See Appendix G, Note 2(e).





## INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

**Statement of Resources Available for Commitment 1/  
31 December 1997 and 31 December 1996**  
(Expressed in thousands of United States Dollars)**Appendix D**

		1997	1996
<b>Assets in freely-convertible currencies</b>			
	Cash	74,359	47,715
	Investments	2,052,218	2,095,249
	Promissory notes - Member States	557,593	582,688
	Amounts receivable from contributors:		
	- Initial Contribution instalments	83,174	83,176
	- Second Replenishment instalments	2,372	2,632
	Other receivables	70,381	75,150
		<b>2,840,097</b>	<b>2,886,610</b>
<b>Less</b>	Payables and accrued liabilities	64,183	58,861
	Undisbursed effective loans	1,513,623	1,622,487
	Approved loans signed but not yet effective	319,705	236,616
	Undisbursed grants 2/	42,118	33,505
	General Reserve	95,000	95,000
		<b>1,970,446</b>	<b>1,987,608</b>
	Third Replenishment amounts excluded 3/	0	16,320
	Fourth Replenishment amounts excluded	0	9,803
	Initial Contribution instalments overdue	83,174	83,176
	Second Replenishment instalments overdue	2,372	2,632
	Drawdowns on Initial Contribution promissory notes which have not been paid	43,075	43,075
	Drawdowns on First Replenishment promissory notes which have not been paid	41,370	51,067
	Drawdowns on Second Replenishment promissory notes which have not been paid	5,297	15,598
	Drawdowns on Third Replenishment promissory notes which have not been paid	5,424	1,040
	Drawdowns on First Phase SPA promissory notes which have not been paid	23	25
	Promissory notes of Member States which have not yet been drawn down (see Note 2 (c) (iii))	22	5,601
		<b>180,757</b>	<b>202,214</b>
		<b>2,215,386</b>	<b>2,274,806</b>
<b>Resources Available for Commitment</b>		<b>624,711</b>	<b>611,804</b>
<b>Less</b>	Loans not yet signed	217,836	255,669
	Grants not yet signed	19,447	17,965
<b>Net Resources Available for Commitment</b>		<b>387,428</b>	<b>338,170</b>

1/ See Appendix G, Notes 2(c), 6 and 7.

2/ Excludes the equivalent of USD Nil (31 December 1996 - USD 2,094,000) for research grants approved for payment from non-convertible currency contributions of Member States.

3/ This amount represents the equivalent in United States Dollars of payments of supplementary contributions made in cash or in promissory notes by List A (formerly Category I) Members which will become available in the proportion 3:1 as further supplementary contributions of List C (formerly Category III) Members become available. This provision was lifted by the Governing Council at its Twentieth Session in February 1997, when the Fourth Replenishment was concluded.



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E  
Members - Category I

	Initial, First and Second Replenishment	Third Replenishment					
		Instruments Deposited 2/		Payments-USD Equivalent			
		USD Equivalent	Currency & Amount	USD Equivalent	Cash	Promissory Notes	Total
Australia	20,350,516	AUD	10,534,275	7,246,993	2,724,830	4,522,163	7,246,993
Austria	17,361,041	ATS	79,970,783	6,403,584	1,343,779	5,059,805	6,403,584
Belgium	35,949,263	BEF	365,192,151	10,308,011	3,076,156	7,231,855	10,308,011
Canada	78,727,037	CAD	26,983,253	18,998,975	3,907,137	15,091,838	18,998,975
Denmark	25,967,094	DKK	67,577,314	10,160,673	2,918,831	7,241,842	10,160,673
Finland	13,040,503	FIM	36,628,424	7,118,585	3,271,746	3,846,839	7,118,585
France	89,292,984	FRF	203,343,962	34,199,061	7,056,404	27,142,657	34,199,061
Germany	151,806,996	SDR	28,841,959	39,196,838	8,092,068	31,104,770	39,196,838
Greece 3/		USD	600,000	600,000	600,000		600,000
Ireland	2,556,419	IEP	515,342	820,849	820,849		820,849
Italy	82,890,395	ITL	34,510,148,000	28,079,860	28,079,860		28,079,860
Japan	186,773,731	JPY	5,096,008,994	39,336,817	7,992,013	31,344,804	39,336,817
Luxembourg	944,574	LUF	9,526,954	260,263	54,009	206,254	260,263
Netherlands	119,344,690	NLG	42,718,884	21,291,841	4,364,827	16,927,014	21,291,841
New Zealand	4,593,709	NZD	2,102,069	1,330,837	720,125	610,712	1,330,837
Norway	63,693,719	NOK	110,723,560	16,842,864	16,842,864		16,842,864
Portugal 4/							
Spain	4,966,000	USD	1,435,159	1,435,159	1,435,159		1,435,159
Sweden	68,671,403	SEK	137,458,556	18,220,883	8,286,281	9,934,602	18,220,883
Switzerland	41,497,300	CHF	16,270,000	11,549,920	6,807,585	4,742,335	11,549,920
United Kingdom	64,269,514	GBP	11,305,433	18,698,022	3,753,568	14,944,454	18,698,022
United States	459,874,400	USD	82,800,000	82,800,000	82,528,956	271,044	82,800,000
<b>Sub-total, Category I</b>							
<b>31 December 1997</b>	<b>1,532,571,288</b>			<b>374,900,035</b>	<b>194,677,047</b>	<b>180,222,988</b>	<b>374,900,035</b>
31 December 1996	1,532,571,288			398,263,420	136,959,458	261,303,962	398,263,420

IFAD - Financial Statements

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E  
Members - Category II

	Initial, First & Second Replenishment *	Third Replenishment					
		Instruments Deposited 2/		Payments - USD Equivalent			
		USD Equivalent	Currency & Amount	USD Equivalent	Cash	Promissory Notes	Total
Algeria	37,580,000	USD	12,000,000	12,000,000	5,168,400	6,831,600	12,000,000
Gabon 5/	2,801,000	USD					
Indonesia	10,059,000	USD	6,900,000	6,900,000	6,900,000		6,900,000
Iran 5/	124,750,000	USD	4,000,000	4,000,000	1,000,000		1,000,000
Iraq 5/	53,099,000	USD					
Kuwait	117,041,000	USD	14,000,000	14,000,000	2,809,800	11,190,200	14,000,000
Libyan Arab Jamahiriya 5/	36,000,000	USD	16,000,000	16,000,000		16,000,000	16,000,000
Nigeria 5/	76,459,000	USD	10,000,000	10,000,000		10,000,000	10,000,000
Qatar 5/	27,980,000	USD	1,000,000	1,000,000			
Saudi Arabia	333,778,000	USD	30,000,000	30,000,000	6,021,000	23,979,000	30,000,000
United Arab Emirates 5/	47,180,000	USD	1,000,000	1,000,000		1,000,000	1,000,000
Venezuela	132,489,000	USD	28,000,000	28,000,000	3,152,326	24,847,674	28,000,000
<b>Sub-total, Category II</b>							
<b>31 December 1997</b>	<b>999,216,000</b>			<b>122,900,000</b>	<b>25,051,526</b>	<b>93,848,474</b>	<b>118,900,000</b>
31 December 1996	999,216,000			122,900,000	10,056,000	103,844,000	113,900,000

\* A special contribution of USD 20 million paid by the OPEC Fund for International Development towards the First Replenishment is associated with Category II Members' contributions to the First Replenishment of IFAD's Resources.



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements  
Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E  
Members - Category III

	Initial, First & Second Replenishment USD Equivalent	Third Replenishment				Total
		Instruments Deposited 2/		Payments-USD Equivalent		
		Currency & Amount	USD Equivalent	Cash	Promissory Notes	
Afghanistan	93					
Albania 6/						
Angola 7/		USD	20,000	20,000	20,000	20,000
Antigua and Barbuda 7/						
Argentina	1,900,016	USD	3,000,000	3,000,000	3,000,000	3,000,000
Armenia 8/						
Azerbaijan 9/						
Bangladesh	1,471,672	USD	500,000	500,000	215,350	500,000
Barbados	2,000	USD	1,000	1,000	1,000	1,000
Belize 10/		USD	33,333	33,333	33,333	33,333
Benin	30,000	USD	20,000	20,000	20,000	20,000
Bhutan	1,000	USD	25,000	25,000	25,000	25,000
Bolivia		USD	100,000	100,000	100,000	100,000
Bosnia and Herzegovina 9/						
Botswana	35,000	USD	50,000	50,000	50,000	50,000
Brazil 11/	13,504,305	USD	7,000,000	7,000,000	1,404,900	7,000,000
Burkina Faso	10,000	USD	20,000	20,000	20,000	20,000
Burundi	19,861	USD	50,000	50,000	50,000	50,000
Cambodia 6/						
Cameroon	204,886					
Cape Verde	1,000	USD	10,000	10,000	10,000	10,000
Central African Republic	10,245					
Chad						
Chile	50,000	USD	55,000	55,000	55,000	55,000
China	3,839,803	USD	8,000,000	8,000,000	2,148,000	8,000,000
Colombia	10,000	USD	60,000	60,000	60,000	60,000
Comoros 5/	41,878					
Congo	148,092					
Cook Islands 8/						
Costa Rica						
Côte d'Ivoire		USD	500,000	500,000	500,000	500,000
Croatia 9/						
Cuba	8,520					
Cyprus 5/	62,000	USD	25,000	25,000	25,000	25,000
D.P.R. Korea 7/		USD	600,000	600,000		600,000
D.R. Congo	27,691					
Djibouti	6,000					
Dominica	14,987	USD	30,000	30,000	30,000	30,000
Dominican Republic	25,000					
Ecuador 5/ 12/	90,993	USD	300,000	300,000	298,330	298,330
Egypt	408,882	USD	5,000,000	5,000,000	1,342,500	5,000,000
El Salvador	40,000	USD	60,000	60,000	60,000	60,000
Equatorial Guinea						
Eritrea 9/						
Ethiopia	70,869	USD	30,000	30,000	30,000	30,000
Fiji	30,000	USD	100,000	100,000	100,000	100,000
Gambia, The	10,000	USD	10,000	10,000	10,000	10,000
Georgia 13/						
Ghana	116,487	USD	250,000	250,000	250,000	250,000
Greece 3/	550,000					
Grenada		USD	25,000	25,000	25,000	25,000
Guatemala		USD	250,000	250,000	250,000	250,000
Guinea	92,018	USD	50,000	50,000	50,000	50,000
Guinea-Bissau	10,000	USD	20,000	20,000	20,000	20,000
Guyana	60,000	USD	150,000	150,000	150,000	150,000
Haiti	37,118	USD	70,000	70,000	70,000	70,000
Honduras	191,500	USD	150,000	150,000	150,000	150,000
India	18,000,000	USD	8,000,000	8,000,000	2,156,520	8,000,000
Israel	150,000					
Jamaica	25,814	USD	150,000	150,000	150,000	150,000
Jordan	180,000	USD	75,000	75,000	75,000	75,000
Kenya	2,407,784	USD	635,065	635,065	635,065	635,065
Kyrgyzstan 8/						
Laos	2,213					
Lebanon	25,000					
Lesotho	89,397	USD	50,000	50,000	10,035	50,000
Liberia	39,000					
Madagascar	50,000	USD	50,000	50,000	50,000	50,000
Malawi	33,346	USD	40,000	40,000	40,000	40,000

(cont'd)



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements  
Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E  
Members - Category III

	Initial, First & Second Replenishment	Third Replenishment				Total	
		Instruments Deposited 2/		Payments-USD Equivalent			
		Currency & Amount	USD Equivalent	Cash	Promissory Notes		
USD Equivalent							
Malaysia 14/							
Maldives	1,000	USD	25,000	25,000	25,000	25,000	
Mali	19,404	USD	11,146	11,146	11,146	11,146	
Malta		USD	15,000	15,000	15,000	15,000	
Mauritania 5/	25,000	USD	25,000	25,000	25,000	25,000	
Mauritius	30,000	USD	55,000	55,000	55,000	55,000	
Mexico	13,630,985	USD	7,500,000	7,500,000	7,500,000	7,500,000	
Mongolia 9/							
Morocco	444,407	USD	3,000,000	3,000,000	3,000,000	3,000,000	
Mozambique	416	USD	80,000	80,000	80,000	80,000	
Myanmar 14/		USD	250,000	250,000	250,000	250,000	
Namibia 15/		USD	20,000	20,000	20,000	20,000	
Nepal	10,000	USD	50,000	50,000	50,000	50,000	
Nicaragua	38,571						
Niger	154,872	USD	19,935	19,935	19,935	19,935	
Oman	75,000	USD	75,000	75,000	75,000	75,000	
Pakistan	2,943,164	USD	2,000,000	2,000,000	401,400	2,000,000	
Panama	41,666	USD	25,000	25,000	25,000	25,000	
Papua New Guinea	70,000	USD	100,000	100,000	100,000	100,000	
Paraguay		USD	200,000	200,000	200,000	200,000	
Peru	60,000	USD	100,000	100,000	100,000	100,000	
Philippines	477,907	USD	500,000	500,000	499,836	499,836	
Portugal 4/		PTE	150,823,800	858,546	637,976	858,546	
Republic of Korea	739,032	USD	2,000,000	2,000,000	2,000,000	2,000,000	
Republic of Moldova 16/							
Romania	619						
Rwanda	74,499	USD	50,000	50,000	50,000	50,000	
Saint Christopher and Nevis 7/		USD	10,000	10,000	10,000	10,000	
Saint Lucia	2,000	USD	10,000	10,000	10,000	10,000	
Saint Vincent and the Grenadines 10/ 14/							
Samoa	10,000	USD	25,000	25,000	25,000	25,000	
Sao Tome and Principe 5/		USD	10,000	10,000	10,000	10,000	
Senegal	20,650	USD	60,000	60,000	60,000	60,000	
Seychelles	5,000	USD	10,000	10,000	10,000	10,000	
Sierra Leone	36,726						
Solomon Islands	10,000						
Somalia	10,000						
South Africa 16/							
Sri Lanka	2,783,000	USD	1,000,000	1,000,000	1,000,000	1,000,000	
Sudan 5/	88,259	USD	200,000	200,000	200,000	200,000	
Suriname 10/							
Swaziland	32,875	USD	20,000	20,000	20,000	20,000	
Syria	266,684						
Tajikistan 9/							
Tanzania,							
United Republic of	39,426	USD	50,000	50,000	50,000	50,000	
Thailand	300,000	USD	150,000	150,000	150,000	150,000	
The Former Yugoslav Republic of Macedonia 9/							
Togo	35,443						
Tonga		USD	25,000	25,000	25,000	25,000	
Trinidad and Tobago 7/							
Tunisia	359,806	USD	500,000	500,000	500,000	500,000	
Turkey	36,365	USD	5,000,000	5,000,000	5,000,000	5,000,000	
Uganda	50,046	USD	60,000	60,000	60,000	60,000	
Uruguay		USD	200,000	200,000	200,000	200,000	
Viet Nam	12						
Yemen 5/	300,000	USD	300,000	300,000	299,992	299,992	
Yugoslavia	108,170						
Zambia	207,262						
Zimbabwe	3,074	USD	550,000	550,000	550,000	550,000	
<b>Sub-total, Category III</b>							
<b>31 December 1997</b>	<b>67,675,810</b>			<b>60,704,025</b>	<b>36,975,318</b>	<b>23,716,865</b>	<b>60,692,183</b>
31 December 1996	75,372,852			59,959,304	28,923,667	30,695,794	59,619,461
<b>Total, Categories I, II &amp; III</b>							
<b>31 December 1997</b>	<b>2,599,463,098</b>			<b>558,504,061</b>	<b>256,703,891</b>	<b>297,788,327</b>	<b>554,492,218</b>
31 December 1996	2,607,160,140			581,122,724	175,939,125	395,843,756	571,782,881



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E

<b>Fourth Replenishment Contributions 17/</b>					
		Instruments Deposited 2/		Payments - USD Equivalent	
Currency & Amount		USD Equivalent		Cash	Promissory Notes
					<b>Total</b>
Afghanistan					
Albania 6/	USD	10,000	10,000	10,000	<b>10,000</b>
Algeria					
Angola 7/	USD	40,000	40,000		
Antigua and Barbuda 7/					
Argentina	USD	1,500,000	1,500,000	494,950	<b>494,950</b>
Armenia 8/					
Australia	AUD	6,426,708	4,194,716		4,194,716
Austria	ATS	74,691,045	5,912,364		1,970,788
Azerbaijan 9/					
Bangladesh	USD	600,000	600,000		150,000
Barbados	USD	5,000	5,000	5,000	<b>5,000</b>
Belgium	BEF	291,000,000	7,881,910		6,500,544
Belize 10/					
Benin					
Bhutan	USD	25,000	25,000	25,000	<b>25,000</b>
Bolivia					
Bosnia and Herzegovina 9/					
Botswana	USD	75,000	75,000	25,000	<b>25,000</b>
Brazil	USD	2,662,042	2,662,042		2,662,042
	SDR	3,657,989	4,935,541		4,935,541
Burkina Faso	USD	30,000	30,000	30,000	<b>30,000</b>
Burundi					
Cambodia 6/					
Cameroon					
Canada	CAD	27,286,744	19,093,684		6,364,561
Cape Verde	USD	15,000	15,000	15,000	<b>15,000</b>
Central African Republic					
Chad					
Chile	USD	500,000	500,000		
China					
Colombia					
Comoros					
Congo	USD	3,000	3,000	3,000	<b>3,000</b>
Cook Islands 8/	USD	5,000	5,000	5,000	<b>5,000</b>
Costa Rica					
Côte d'Ivoire	USD	1,005,907	1,005,907	1,005,907	<b>1,005,907</b>
Croatia 9/	USD				
Cuba					
Cyprus					
D.P.R. Korea 7/	USD	100,000	100,000		
D.R. Congo					
Denmark	DKK	160,018,428	23,439,792		23,439,792
Djibouti					
Dominica	USD	10,000	10,000	10,000	<b>10,000</b>
Dominican Republic					
Ecuador					
Egypt	USD	3,000,000	3,000,000		
El Salvador					
Equatorial Guinea					
Eritrea 9/	USD	5,000	5,000	5,000	<b>5,000</b>
Ethiopia	USD	30,000	30,000	30,000	<b>30,000</b>
Fiji	USD	64,228	64,228	64,228	<b>64,228</b>
Finland	FIM	16,609,320	3,064,054		1,219,274
France	FRF	130,497,500	21,792,821		6,537,846
Gabon					
Gambia, The	USD	10,086	10,086	10,086	<b>10,086</b>
Georgia 13/					
Germany	DEM	55,440,000	30,935,758		9,280,728
					<b>(cont'd)</b>



## INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E

<b>Fourth Replenishment Contributions 17/</b>						
	Instruments Deposited 2/		Payments - USD Equivalent			Total
	Currency & Amount	USD Equivalent	Cash	Promissory Notes		
Ghana						
Greece	USD	600,000	600,000			
Grenada						
Guatemala	USD	144,541	144,541	144,541		144,541
Guinea	USD	15,000	15,000	15,000		15,000
Guinea Bissau						
Guyana	USD	269,921	269,921	269,921		269,921
Haiti						
Honduras	USD	160,625	160,625	160,625		160,625
India	USD	9,000,000	9,000,000			
Indonesia	USD	10,000,000	10,000,000	3,500,000		3,500,000
Iran						
Iraq						
Ireland	IEP	514,332	746,433	255,966		255,966
Israel	USD	150,000	150,000	150,000		150,000
Italy	ITL	45,136,414,680	25,716,048	6,549,933		6,549,933
Jamaica						
Japan						
Jordan	USD	325,000	325,000	75,000	250,000	325,000
Kenya						
Kuwait	USD	15,000,000	15,000,000		15,000,000	15,000,000
Kyrgyzstan 8/						
Laos	USD	50,000	50,000			
Lebanon	USD	61,610	61,610	61,610		61,610
Lesotho	USD	50,000	50,000	50,000		50,000
Liberia						
Libyan Arab Jamahiriya						
Luxembourg	LUF	12,695,680	343,870		114,572	114,572
Madagascar						
Malawi						
Malaysia 14/	USD	500,000	500,000	500,000		500,000
Maldives	USD	25,000	25,000		10,000	10,000
Mali	USD	10,969	10,969	10,969		10,969
Malta	USD	19,985	19,985	19,985		19,985
Mauritania						
Mauritius	USD	80,000	80,000	80,000		80,000
Mexico						
Mongolia 9/						
Morocco	USD	2,000,000	2,000,000			
Mozambique	USD	80,000	80,000			
Myanmar 14/						
Namibia 15/	USD	300,000	300,000	300,000		300,000
Nepal	USD	50,000	50,000	50,000		50,000
Netherlands	NLG	13,087,016	6,487,708		6,487,708	6,487,708
New Zealand	NZD	2,099,160	1,219,612		1,219,612	1,219,612
Nicaragua	USD	50,000	50,000			
Nigeria						
Norway	NOK	118,216,205	16,159,245		5,467,692	5,467,692
Oman						
Pakistan						
Panama	USD	41,599	41,599	41,599		41,599
Papua New Guinea						
Paraguay	USD	404,842	404,842	404,842		404,842
Peru	USD	200,000	200,000			
Philippines	USD	167,000	167,000	167,000		167,000
Portugal	PTE	116,932,275	637,842			
Qatar						
Republic of Korea	USD	2,500,000	2,500,000	2,500,000		2,500,000
Republic of Moldova 16/						
Romania						

(cont'd)



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Appendix E

Fourth Replenishment Contributions 17/						
		Instruments Deposited 2/		Payments - USD Equivalent		
Currency & Amount		USD Equivalent	Cash	Promissory Notes	Total	
Rwanda	USD	35,000	35,000	35,000		35,000
Saint Christopher and Nevis 7/	USD	10,000	10,000	10,000		10,000
Saint Lucia	USD	10,000	10,000	10,000		10,000
Saint Vincent and the Grenadines 10/ 14/						
Samoa	USD	15,000	15,000	15,000		15,000
Sao Tome and Principe						
Saudi Arabia	USD	1,000,000	1,000,000		1,000,000	1,000,000
Senegal	USD	11,301	11,301	11,301		11,301
Seychelles	USD	4,667	4,667	4,667		4,667
Sierra Leone						
Solomon Islands						
Somalia						
South Africa 16/	USD	500,000	500,000	500,000		500,000
Spain	ESP	189,821,462	1,261,781	1,261,781		1,261,781
Sri Lanka	USD	1,100,000	1,100,000	1,100,000		1,100,000
Sudan	USD	90,000	90,000	90,000		90,000
Suriname 10/						
Swaziland	USD	59,454	59,454	59,454		59,454
Sweden	SEK	164,775,912	20,918,533		20,918,533	20,918,533
Switzerland						
Syria	USD	150,000	150,000	150,000		150,000
Tajikistan 9/						
Tanzania, United Republic of	USD	25,000	25,000	25,000		25,000
Thailand						
The Former Yugoslav Republic of Macedonia 9/						
Togo						
Tonga	USD	30,000	30,000	30,000		30,000
Trinidad and Tobago 7/						
Tunisia	USD	500,000	500,000			500,000
Turkey	USD	5,000,000	5,000,000	2,000,000		2,000,000
Uganda	USD	45,000	45,000	45,000		45,000
United Arab Emirates	USD	1,000,000	1,000,000		1,000,000	1,000,000
United Kingdom	GBP	13,586,773	22,469,807		7,489,936	7,489,936
United States	USD	30,000,000	30,000,000			30,000,000
Uruguay	USD	25,000	25,000	25,000		25,000
Venezuela						
Viet Nam						
Yemen	USD	188,914	188,914	188,914		188,914
Yugoslavia						
Zambia						
Zimbabwe	USD	500,000	500,000			500,000
<b>Total Contributions</b>						
<b>31 December 1997</b>			309,462,210	<b>22,606,279</b>	126,213,885	<b>148,820,164</b>
31 December 1996			9,802,504	<b>5,802,504</b>	4,000,000	<b>9,802,504</b>

Statement of Complimentary Contributions to the Fourth Replenishment

		Instruments Deposited 2/		Payments - USD Equivalent		
Currency & Amount		USD Equivalent	Cash	Promissory Notes	Total	
Belgium 18/	USD	21,668,480	21,668,480		6,262,191	6,262,191
<b>31 December 1997</b>			21,668,480		6,262,191	<b>6,262,191</b>
31 December 1996		0	0		0	0



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements

Appendix E

Statement of Members' and Special Contributions 1/  
31 December 1997 and 31 December 1996

Summary of Members' Contributions		
	Value in USD (in '000)	
	At 31.12.97	At 31.12.96
Initial Contributions	1,017,325	1,017,325
First Replenishment	1,016,371	1,021,456
Second Replenishment	565,767	568,379
Third Replenishment	558,504	581,122
Fourth Replenishment	309,462	9,803
<b>Total</b>	<b>3,467,429</b>	<b>3,198,085</b>

Special Contributions			
	Initial, First & Second Replenishments	Third Replenishment	Fourth Replenishment
	USD Equivalent	USD Equivalent	USD Equivalent
OPEC Fund	20,000,000		
Other	123,453	4,832	700
<b>31 December 1997</b>	<b>20,123,453</b>	<b>4,832</b>	<b>700</b>
31 December 1996	20,123,453	4,832	700

Complementary Contributions	
	Fourth Replenishment USD Equivalent
Belgium 18/	21,669
<b>31 December 1997</b>	<b>21,669</b>
31 December 1996	0





INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements  
Special Programme for Africa

Statement of Contributions and Special Contributions 1/  
31 December 1997 and 31 December 1996  
First Phase

Appendix E

Contributors	Instruments Deposited 2/		Payments-USD Equivalent		Total
	Currency & Amount	USD Equivalent	Cash	Promissory Notes	
Australia	AUD 500,000	388,871	388,871		388,871
Belgium	BEF 1,260,000,000	34,974,559	34,974,559		34,974,559
Denmark	DKK 120,000,000	18,752,591	17,240,725	1,511,867	18,752,592
Djibouti	USD 1,000	1,000	1,000		1,000
European Union	ECU 15,000,000	17,618,919	17,618,919		17,618,919
Finland	FIM 59,220,000	12,251,508	11,311,976	939,532	12,251,508
France	FRF 210,000,000	38,019,677	35,822,664	2,197,013	38,019,677
Germany	DEM 29,000,000	17,336,631	15,273,410	2,063,221	17,336,631
Greece	USD 37,030	37,030	37,030		37,030
Guinea	USD 25,000	25,000	25,000		25,000
Ireland	IEP 300,000	418,410	418,410		418,410
Italy	ITL 30,000,000,000	23,254,458	23,254,458		23,254,458
	USD 10,000,000	10,000,000	10,000,000		10,000,000
Japan	JPY 2,553,450,000	21,453,132	19,763,269	1,689,862	21,453,131
Luxembourg	LUF 10,000,000	266,099	266,099		266,099
Mauritania	USD 25,000	25,000		25,000	25,000
Netherlands	NLG 35,000,000	16,174,040	16,174,040		16,174,040
New Zealand	USD equiv. of				
	NZD 500,000	251,500	251,500		251,500
	FRF 100,000	17,731	17,731		17,731
Norway	NOK 138,000,000	19,759,121	19,759,121		19,759,121
Spain	USD 1,000,000	1,000,000	1,000,000		1,000,000
Sweden	SEK 131,700,000	19,151,697	17,713,820	1,437,877	19,151,697
Switzerland	CHF 25,000,000	17,048,554	17,048,554		17,048,554
United Kingdom	GBP 7,000,000	11,167,660	10,172,072	995,588	11,167,660
United States	USD 10,000,000	10,000,000	10,000,000		10,000,000
<b>31 December 1997</b>		<b>289,393,188</b>	<b>278,533,228</b>	<b>10,859,960</b>	<b>289,393,188</b>
31 December 1996		292,625,107	263,486,193	29,138,914	292,625,107

Statement of Contributions and Special Contributions 1/  
31 December 1997 and 31 December 1996  
Second Phase

Contributors	Instruments Deposited 2/		Payments-USD Equivalent		Total
	Currency & Amount	USD Equivalent	Cash	Promissory Notes	
Belgium	BEF 450,000,000	12,940,363	5,898,107	7,042,256	12,940,363
France	FRF 25,000,000	4,241,807	940,828	3,300,979	4,241,807
Greece	USD 40,000	40,000	40,000		40,000
Ireland	IEP 200,000	288,600	288,600		288,600
Italy	ITL 9,937,650,000	6,785,447	6,785,447		6,785,447
Kuwait	USD 15,000,000	15,000,000	6,082,501	8,917,499	15,000,000
Netherlands	NLG 19,500,000	9,954,487	2,171,429	7,783,058	9,954,487
Nigeria	USD 250,000	250,000	250,000		250,000
Sweden	SEK 25,000,000	4,196,391	4,196,391		4,196,391
United States	USD 10,000,000	10,000,000	4,054,999	5,945,001	10,000,000
<b>31 December 1997</b>		<b>63,697,095</b>	<b>30,708,302</b>	<b>32,988,793</b>	<b>63,697,095</b>
31 December 1996		66,804,393	25,271,876	41,532,517	66,804,393
<b>Total First &amp; Second Phase</b>					
<b>31 December 1997</b>		<b>353,090,283</b>	<b>309,241,530</b>	<b>43,848,753</b>	<b>353,090,283</b>
31 December 1996		359,429,500	288,758,069	70,671,431	359,429,500

Special Contributions First Phase

<b>31 December 1997</b>	209,345	209,345	209,345
Special Contributions			
31 December 1996	209,345	209,345	209,345



IFAD Financial Statements  
Statement of Members' and Special Contributions  
31 December 1997 and 31 December 1996

Notes to Statement of Members' and Special Contributions

- 1/ Members' contributions have been translated on the basis of the following:
  - (i) At year-end market rates of exchange for amounts receivable, 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 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.
- 2/ In those cases where no instrument has been received, the amounts shown are the equivalent of the actual payments.
- 3/ 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.
- 4/ 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.
- 5/ See Appendix G, Notes 6 and 7.
- 6/ The Fifteenth Session of the Governing Council adopted Resolution 68/XV on 21 January 1992, approving the application for membership of these countries.
- 7/ These Member States completed their membership formalities after the period of the First Replenishment.
- 8/ The Sixteenth Session of the Governing Council adopted Resolution 73/XVI on 22 January 1993, approving the application for membership of these countries.
- 9/ The Seventeenth Session of the Governing Council adopted Resolution 78/XVII on 26 January 1994, approving the application for membership of these countries.
- 10/ The Sixth Session of the Governing Council approved Resolution 23/VI on 13 December 1982, approving the application for membership of these countries.
- 11/ 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 was to take place upon effectiveness of the Fourth Replenishment.
- 12/ As approved by the Executive Board, the Instrument of Contribution indicates a schedule of payment which differs from that contained in Section 8(a)(i) of Resolution 56/XII.
- 13/ The Eighteenth Session of the Governing Council adopted Resolution 84/XVIII on 25 January 1995, approving the application for membership of this country.
- 14/ This Member State completed its membership formalities after the period of the Second Replenishment.
- 15/ The Fourteenth Session of the Governing Council adopted Resolution 64/XIV on 29 May 1991, approving the application for membership of this country.
- 16/ The Nineteenth Session of the Governing Council adopted Resolution 91/XIX on 17 January 1996, approving the application for membership of these countries.
- 17/ 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 has become effective and consequently Categories have been replaced by Lists, while all Member Countries are now listed in alphabetical order.
- 18/ This amount has been pledged by Belgium as a complementary contribution in accordance with paragraph 3(d) of Governing Council Resolution 98/XX. The Governing Council has decided that this complementary contribution shall be used for the specific objective of, and in conformity with, the procedures of the Belgian Survival Fund.



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD Financial Statements  
Statement of Loans  
31 December 1997 and 31 December 1996

Appendix F

Borrower or Guarantor USD Loans 1/	Approved	Loans not yet Effective USD	Effective Loans			Outstanding Loans USD
	Loans less Cancellations		Undisbursed Portion USD	Disbursed Portion USD	Repayments USD	
	USD		USD	USD	USD	
Bangladesh	30,000,000			30,000,000	6,750,000	23,250,000
Cape Verde	2,003,243			2,003,243	450,720	1,552,523
Haiti	3,500,000			3,500,000	831,250	2,668,750
Nepal	11,538,262			11,538,262	2,610,500	8,927,762
Philippines	10,000,000			10,000,000	9,333,324	666,676
Sri Lanka	12,000,000			12,000,000	3,000,000	9,000,000
Tanzania, United Republic of	9,488,457			9,488,457	2,134,908	7,353,549
Thailand	15,274,557			15,274,557	13,793,786	1,480,771
<b>Sub-total 1/</b>	<b>93,804,519</b>			<b>93,804,519</b>	<b>38,904,488</b>	<b>54,900,031</b>
<b>Exchange adjustment on USD Loans</b>	<b>5,194,296</b>			<b>5,194,296</b>	<b>4,558,145</b>	<b>636,151</b>
<b>Sub-total USD Loans 1/</b>	<b>98,998,815</b>			<b>98,998,815</b>	<b>43,462,633</b>	<b>55,536,182</b>

SDR Loans 1/	SDR	SDR	SDR	SDR	SDR	SDR
Albania	14,450,000		10,577,729	3,872,271		3,872,271
Algeria	27,450,000		18,252,080	9,197,920	8,994,225	203,695
Angola	12,000,000	5,300,000	6,063,052	636,948		636,948
Argentina	19,550,000	11,350,000		8,200,000	2,661,536	5,538,464
Armenia	14,950,000	9,550,000	4,238,806	1,161,194		1,161,194
Azerbaijan	6,450,000		6,450,000			
Bangladesh 2/	160,292,521	8,500,000	37,743,117	114,049,404	13,526,567	100,522,837
Belize	1,666,200			1,666,200	911,504	754,696
Benin	39,334,720		9,473,731	29,860,989	2,977,070	26,883,919
Bhutan	11,239,069		1,241,804	9,997,265	807,173	9,190,092
Bolivia	54,052,893	5,850,000	8,391,723	39,811,170	12,611,965	27,199,205
Bosnia and Herzegovina	14,450,000	10,100,000	5,453	4,344,547		4,344,547
Botswana	4,667,402			4,667,402	3,847,446	819,956
Brazil	26,400,000		21,636,894	4,763,106	845,481	3,917,625
Burkina Faso	28,733,564	10,150,000	5,481,891	13,101,673	1,962,833	11,138,840
Burundi 2/	19,796,617		4,945,105	14,851,512	2,634,108	12,217,404
Cambodia	3,300,000		3,225,885	74,115		74,115
Cameroon	18,520,450			18,520,450	5,393,631	13,126,819
Cape Verde	3,939,724			3,939,724		3,939,724
Central African Republic	27,821,088		9,085,917	18,735,171	765,591	17,969,580
Chile	5,500,000		4,695,459	804,541		804,541
China	239,743,293		53,188,223	186,555,070	22,501,900	164,053,170
Colombia	17,076,543		10,260,196	6,816,347	4,302,987	2,513,360
Comoros	5,441,675	700,000	1,380,470	3,361,205	156,765	3,204,440
Congo	10,876,210		5,268,088	5,608,122	2,617,073	2,991,049
Costa Rica	11,150,000	3,400,000	1,121,990	6,628,010	4,895,340	1,732,670
Cote D'Ivoire	31,629,549		23,560,235	8,069,314	5,140,288	2,929,026
Cuba	10,581,121			10,581,121	2,272,855	8,308,266
D.P.R. Korea	31,350,000		28,873,841	2,476,159		2,476,159
D.R. Congo	18,742,557			18,742,557	595,125	18,147,432
Djibouti	1,711,831		35,716	1,676,115	188,389	1,487,726
Dominica	4,246,460		1,509,981	2,736,479	773,250	1,963,229
Dominican Republic	24,499,308		5,077,552	19,421,756	12,705,890	6,715,866
Ecuador	26,861,535	10,850,000	8,560,582	7,450,953	2,821,868	4,629,085
Egypt	102,399,069	17,300,000	20,731,253	64,367,816	12,484,254	51,883,562
El Salvador	33,850,000	13,050,000	7,251,228	13,548,772	3,394,180	10,154,592
Equatorial Guinea	6,900,000		1,725,860	5,174,140	42,593	5,131,547
Eritrea	8,550,000		7,244,396	1,305,604		1,305,604
Ethiopia	69,047,048	15,650,000	9,470,621	43,926,427	4,393,930	39,532,497
Gabon	15,900,000	8,850,000	2,959,439	4,090,561	1,356,250	2,734,311
Gambia, The	14,057,410		3,866,963	10,190,447	962,526	9,227,921
Georgia	4,700,000		4,700,000			
Ghana	44,540,451	13,500,000	7,163,636	23,876,815	2,050,870	21,825,945
Grenada	1,372,469			1,372,469	917,036	455,433
Guatemala	25,901,455	10,450,000	3,247,848	12,203,607	3,614,052	8,589,555
Guinea	40,380,302	6,950,000	14,369,156	19,061,146	1,568,583	17,492,563
Guinea-Bissau	5,117,134			5,117,134	515,235	4,601,899
Guyana	12,300,000	7,300,000		4,844,316	2,004,000	2,840,316
Haiti	24,819,660		8,444,710	16,374,950	2,319,714	14,055,236
Honduras	29,352,959	8,900,000	5,582,570	14,870,389	5,085,004	9,785,385
India	259,879,813	29,850,000	51,430,072	178,599,741	25,752,470	152,847,271
Indonesia 2/	164,786,374	18,250,000	40,345,700	106,190,674	46,336,485	59,854,189
Jamaica	15,780,168		5,662,896	10,117,272	6,918,903	3,198,369
Jordan	39,359,130	2,900,000	13,363,924	23,095,206	14,261,340	8,833,866
Kenya	26,959,934		9,406,147	17,553,787	1,099,716	16,454,071
Kyrgyzstan	2,350,000		1,954,127	395,873		395,873
Laos	20,816,699	5,300,000	2,414,449	13,102,250	784,583	12,317,667

(cont'd)



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD Financial Statements  
Statement of Loans  
31 December 1997 and 31 December 1996

Appendix F

Borrower or Guarantor	Approved	Loans not yet Effective	Effective Loans			Outstanding Loans
	Loans less Cancellations		Undisbursed Portion	Disbursed Portion	Repayments	
	SDR	SDR	SDR	SDR	SDR	SDR
Lebanon	22,700,000	8,700,000	11,280,889	2,719,111		2,719,111
Lesotho	8,190,053			8,190,053	927,249	7,262,804
Liberia	10,179,774			10,179,774		10,179,774
Madagascar 2/	48,050,958	5,650,000	15,267,451	27,133,507	2,362,925	24,770,582
Malawi 2/	41,914,191		7,143,792	34,770,399	4,312,949	30,457,450
Maldives	5,880,830		1,679,333	4,201,497	236,181	3,965,316
Mali	47,713,639		22,296,533	25,417,106	2,424,528	22,992,578
Mauritania	17,528,634		5,664,711	11,863,923	1,559,464	10,304,459
Mauritius	5,218,617			5,218,617	3,657,730	1,560,887
Mexico	46,850,000		29,946,298	16,903,702	10,667,631	6,236,071
Mongolia	3,450,000		3,239,339	210,661		210,661
Morocco	81,435,261	13,500,000	21,028,651	46,906,610	30,917,632	15,988,978
Mozambique 2/	44,226,845	13,450,000	11,049,150	19,727,695	3,098,186	16,629,509
Namibia	4,200,000		2,550,433	1,649,567		1,649,567
Nepal	56,019,857	6,550,000	10,148,677	39,321,180	3,843,856	35,477,324
Nicaragua	35,400,000		13,822,809	21,577,191	7,860,000	13,717,191
Niger	22,175,121	7,950,000	4,532,269	9,692,852	821,579	8,871,273
Nigeria	38,250,000		12,354,709	25,895,291	8,195,460	17,699,831
Pakistan 2/	168,860,329	10,750,000	46,334,952	111,775,377	21,321,090	90,454,287
Panama	36,442,513	8,900,000	8,737,319	18,805,194	13,025,680	5,779,514
Papua New Guinea	9,129,388		2,997,152	6,132,236	3,645,987	2,486,249
Paraguay	31,406,488		10,430,051	20,976,437	12,851,113	8,125,324
Peru	67,278,851	13,900,000	10,671,257	42,707,594	22,045,063	20,662,531
Philippines	39,590,689		17,294,696	22,295,993	8,725,398	13,570,595
Rwanda 2/	37,972,824	3,750,000	14,837,226	19,385,598	1,681,545	17,704,053
Saint Lucia	2,784,838		1,340,483	1,444,355	873,000	571,355
Saint Vincent and the Grenadines	1,650,000		953,005	696,995	55,000	641,995
Samoa	1,907,723			1,907,723	133,080	1,774,643
Sao Tome and Principe	5,933,578		1,094,131	4,839,447	176,554	4,662,893
Senegal	21,051,372	6,900,000	5,669,499	8,481,873	1,412,872	7,069,001
Seychelles	824,334			824,334	254,997	569,337
Sierra Leone	22,496,564		2,835,469	19,661,095	2,400,654	17,260,441
Solomon Islands	2,600,000		501,577	2,098,423	72,500	2,025,923
Somalia	17,709,534			17,709,534	410,968	17,298,566
Sri Lanka	53,452,885		17,173,080	36,279,805	3,565,915	32,713,890
Sudan 2/	57,264,717		5,851,232	51,413,485	5,913,304	45,500,181
Suriname	2,600,000		2,285,623	314,377	86,670	227,707
Swaziland	10,622,340		3,798,511	6,823,829	3,535,200	3,288,629
Syria	42,047,374		30,630,462	11,416,912	5,659,690	5,757,222
Tanzania, United						
Republic of	47,082,777		25,456,494	21,626,283	374,136	21,252,147
Thailand	34,379,149			34,379,149	22,427,215	11,951,934
The Former Yugoslav						
Republic of Macedonia	5,650,000		5,650,000			
Togo	27,774,611	6,950,000	8,484,956	12,339,655	822,330	11,517,325
Tonga	4,837,125		365,679	4,471,446	95,000	4,376,446
Tunisia	61,586,299		20,525,257	41,061,042	23,875,564	17,185,478
Turkey	59,799,163		28,925,473	30,873,690	24,710,706	6,162,984
Uganda 2/	59,089,307	14,350,000	6,926,536	37,812,771	6,025,266	31,787,505
Uruguay	8,550,000		3,043,316	5,506,684	855,000	4,651,684
Venezuela	27,400,000	8,250,000	9,303,449	9,846,551	6,975,181	2,871,370
Viet Nam	32,600,000	9,200,000	16,138,453	7,261,547		7,261,547
Yemen 2/	95,284,033	16,900,000	17,027,407	61,356,626	7,657,040	53,699,586
Zambia	49,130,182		11,614,243	37,515,939	4,705,025	32,810,914
Zimbabwe	40,508,137	7,150,000	9,452,194	23,905,943	10,391,635	13,514,308
<b>Sub-total</b>	<b>3,644,275,309</b>	<b>396,800,000</b>	<b>1,030,190,425</b>	<b>2,217,284,884</b>	<b>550,418,332</b>	<b>1,666,866,552</b>
<b>USD Equivalent 1/</b>	<b>4,917,038,461</b>	<b>535,382,400</b>	<b>1,389,984,431</b>	<b>2,991,671,630</b>	<b>762,415,519</b>	<b>2,229,256,111</b>
<b>Exchange adjustment on SDR Loan Repayments</b>	<b>19,763,587</b>			<b>19,763,587</b>		<b>19,763,587</b>
<b>Sub-total SDR Loans 1/</b>	<b>4,936,802,048</b>	<b>535,382,400</b>	<b>1,389,984,431</b>	<b>3,011,435,217</b>	<b>762,415,519</b>	<b>2,249,019,698</b>
<b>31 December 1997 1/ USD</b>	<b>5,035,800,863</b>	<b>535,382,400</b>	<b>1,389,984,431</b>	<b>3,110,434,032</b>	<b>805,878,152</b>	<b>2,304,555,880</b>
31 December 1996 USD	4,957,491,933	483,082,662	1,450,792,092	3,023,617,179	690,746,600	2,332,870,579



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD Financial Statements

Statement of Loans<sup>1/</sup>

31 December 1997 and 31 December 1996<sup>1/</sup>

Summary (in '000)

Appendix F

		Approved Loans				Value in USD				
		At	Loans	Loans	At	At	Loans	Loans	Movement in	At
		31.12.96	Cancelled	Fully Repaid	31.12.97	31.12.96	Cancelled	Fully Repaid	Exchange Rate SDR/USD	31.12.97
1978	USD	93,805			<b>93,805</b>	93,805				<b>93,805</b>
1979	SDR	246,703			<b>246,703</b>	354,749			(21,885)	<b>332,864</b>
1980	SDR	241,106			<b>241,106</b>	346,701			(21,389)	<b>325,312</b>
1981	SDR	254,960			<b>254,960</b>	366,622			(22,618)	<b>344,004</b>
1982	SDR	229,004			<b>229,004</b>	329,299			(20,315)	<b>308,984</b>
1983	SDR	209,285			<b>209,285</b>	300,943			(18,565)	<b>282,378</b>
1984	SDR	167,562	(683)		<b>166,879</b>	240,947	(1,015)		(14,771)	<b>225,161</b>
1985	SDR	95,911	(1,230)		<b>94,681</b>	137,916	(1,828)		(8,340)	<b>127,748</b>
1986	SDR	74,139	(625)		<b>73,514</b>	106,609	(926)		(6,494)	<b>99,189</b>
1987	SDR	100,758	(500)		<b>100,258</b>	144,886	(743)		(8,870)	<b>135,273</b>
1988	SDR	130,868	(13,964)		<b>116,904</b>	188,183	(20,757)		(9,694)	<b>157,732</b>
1989	SDR	145,863	(14,027)		<b>131,836</b>	209,745	(20,851)		(11,015)	<b>177,879</b>
1990	SDR	161,095	(1,943)		<b>159,152</b>	231,648	(2,888)		(14,025)	<b>214,735</b>
1991	SDR	177,850	(6,127)		<b>171,723</b>	255,741	(9,108)		(14,936)	<b>231,697</b>
1992	SDR	203,399	(279)		<b>203,120</b>	292,480	(415)		(18,006)	<b>274,059</b>
1993	SDR	201,150			<b>201,150</b>	289,246			(17,844)	<b>271,402</b>
1994	SDR	220,050			<b>220,050</b>	316,423			(19,521)	<b>296,902</b>
1995	SDR	253,850			<b>253,850</b>	365,026			(22,519)	<b>342,507</b>
1996	SDR	281,850			<b>281,850</b>	405,289			(25,003)	<b>380,286</b>
1997	SDR				<b>288,250</b>					<b>388,926</b>
<b>Total</b>	<b>SDR</b>	<b>3,395,403</b>	<b>(39,378)</b>		<b>3,644,275</b>					
	<b>USD</b>	<b>93,805</b>			<b>93,805</b>					
<b>Total</b>	<b>USD</b>				<b>4,976,258</b>	<b>(58,531)</b>			<b>(295,810)</b>	<b>5,010,843</b>
<b>Exchange adjustment on loans disbursed</b>						<b>(18,766)</b>				<b>24,958</b>
	<b>USD</b>				<b>4,957,492</b>					<b>5,035,801</b>

Maturity Structure of Outstanding Loans

as at 31 December 1997

PERIODS	USD '000
1 January 1998 to 31 December 1998 3/	155,057
1 January 1999 to 31 December 1999	126,026
1 January 2000 to 31 December 2000	123,566
1 January 2001 to 31 December 2001	113,279
1 January 2002 to 31 December 2002	103,674
1 January 2003 to 31 December 2007	399,431
1 January 2008 to 31 December 2012	314,967
1 January 2013 to 31 December 2017	270,602
1 January 2018 to 31 December 2022	253,423
1 January 2023 and thereafter	444,531
<b>TOTAL</b>	<b>2,304,556</b>

- 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 1.34925/1 at 31 December 1997. Since the loans were valued at 31 December 1996 at the then prevailing rate of 1.43796/1, there is a decrease in value in terms of United States Dollars, attributable to the movement in exchange rates from 31 December 1996 to 31 December 1997 of USD 295,810,000 (from 1995 to 1996, there was a decrease in value in terms of USD of 156,694,000).
- 2/ Repayment amounts include participation by The Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and corresponding increase in committable resources.
- 3/ Outstanding loans in 1998 include overdue principal repayments of USD 34,583,000 due immediately.



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD - Financial Statements  
Special Programme for Africa  
Statement of Loans  
31 December 1997 and 31 December 1996

Appendix F

Borrower or Guarantor	Effective Loans						Outstanding Loans SDR
	Approved Loans SDR	Loans not yet Effective SDR	Undisbursed	Disbursed	Repayments SDR		
			Portion SDR	Portion SDR			
Angola	2,767,309		2,087,684	679,625			679,625
Burkina Faso	10,546,143		3,655,548	6,890,595			6,890,595
Burundi	5,050,000		3,931,793	1,118,207			1,118,207
Cape Verde	4,100,000		2,403,484	1,696,516			1,696,516
Chad	12,050,000		7,267,990	4,782,010			4,782,010
Comoros	2,450,000		1,785,349	664,651			664,651
Djibouti	165,379			165,379			165,379
Ethiopia	9,422,826		4,370,116	5,052,710	170,130		4,882,580
Gambia, The	2,638,448			2,638,448			2,638,448
Ghana	22,839,017		6,197,958	16,641,059	103,476		16,537,583
Guinea	10,761,866			10,761,866			10,761,866
Guinea-Bissau	2,126,405			2,126,405	53,160		2,073,245
Kenya	17,850,000		13,670,622	4,179,378			4,179,378
Lesotho	8,950,000		3,613,385	5,336,615			5,336,615
Madagascar	1,100,000		862,817	237,183			237,183
Malawi	9,350,000		5,788,919	3,561,081			3,561,081
Mali	12,399,994		4,158,323	8,241,671	121,250		8,120,421
Mauritania	19,249,994		3,721,505	15,528,489	199,091		15,329,398
Mozambique	8,291,209			8,291,209	103,639		8,187,570
Niger	12,339,566	1,600,000		10,739,566			10,739,566
Senegal	26,750,000		11,479,104	15,270,896			15,270,896
Sierra Leone	3,650,000		1,993,348	1,656,652			1,656,652
Sudan	26,550,000		7,897,845	18,652,155	201,250		18,450,905
Tanzania, United Republic of	11,450,000		5,004,991	6,445,009			6,445,009
Uganda	8,123,650			8,123,650			8,123,650
Zambia	9,610,310		1,745,038	7,865,272	85,754		7,779,518
<b>Sub-total</b>	<b>260,582,116</b>	<b>1,600,000</b>	<b>91,635,819</b>	<b>167,346,297</b>	<b>1,037,750</b>		<b>166,308,547</b>
<b>USD Equivalent 1/</b>	<b>351,590,420</b>	<b>2,158,800</b>	<b>123,639,629</b>	<b>225,791,991</b>	<b>1,430,932</b>		<b>224,361,059</b>
<b>Exchange Adjustment on Repayments</b>	<b>30,747</b>			<b>30,747</b>			<b>30,747</b>
<b>31 December 1997 USD</b>	<b>351,621,167</b>	<b>2,158,800</b>	<b>123,639,629</b>	<b>225,822,738</b>	<b>1,430,932</b>		<b>224,391,806</b>
<b>31 December 1996 USD</b>	<b>389,549,553</b>	<b>9,202,944</b>	<b>171,694,989</b>	<b>208,651,620</b>	<b>72,282</b>		<b>208,579,338</b>

Summary (in '000)

	Approved Loans				Value in USD			Movement in At 31.12.97
	At 31.12.96	Loans Cancelled	At 31.12.97	At 31.12.96	Loans Cancelled	Exchange Rate SDR/USD		
1986 SDR	30,339	(4,927)	25,412	43,626	(7,085)	(2,254)	34,287	
1987 SDR	41,448	(156)	41,292	59,600	(224)	(3,663)	55,713	
1988 SDR	39,800	(1,488)	38,312	57,231	(2,140)	(3,399)	51,692	
1989 SDR	36,817	(3,751)	33,066	52,942	(5,393)	(2,935)	44,614	
1990 SDR	23,250		23,250	33,433		(2,063)	31,370	
1991 SDR	22,400		22,400	32,210		(1,987)	30,223	
1992 SDR	9,200		9,200	13,229		(816)	12,413	
1993 SDR	43,450		43,450	62,479		(3,854)	58,625	
1994 SDR	16,700		16,700	24,014		(1,481)	22,533	
1995 SDR	7,500		7,500	10,785		(665)	10,120	
<b>Total SDR</b>	<b>270,904</b>	<b>(10,322)</b>	<b>260,582</b>	<b>389,549</b>	<b>(14,842)</b>	<b>(23,117)</b>	<b>351,590</b>	

Maturity Structure of Outstanding Loans

as at 31 December 1997

PERIODS	USD '000
1 January 1998 to 31 December 1998	2,350
1 January 1999 to 31 December 1999	3,715
1 January 2000 to 31 December 2000	4,656
1 January 2001 to 31 December 2001	5,574
1 January 2002 to 31 December 2002	6,309
1 January 2003 to 31 December 2007	41,207
1 January 2008 to 31 December 2012	41,598
1 January 2013 to 31 December 2017	36,039
1 January 2018 to 31 December 2022	27,238
1 January 2023 and thereafter	55,706
<b>TOTAL</b>	<b>224,392</b>

1/ Loans have been denominated in SDR and, for purposes of presentation in the Balance Sheet, the accumulated amount has been valued at US Dollar/SDR rate of 1.34925/1 as at 31 December 1997. Since the loans were valued at 31 December 1996 at the then prevailing rate of 1.43796/1, there has been a decrease in value, in terms of US Dollars, attributable to the movement in exchange rates from 31 December 1996 to 31 December 1997 of USD 23,117 (from 1995 to 1996 there was a decrease in value, in terms of USD 13,147,442).



## Appendix G

## IFAD Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

## Note 1: Brief Description of the Fund

The International Fund for Agricultural Development (the Fund) is a specialized agency of the United Nations. The Fund formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms for primarily 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.

Membership of 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 from operations.

## Note 2: Summary of Significant Accounting Policies

## (a) Basis of Accounting

The Financial Statements of the Fund are prepared in accordance with international accounting standards and under the historical cost convention. The excess of revenue over expenses net of the effects of changes in foreign exchange rate movements is transferred to Accumulated Surplus.

The Fund carries its investment securities at market value. Both realized and unrealized security gains and losses are included in income from investments.

The Executive Board, at its Fifty-Fifth Session, decided that Phase I and Phase II of the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification be terminated on 31 December 1995 and integrated into IFAD's Article 4 Resources on 1 January 1996. The Financial Statements for 1996 reflect this decision.

A contribution from a Member 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 adoption from 1988 of the policy on overdue contributions described in (b).

Technical assistance grants are recorded as a deduction from Contributions and Accumulated Surplus at the time of their approval.

Cost of equipment owned by the Fund is charged directly to expense when purchased.

## (b) Provisions Against Overdue Members' Contributions

At the Thirty-Fourth Session of the Executive Board in September 1988, on the recommendation of the External Auditor, the Fund adopted a policy on provisions against overdue Members' contributions 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) In the past, the date of issue of the External Auditor's opinion was used for determining the 24 and 48-month periods, with respect to a particular year's financial statements. With effect from 1996, the end of the financial year is used for determining the 24 and 48-month periods, as approved by the Fifty-Eighth Session of the Executive Board.

(iv) The provision will be disclosed directly on the Balance Sheet itself.

(v) Where exceptional circumstances arise which call for the establishment of a provision, without regard to the specific time periods established in paragraphs (i), (ii) and (iii) above, or which suggest that a provision is not appropriate even if those time periods have been exceeded, the President's opinion about such special circumstances and their impact on provisions shall be referred to the Executive Board. However, in any situation where time requirements would not allow prior consultation with the Executive Board, the President shall be authorized to take action with regard to such special circumstances and shall inform the Board subsequently of such action as had been taken.

## (c) 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 Members 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.

At the Thirty-Fourth Session of the Executive Board, the Fund adopted a policy for determining resources available for commitment 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) For any Member which has paid in the form of promissory note(s) and on which payments are overdue for a period of three drawdown tranche calls (i.e., a period of approximately 18 months), the total amount of unpaid drawdown calls will be excluded from committable resources.
- (iii) For any Member which has paid in the form of promissory note(s) and on which payments are overdue for a period of 36 months or more, the entire value of all outstanding promissory notes, for the funding period in question and for any subsequent funding periods, will be excluded from committable resources.
- (iv) Where exceptional circumstances arise which call for exceptions to paragraphs (i) to (iii) above, the President's opinion about such exceptional circumstances and their impact upon the committable resources shall be referred to the Executive Board. However, in any situation where time requirements would not allow prior consultation with the Executive Board, the President shall be authorized to take action with regard to such exceptional circumstances and shall inform the Board subsequently of such action as had been taken.
- (v) Advance Commitment Authority (ACA). The Governing Council, at its Twentieth Session in February 1997, approved changes to Article 4, Section 1 of the Agreement Establishing IFAD and the Financial Regulations of IFAD (Regulation IV, paragraph 1) that permits IFAD's resources to include "...funds derived or to be derived from operations or otherwise accruing...". With this change to the Constitution of IFAD, the Governing Council, in Resolution 100/XX, decided that "The Executive Board may, from time to time and having regard to the resources of IFAD available for commitment to loans and grants, including investment income net of administrative costs, employ an Advance Commitment Authority (ACA) in a prudent and cautious manner to compensate, year-by-year, for fluctuations in the resources available for commitment and to act as a reserve resource."
- The Fund did not require the use of ACA in 1997 as regular resources were sufficient to meet its loans and grants programme.
- (iii) Revenue and expense items in currencies other than the United States Dollar have been recorded at appropriate rates of exchange during the period.
- (iv) 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 taken through the Statement of Revenue and Expenses, in line with the requirements of International Accounting Standard (IAS) No. 21 (revised).
- (v) The following rates of 1 unit of SDR in terms of USD as at 31 December were used:
- | Year | SDR/USD |
|------|---------|
| 1995 | 1.48649 |
| 1996 | 1.43796 |
| 1997 | 1.34925 |
- The movement in the foreign exchange rate account is explained as follows:
- |   | 1997<br>USD '000s | 1996      |
|---|-------------------|-----------|
| Opening balance at 1 January              | 533,648           | 694,614   |
| Exchange movements for the year on:       |                   |           |
| Cash and investments                      | (156,220)         | (80,389)  |
| Loans outstanding                         | (156,936)         | (80,080)  |
| Promissory Notes and Members' receivables | (29,548)          | (20,962)  |
| Members' contributions                    | 29,984            | 20,596    |
| Exchange gain/(loss) on operations        | 582               | (131)     |
| Total movements in the year               | (312,138)         | (160,966) |
| Closing balance at 31 December            | 221,510           | 533,648   |

A loan or grant is considered to be committed when a formal agreement is signed by the Fund and the respective borrower or grantee. 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 presented for approval. The Statement of Resources Available for Commitment, Appendix D, also indicates the specific amounts against which no commitments have been made.

#### (d) Translation and Conversion of Currencies

- (i) The Fund, as an international organization, conducts its operations in several currencies, and for 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.
- (ii) The Fund has translated all items in its Balance Sheet, except its Members' contributions in currencies other than the United States Dollar, at market rates of exchange at year-end.

The basis of translation for its Members' contributions is the following:

- (1) At year-end market rates of exchange for amounts receivable, for amounts paid in the form of promissory notes and not yet drawn down and for non-convertible currencies not yet disbursed.
- (2) At market rates of exchange as at date of receipt in respect of cash, including draw down payments, and at market rates of exchange as at date of

#### (e) Statement of Cash Flows

Appendix C, Statement of Cash Flows, has been prepared in accordance with International Accounting Standard (IAS) No. 7 (revised). The investments held by the Fund can be converted into cash in the short term and, therefore, the investment portfolio is included as an element of liquidity in the Statement of Cash Flows.

#### Note 3: Investments

##### (a) Basic Principles

The basic principles governing the investment of funds are contained in Regulation VIII of the Financial Regulations of IFAD which were adopted by the Governing Council at its First Session, 13-16 December 1977, as follows:

- "1. The President may place or invest cash funds, not needed immediately for the Fund's operations or administrative expenditures.
2. 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.
3. Income earned from investments may, *inter alia*, be used by the Fund to meet its administrative and other expenditure in accordance with the approved budget."

##### (b) Investment Management

Since 1994, management of the major part of IFAD's investment portfolio has been entrusted to a number of external investment managers under





investment guidelines provided by the Fund. At 31 December 1997, funds under external management amounted to USD 1,962,715,000 (1996 - USD 1,783,365,000), of which USD 1,795,698,000 related to fixed-income mandates (1996 - USD 1,783,365,000) and USD 167,017,000 to equities mandates (1996 - USD Nil). At 31 December 1997, USD 108,748,000 of the amount entrusted to equities managers was invested in equities, and the balance of USD 58,269,000 was held in cash and other short-term instruments pending investment in equities.

(c) **Risk Management**

The Fund has addressed investment risks through the provisions 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, 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 6.5 years. 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 USD 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 then enter into covered forward foreign exchange agreements in order to maintain the matching in currency terms of commitments denominated in SDR and USD.

(iv) **Custodial Risk**

IFAD has entrusted the safekeeping of its investment assets to a major custodian bank. The custodian safekeeps the funds and maintains separate accounts for each externally-managed investment subportfolio, and settles the investment transactions initiated by external investment managers.

(d) **Derivative Instruments**

The Fund's Investment Guidelines authorize the use of the following types of derivative instruments:

(i) **Futures**

Futures are contracts for delayed delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument at a specified price or yield. Initial margin requirements are met with cash or securities, and changes in the market price are settled daily. Changes in the market value of open futures contracts are recognized as gains or losses in the period of the change and included in income from investments. There were no futures contracts outstanding at 31 December 1997 (1996 - NIL).

(ii) **Options**

Options are contracts that allow the holder of the option to purchase or sell a financial instrument at a specified price within a specified period of time from or to the seller of the option, who then bears the risk of an unfavourable change in the price of the financial instrument underlying the option. IFAD only invests in

exchange traded options. The initial price of an option contract is equal to the premium paid by the purchaser and is significantly less than the contract or notional amount. IFAD does not write option contracts. There were no outstanding options at 31 December 1997 (1996 - USD NIL).

(iii) **Covered Forwards**

Covered forwards are agreements in which cash in one currency is converted into a different currency and simultaneously a forward exchange contract is executed providing for a future exchange of the two currencies in order to recover the currency converted. The unrealized market value gain on forward contracts amounted to USD 2,800,000 (1996 - loss of USD 6,161,000). The maturity of forward contracts at 31 December 1997 ranged from 1 to 12 weeks.

(e) **Valuation**

The Fund marks its investment portfolio to market. Both realized and unrealized gains and losses are included in income from investments.

(f) **Composition of the Investment Portfolio by Instrument**

At 31 December 1997, the cash and investments at market value amounted to USD 2,149,685,000 (1996 - USD 2,173,532,000), comprising the following instruments:

	<u>1997</u>	<u>1996</u>
	<u>USD '000s</u>	
Cash	74,359	47,715
Government and government-guaranteed obligations	1,660,922	1,875,179
Unrealized market value gain/(loss) on forward contracts	2,800	(6,161)
Time deposits and other obligations of banks	279,748	226,231
Equities	<u>108,748</u>	-
	2,052,218	2,095,249
Accrued income on investments	38,005	45,277
Receivables for investments sold	4,356	6,834
Payable for investments purchased	<u>(19,253)</u>	<u>(21,543)</u>
Total	<u>2,149,685</u>	<u>2,173,532</u>

(g) **Composition of the Investment Portfolio by Currency**

The currency composition of cash and investments at 31 December 1997 and 31 December 1996 was as follows:

	<u>1997</u>	<u>1996</u>
	<u>USD '000s</u>	
Deutsche Mark	173,489	437,789
French Franc	41,504	206,426
Japanese Yen	217,297	344,126
Pound Sterling	231,471	301,510
United States Dollar	1,074,040	828,076



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Others	<u>411,884</u>	<u>55,605</u>
Total	<u>2,149,685</u>	<u>2,173,532</u>

**(h) Composition of the Investment Portfolio by Maturity**

The composition of cash and investments by maturity at 31 December 1997 and 31 December 1996 was as follows:

	<u>1997</u>	<u>1996</u>
	<u>USD '000s</u>	
Due in one year or less	420,199	308,988
Due after one year through five years	512,816	767,051
Due after five years through ten years	916,809	1,027,201
Due after ten years	191,113	70,292
No fixed maturity (equities)	<u>108,748</u>	—
Total	<u>2,149,685</u>	<u>2,173,532</u>

The average life to maturity of the investment portfolio (excluding equities) at 31 December 1997 was 66 months (1996 - 60 months).

**Income from Investments**

Income from investments for the year ending 31 December 1997 amounted to USD 163,940,000 (1996 - USD 148,852,000). The components of "Income from Investments" are as follows:

	<u>1997</u>	<u>1996</u>
	<u>USD '000s</u>	
Interest from fixed income investments	127,849	131,654
Dividend income from equities	94	-
Realized capital gains/(losses)	21,535	(83)
Unrealized market value gain	19,657	22,040
Income from bond lending	463	427
Interest income from banks	930	1,056
Investment management and custody fees	(5,457)	(5,857)
Other	<u>(1,131)</u>	<u>(385)</u>
Total	<u>163,940</u>	<u>148,852</u>

The average rate of return on the investment portfolio in 1997 was 7.54% (1996 - 6.67%).

**Note 4: Cash and Investments Subject to Restriction**

**(a) Currencies not freely convertible**

Cash and investments held by the Fund at 31 December 1997 in currencies which are not freely convertible amounted to USD 537,000 (1996 - USD 8,129,000) and USD 508,000 (1996 - USD 562,000), respectively.

With the adoption of Resolution 88/XVIII of the Eighteenth Session of the Governing Council on 26 January 1995, and upon effectiveness of the Fourth

Replenishment, non-convertible currency contributions of Brazil held as cash were converted into freely-convertible currencies and transferred as its contribution to the Fourth Replenishment of IFAD's Resources.

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

Such amounts may be used only:

- (i) after consultation with the Member concerned for the payment of administrative expenditures and other costs of the Fund in the territories of that Member; or
- (ii) with the consent of that Member, for the payment of goods and services produced in its territories and required for activities financed by the Fund in other states.

**(b) Other amounts restricted**

Included in "Cash and Investments Subject to Restriction" are the following additional amounts:

- (i) USD 8,467,000 (1996 - USD 8,306,000) being investments held in the Fund's name on behalf of the Credit Union of IFAD Employees.
- (ii) USD 1,797,000 (1996 - USD 538,000) being amounts held in the Fund's bank accounts on behalf of supplementary funds.

Amounts indicated above as "Other amounts restricted" are shown as "Amounts due to other funds" and excluded from the Statement of Cash Flows.

**Note 5: Members' 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 may pay contributions in their own currency whether or not it is 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(b), 6 and 7).

**(a) Initial Contributions**

Initial contributions have been fully paid except as detailed in Note 7.

**(b) First Replenishment**

First Replenishment contributions have been fully paid except as detailed in Note 7.

**(c) Second Replenishment**

Second Replenishment contributions have been fully paid except as detailed in Note 7.

**(d) Third Replenishment**

Details of Third Replenishment contributions are shown in Appendix E.

**(e) Fourth Replenishment**

The Fund's Fourth Replenishment came into effect on 29 August 1997, when Instruments of Contribution were deposited in aggregate to 50% of the respective contributions from Members, as set forth in Column A-3 of Attachment A to Resolution 87/XVIII adopted by the Eighteenth Session of the Governing Council, as amended.

Details of Fourth Replenishment contributions are shown in Appendix E.

**(f) Provisions**

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



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

	1997	1996
	USD '000s	
Promissory notes of contributors	89,500	110,780
Amounts receivable from contributors	<u>89,558</u>	<u>95,148</u>
Total	179,058	205,928

(g) **Special Programme for Africa**

Details of contributions to the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification are shown in Appendix E.

**Note 6: Promissory Notes of Contributors**

(a) **IFAD**

All promissory notes for Initial, First and Second Replenishment Contributions have been encashed except those from the Member States noted below.

As at 31 December 1997, Third Replenishment contributions deposited in the form of promissory notes have been drawn down to the extent of 20.07%.

In accordance with the policy referred to in Note 2(b) the Fund has established a provision against promissory notes as indicated hereunder; and in accordance with the policy referred to in Note 2(c), the Fund has excluded amounts from resources available for commitment, as indicated hereunder.

**Provisions Established**

	1997	1996
	USD '000s	
(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
Nigeria	-	5,988
Qatar	<u>10,271</u>	<u>13,980</u>
	41,370	51,067
(iii) Second Replenishment		
Libyan Arab Jamahiriya	-	6,789
Qatar	5,000	5,000
United Arab Emirates	-	3,784
Mauritania	<u>25</u>	<u>25</u>
	5,025	15,598
(iv) Third Replenishment		
Libyan Arab Jamahiriya	-	616
Nigeria	-	385
United Arab Emirates	-	38
Mauritania	<u>5</u>	<u>1</u>
	<u>5</u>	<u>1,040</u>

Total 89,475 110,780  
**Excluded from Committable Resources - Convertible Currency**

	1997	1996
	USD '000s	
(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
Nigeria	-	5,988
Qatar	<u>10,271</u>	<u>13,980</u>
	41,370	51,067
(iii) Second Replenishment		
Libyan Arab Jamahiriya	-	6,789
Qatar	5,000	5,000
United Arab Emirates	272	3,784
Mauritania	<u>25</u>	<u>25</u>
	5,297	15,598
(iv) Third Replenishment		
Libyan Arab Jamahiriya	3,211	616
Nigeria	2,007	5,000
United Arab Emirates	201	1,000
Mauritania	25	25
	<u>5,444</u>	<u>6,641</u>
Total	95,186	116,381

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

In accordance with the policy referred to in Note 2(b) the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification has established a provision against promissory notes as indicated hereunder and in accordance with the policy referred to in Note 2(c), the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification has excluded amounts from resources available for commitment, as indicated hereunder:



## INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

**Provisions Established**

		<u>USD '000s</u>				
First Phase				Iran	83,167	83,167
	<u>1997</u>	<u>1996</u>		Comoros	<u>7</u>	<u>9</u>
	<u>USD '000s</u>				<u>83,174</u>	<u>83,176</u>
Mauritania	<u>25</u>	<u>25</u>	(ii)	Second Replenishment		
Total	<u>25</u>	<u>25</u>	Gabon		372	632
<b>Excluded from Committable Resources - Convertible Currency</b>				Iraq	<u>2,000</u>	<u>2,000</u>
First Phase					<u>2,372</u>	<u>2,632</u>
	<u>1997</u>	<u>1996</u>		Total	<u>85,546</u>	<u>85,808</u>
	<u>USD '000s</u>					
Mauritania	<u>25</u>	<u>25</u>				
Total	<u>25</u>	<u>25</u>				

**Note 7: Amounts Receivable from Contributors**

Amounts receivable from Member States towards the Fund's Initial Contributions, First, Second and Third Replenishments totalled USD 176,049,000 (1996 - USD Nil) after provisions.

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

In accordance with the policy referred to in Note 2(c), the Fund has excluded amounts from resources available for commitment as indicated hereunder and does not include amounts receivable related to the Third Replenishment.

**Provisions Established**

(i)	Initial Contributions	<u>USD '000s</u>	
		<u>1997</u>	<u>1996</u>
Iran		83,167	83,167
Comoros		<u>7</u>	<u>9</u>
		83,174	83,176
(ii)	Second Replenishment		
Gabon		372	632
Iraq		<u>2,000</u>	<u>2,000</u>
		2,372	2,632
(iii)	Third Replenishment		
Iran		3,000	3,000
Nigeria		-	5,000
Qatar		1,000	1,000
Cyprus		-	25
Ecuador		2	105
Sao Tome and Principe		10	10
Sudan		-	100
Yemen		-	100
		<u>4,012</u>	<u>9,340</u>
Total		<u>89,558</u>	<u>95,148</u>

**Excluded from Committable Resources - Convertible Currency**

(i)	Initial Contributions	<u>1997</u>	<u>1996</u>

**Note 8: Loans**

Fund 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, disbursements 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 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 Special Drawing Rights (SDR) due, based on International Monetary Fund rates on the due dates. Loans approved will be disbursed to borrowers in accordance with the provisions of the loan agreement.

Originally, paragraph 31 of the Lending Policies and Criteria contained the lending terms: "The Fund will provide financial resources to its Member States for approved projects and programmes on the following terms and conditions: (i) special loans on highly concessional terms, carrying a service charge of 1 percent annually, and a maturity period of 50 years including a grace period of ten years; (ii) loans on intermediate terms with an interest rate of 4 percent annually and a maturity period of 20 years including a grace period of 5 years; and (iii) loans on ordinary terms, with an interest rate of 8 percent and a maturity period of 15 to 18 years including a grace period of 3 years."

Effective 28 January 1994, the Governing Council adopted Resolution 83/XVII which approved the following changes to the Lending Policies and Criteria:

"32 (a) special loans on highly concessional terms shall be free of interest but bear a service charge of three-fourths of one percent (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 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 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; and (d) no commitment charges shall be levied on any loan."

As at 31 December 1997, principal instalments of USD 28,365,000 (1996 - USD 28,307,000) and service charges and interest equivalent to USD 12,951,000 (1996 - USD 13,004,000) were overdue by more than three months. Service charges of USD 342,000 (1996-USD 378,000) were overdue by more than three months relating to SPA loans.

No losses are expected against the overdue instalments from the following Member States: Cameroon, Central African Republic, Congo, Cuba, D. R. Congo, Equatorial Guinea, Grenada, Guinea-Bissau, Liberia, Niger, Solomon Islands and Somalia and consequently no provision has been made.

Follow-up action is being taken with the governments concerned to obtain settlement of these obligations.

The principal disbursed and outstanding on all loans to the borrowers who have not settled their overdue obligations since year-end amounts to USD 149,390,000 (1996 - USD 206,662,000). On loans with overdue



amounts in excess of ten months as at 31 December 1997, interest and service charges are recognized as income only when actually received.

Had these amounts been recognized as income, income from loans as reported in the Statement of Revenue and Expenses for the year 1997 would have been greater by USD 2,280,000 (1996 - USD 2,388,000). The corresponding figures relating to SPA were USD 176,000 (1996 - USD 189,000). The member countries concerned are shown below:

#### Borrowers in Non-Accrual Status - IFAD

	USD 000s		31 December 1997	
	Principal Outstanding	Principal Overdue	Income Not Accrued in 1997	Non-Accrual Since
Cameroon	17,711	4,315	451	Dec 1991
Central African Republic	24,245	113	10	Aug 1996
Congo	4,035	1,615	166	Dec 1991
Cuba	11,210	8,418	457	July 1990
D.R. Congo	4,036	2,724	249	Aug 1992
Equatorial Guinea	6,924	80	65	Jul 1997
Grenada	614	127	27	Sep 1997
Guinea-Bissau	6,209	233	66	Sep 1994
Liberia	13,735	6,996	407	Mar 1990
Niger	11,970	371	117	Apr 1995
Solomon Islands	2,733	75	28	Aug 1997
Somalia	<u>23,340</u>	<u>4,496</u>	<u>237</u>	Oct 1991
Total	<u>126,762</u>	<u>29,563</u>	<u>2,280</u>	

#### Borrowers in Non-Accrual Status - SPA

	USD 000s		31 December 1997	
	Principal Outstanding	Principal Overdue	Income Not Accrued in 1997	Non-Accrual Since
Guinea-Bissau	2,797	-	29	Apr 1995
Niger	<u>14,490</u>	-	<u>147</u>	Nov 1995
Total	<u>17,287</u>	-	<u>176</u>	

The income from loans reported in the Statement of Revenue and Expenses for 1997 includes USD 1,951,000 (1996 - USD 723,000) in respect of income received relating to prior years.

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

#### (a) Heavily-Indebted Poor Countries Debt Initiative (HIPC-DI)

The Executive Board proposed IFAD's participation in the International Monetary Fund (IMF)/World Bank Debt Initiative for Heavily-Indebted Poor Countries (HIPC-DI) 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. The Governing Council, at its Twentieth Session held in

February 1997 approved IFAD's participation in the HIPC-DI with the adoption of Resolution 101/XX.

The Governing Council delegated the Executive Board to approve, on a country-by-country basis, the debt relief required from IFAD as part of the overall HIPC-DI effort to reduce a country's debt to a sustainable level.

The HIPC-DI involved two basic sets of financial movements with regard to the international financial institution (IFI) participants:

- (i) agreed reduction of debt repayments from debtor countries to IFI creditors; and,
- (ii) payments to the loan fund accounts of IFIs to compensate for the loss of financial reflows implicit in the reduction of debt repayments.

Each IFI will decide upon the most appropriate mechanism for the mobilization and management of resources to compensate loan fund accounts for the loss of reflows.

The Executive Board, at its Sixty-Second Session in December 1997, endorsed a proposal for submission to the Governing Council in February 1998, that IFAD establish a Trust Fund for the HIPC-DI. This Trust Fund would receive resources from within IFAD and from other sources, specifically dedicated as compensation to the loan fund account(s) for agreed reductions in loan repayments under the HIPC-DI. IFAD has received a pledge of NLG 26,623,520 (USD 15,400,000) from the Netherlands as a complementary contribution to the Fourth Replenishment in support of IFAD's participation in the HIPC-DI.

The Executive Board, at its Sixty-First Session in September 1997 and its Sixty-Second Session in December 1997, approved IFAD's participation in HIPC-DI for Uganda (SDR 4,160,000) and Burkina Faso (SDR 1,780,000), respectively.

#### Note 9: Grants

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

#### (a) Technical Assistance

The Fund provides grants for project preparation, loan components, agricultural research, project development fund, special operations facilities and other related purposes. The cumulative amount of such grants disbursed up to 31 December 1997 was USD 214,825,000 (1996 - USD 193,256,000).

#### (b) Services to Member States

In prior years, Services to Member States included grants for project identification, special studies and monitoring and evaluation activities. The cumulative amount of such grants disbursed up to 31 December 1997 was USD 33,655,000 (1996 - USD 33,656,000).

#### Note 10: General Reserve

The Fourth Session of the Governing Council in 1980 recognized the need to cover the Fund's potential overcommitment 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, and established a General Reserve.

Transfers from Accumulated Surplus to the General Reserve are determined by the Executive Board after taking into account the Fund's financial position. The Executive Board, at its Fifty-Fourth Session in April 1995, decided to maintain the General Reserve unchanged at USD 95 million and revised the approved ceiling of the General Reserve from USD 100 million to USD 95 million. The adequacy of the General Reserve will be reviewed periodically by the Executive Board. Withdrawals from the General Reserve will be subject to the prior approval of the Executive Board.

#### Note 11: Staff Retirement Benefits

#### (a) Retirement Plan

As a member of the United Nations Joint Staff Pension Fund, IFAD makes contributions on behalf of its staff under the rules of the Pension Fund and would be liable for its share of the unfunded liability, if any. The total



retirement plan contributions made in 1997 for staff amounted to USD 3,178,572 (1996 - USD 3,168,935).

**(b) After Service Medical Coverage (ASMC)**

IFAD participates in a multi-employer After Service Medical Coverage (ASMC) administered by the Food and Agricultural Organization (FAO) of the United Nations for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMC operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. In 1995, FAO engaged an actuary which determined that there was an unfunded accrued liability as of 1 January 1996 of USD 212.5 million, of which IFAD's share would be USD 10.8 million, based on the number of active staff. No provision has been made to cover such unfunded accrued liability.

**Note 12: Fair Valuation of Financial Instruments**

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**(a) Investments**

IFAD carries its investments at market value and this represents the fair value of the investment portfolio.

**(b) Loans**

IFAD loans have a significant grant element because of the concessional nature of its terms. Estimating the fair value of IFAD's outstanding loans is not practicable. Accordingly, loans are carried in the financial statements at the full face amount of the borrower's outstanding obligations.

*Price Waterhouse*The International Fund for Agricultural Development  
Rome

We have audited the financial statements (Appendices A through G) of the International Fund for Agricultural Development (the Fund) as at and for the years ended 31 December 1997 and 1996. 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 financial position of the International Fund for Agricultural Development at 31 December 1997 and 1996 and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards.

Rome, 2 February 1998