



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council — Twenty-Second Session**  
Rome, 17-18 February 1999

**PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1999**

**CORRIGENDUM**

The attention of the Governing Council is invited to the following corrigenda to the Programme of Work and Budget of IFAD for 1999 (document GC 22/L.5). For ease of reference, the changes to the text are presented in bold.





Page 6, paragraph 28

The paragraph should read:

### **Heavily-Indebted Poor Countries Debt Initiative**

28. To date, the Fund has committed itself to net present value (NPV) debt relief totalling USD 22.4 million for six countries (Bolivia, Burkina Faso, Côte d'Ivoire, Guyana, Mozambique and Uganda). Mali reached "decision point" in September 1998 and will be submitted for Executive Board decision in April 1999. Additional countries expected to come forward within the next two years could include: Chad, Ethiopia, Guinea, Guinea-Bissau, Mauritania, The Congo, Togo and Viet Nam. The first six HIPC DI interventions alone imply an estimated nominal debt relief for IFAD of SDR 3.8 million for 1998 and 1999, and SDR 4.0 million for 2000. The financial implications of additional HIPC DI initiatives will become known as the debt-sustainability assessments evolve and the Executive Board will be kept fully informed. These resources constitute assistance to the countries in addition to the regular programme of work. As a consequence of HIPC DI, future loan reflows will be reduced from the countries in question, thus implying the need for additional resources. The upper ceiling of the costs of IFAD's participation in HIPC DI was estimated at USD 60 million. The World Bank and International Monetary Fund (IMF) executive boards recently decided to extend the eligibility period from September 1998 until the end of 2000. In addition, discussions are ongoing that could result in: (a) broadening the outreach of HIPC DI to additional countries, including possibly post-conflict countries; and (b) deepening HIPC DI, by providing higher levels of debt relief. This could increase IFAD's corporate resource requirements. The Netherlands' complementary contribution to the Fourth Replenishment, equivalent to approximately **USD 15.0 million**, will assist the Fund in honouring its HIPC DI commitments, but more resources **will** be required. At its Sixty-Fifth Session, the Executive Board approved a transfer of USD 16 million, in four equal yearly instalments to commence as of 31 December 1998, from the uncommitted accumulated surplus of IFAD's regular resources to the IFAD-HIPC DI Trust Fund.

Page 12, Table 2

Table 2 should be replaced with the following:

TABLE 2  
 IFAD RESOURCES VERSUS COMMITMENTS, 1997-2000  
 (SDR million)

	Actual 1997	Forecast 1998	Forecast 1999	Forecast 2000
Resources at the beginning of the year <sup>1</sup>	235	287	<b>390</b>	<b>293</b>
Loan cancellations and other adjustments <sup>2</sup>	39	44	44	44
Subtotal	274	331	<b>434</b>	<b>337</b>
Members' Contributions				
Third Replenishment <sup>3</sup>	12			
Fourth Replenishment <sup>4</sup>	110	197		
Loan reflows	118	121	138	149
Investment income <sup>5</sup>	121	109	109	109
Operating expenses <sup>6</sup>	(37)	(38)	(39)	(41)
Provisions <sup>7</sup>		(3)	(5)	(5)
Resources after expenses	598	<b>717</b>	<b>637</b>	<b>549</b>
Commitments - loans and grants <sup>8</sup>	(311)	(327)	(344)	(345)
Resources at the end of the year	287	<b>390</b>	<b>293</b>	<b>204</b>

<sup>1</sup> "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.

<sup>2</sup> Loan cancellations are projected on the basis of past experience and expected project closures.

<sup>3</sup> Members' contributions in 1997 relate to additional Third Replenishment contributions originally intended for release on the basis of a 3:1 proportion from the former Category I and Category III members. The condition for use of these funds was removed by the Twentieth Governing Council in February 1997.

<sup>4</sup> The total amount of USD 419.6 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment by the end of 1998. It is the policy of IFAD to make loan and grant commitments only against actual payments in the form of cash or promissory notes.

<sup>5</sup> Investment income on IFAD's investment portfolio is expected to yield 7% nominal return per annum in 1999 and 2000.

<sup>6</sup> For operating expense allocations, close to full utilization is assumed for 1998.

<sup>7</sup> These include provisions to fund the ASMC actuarial deficit (USD 2.6 million) **starting in 1999** and the HIPC DI Fund (USD 4.0 million) **starting in 1998**, as approved by the Sixty-Fifth Session of the Executive Board.

<sup>8</sup> For the Programme of Work, close to full utilization is assumed for the grants in 1998 whereas, for loans in 1998 and 1999, an adjustment has been made based on the postponement of a loan for Zambia.



Page 24, paragraph 82 (c)(ii)

The paragraph should read:

- (ii) Impact of After-Service Medical Coverage. It was brought to the attention of the Twenty-First Session of the Governing Council (document GC 21/L.5) that the current multi-employer ASMC (FAO, World Food Programme (WFP), IFAD, etc.), which operates on a pay-as-you-go basis, is unsustainable over the long term due to demographic changes and escalating medical costs. An actuary engaged by FAO determined that there was an unfunded cumulative liability for active staff and retirees of USD 212.5 million, of which IFAD's share would be USD 10.8 million as of the end of 1996. The actuary updated the estimate to 31 December 1997, resulting in an unfunded liability of USD 229 million, of which IFAD's share was calculated as USD 12.9 million. These are preliminary figures and IFAD and other Rome-based UN agencies are following up with FAO to agree on their share of the unfunded liability. IFAD presented the outcome of its discussion with FAO and the recommended funding proposal to the December 1998 Audit Committee, as part of its review of the Adequacy of the General Reserve of IFAD. In this regard, at its Sixty-Fifth Session, the Executive Board authorized annual transfers of USD 2.6 million from the accumulated surplus of IFAD's resources for five years starting in **1999**, in order to build up a provision to fund the after-service medical scheme actuarial deficit. Meanwhile, it is proposed that the full provision should continue to be made for annual service costs in line with the decision made by the Executive Board. The incremental annual cost of ASMC, on the basis of estimated figures supplied by FAO, amounts to USD 517 000.