



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council - Twenty-Third Session

Rome, 16-17 February 2000

AUDITED FINANCIAL STATEMENTS OF IFAD AS AT 31 DECEMBER 1998

1. At its Sixty-Sixth Session in April 1999, the Executive Board reviewed the Audited Financial Statements for 1998, 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. The Executive Board now submits them to the Twenty-Third Session of the Governing Council with a recommendation for their approval, in accordance with Regulation XII (6) of the Financial Regulations of IFAD.
2. The Financial Statements reflect the following key points:

Statement of Activities and Changes in Net Assets (Appendix A)

- (a) Investment income amounted to USD 187.9 million in 1998 compared with USD 163.9 million in 1997. Investment income for 1998 includes interest from investments of USD 111.6 million compared with USD 127.8 million in 1997. Net unrealized market value gains amounted to USD 36.1 million in 1998 compared with USD 19.7 million in 1997. Net realized capital gains of USD 39.0 million were made in 1998, whereas 1997 showed realized gains of USD 21.5 million. Interest income from banks increased from USD 0.9 million in 1997 to USD 1.0 million in 1998. IFAD used the services of external investment managers to manage the major part of its investment portfolio. The fees for investment managers and custody and other similar costs, which are charged against investment income, amounted to USD 7.7 million in 1998 compared with USD 5.5 million in 1997.
- (b) Income from interest and service charges on loans amounted to USD 46.5 million in 1998 compared with USD 42.0 million in 1997. In line with the policy initiated in 1998, the Fund has excluded interest and service charges on loans with arrears in excess of ten months. The amount in 1998 was USD 2.7 million compared with USD 2.5 million in 1997.
- (c) Total operational and administrative expenditures as indicated in the Statement of Activities and Changes in Net Assets (Appendix A) amounted to USD 52.2 million compared with a budget of USD 53.2 million. The difference of USD 1.0 million represents an underspending of approximately 1.9% of the 1998 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 Activities and Changes in Net Assets 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 IFAD Trust Fund for Heavily-Indebted Poor Countries Debt Initiative (HIPC DI).

Balance Sheet (Appendix B)

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

	<u>USD '000</u>
Promissory notes	99 378
Amounts receivable	<u>89 557</u>
	188 935

These are shown in Appendix B and detailed by country in Notes 6 and 7 of Appendix G.

It should be noted that, at 31 December 1998, 11 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.

As in the case of arrears on Members' contributions, the Fund is making continued 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 First and Second Replenishments as all amounts have been drawn down and full disclosure on 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, country by country, of the Fund's borrowers is given in this appendix, with a split between USD loans and SDR loans.



3. The Financial Statements for 1998 were reviewed in detail at a meeting of the Audit Committee held on 15 March 1999. The Chairman of the Audit Committee made a formal report at the Sixty-Sixth Session of the Executive Board in April 1999. 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 1998 and the results of its operations for the year ended on that date, as contained in Appendixes A to G inclusive of document GC 23/L.5 and the Report of the External Auditor thereon”.



INTERNATIONAL FUND
FOR AGRICULTURAL DEVELOPMENT

FINANCIAL STATEMENTS

for the years ended 31 December 1998 and 31 December 1997

Appendix A - Statement of Activities and Changes in Net Assets

Appendix A1 - Statement of Changes in Accumulated Surplus

Appendix B - Balance Sheet

Appendix C - Statement of Cash Flows

Appendix D - Statement of Resources Available for Commitment

Appendix E - Statement of Members' and Special Contributions

Appendix F - Statement of Loans

Appendix G - Notes to the Financial Statements

REPORT OF THE EXTERNAL AUDITOR

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

Statement of Activities and Changes in Net Assets
For the years ended 31 December 1998 and 31 December 1997
 (Expressed in thousands of United States Dollars)

Appendix A

	1998	1997
Changes in Net Assets		
Increase in net contributions	69 049	289 899
Complementary contributions received	15 565	21 669
Special contributions received	5	0
Increase in approved grants net of cancellations	(27 502)	(30 075)
Net Assets of HIPC-DI Trust Fund (Note 8(a))	5 183	0
Transfer from Accumulated Surplus to HIPC-DI (Note 8(a))	(4 000)	0
	58 300	281 493
Revenue		
Income from loans (Note 8)	46 493	42 035
Income from investments (Note 3)	187 899	163 940
Total Revenue	234 392	205 975
Operating Expenses		
Staff salaries and benefits (Note 11)	(28 102)	(25 577)
Other operational and administrative costs	(8 596)	(8 656)
Cooperating institutions and consultants	(13 753)	(14 379)
Governing Council and Executive Board and other official meetings	(1 775)	(1 910)
	(52 226)	(50 522)
Net Revenue less Operating Expenses	182 166	155 453
Foreign Exchange Gains/(Losses) (Note 2(d))	180 834	(312 138)
Transfer to Accumulated Surplus	363 000	(156 685)
Increase in Net Assets	421 300	124 808
Net Assets at Beginning of the Year	5 264 946	5 140 138
Net Assets at the End of the Year	5 686 246	5 264 946
<i>Reconciliation of changes in net assets from operating activities</i>		
<i>Loan disbursements</i>	298 948	259 808
<i>Loan repayments</i>	(123 358)	(115 618)
	175 590	144 190
<i>Effect of foreign exchange movements on loans</i>	112 701	(156 693)
<i>Net increase/(decrease) in loans outstanding</i>	288 291	(12 503)
	5 623	176 049
<i>Net (decrease)/increase in promissory notes from contributors</i>	(3 322)	2 472
	126 149	(30 073)
<i>Change in cash and investments</i>	4 559	(11 137)
<i>Net increase/(decrease) in other receivables and liabilities</i>		
Changes in Net Assets	421 300	124 808

Statement of Changes in Accumulated Surplus
For the years ended 31 December 1998 and 31 December 1997
 (Expressed in thousands of United States Dollars)

Appendix A1

	Surplus from Operations	Foreign Exchange Effects 1/	Total Accumulated Surplus
Opening Balance at 1 January 1997	1 419 741	533 648	1 953 389
Net revenue less operating expenses before the effect of foreign exchange rate movements	155 453		155 453
Foreign exchange gains/(losses)		(312 138)	(312 138)
Accumulated Surplus at 31 December 1997	1 575 194	221 510	1 796 704
Net revenue less operating expenses before the effect of foreign exchange rate movements	182 166		182 166
Foreign exchange gains/(losses)		180 834	180 834
Transfer to Trust Fund for the Heavily-Indebted Poor Countries Debt Initiative (HIPC-DI) 2/	(4 000)		(4 000)
Accumulated Surplus at 31 December 1998	1 753 360	402 344	2 155 704

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

2/ See Appendix G, Note 8(a).



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Balance Sheet

31 December 1998 and 31 December 1997

(Expressed in thousands of United States Dollars)

Appendix B

Assets			Liabilities, Contributions, Accumulated Surplus and Reserve	
	1998	1997	1998	1997
Cash in banks	60 848	74 359		
			Liabilities	
			Payable for investments purchased	166 087
			Payables and accrued liabilities	33 898
			Undisbursed grants (Note 9)	62 230
			Amounts due to other funds	13 748
Investments (Notes 2 (a) and 3)	2 235 269	2 052 218		
			Contributions, accumulated surplus and reserve	
Cash and Investments subject to restriction (Note 4)	25 802	11 309	IFAD Members' contributions (Appendix E and Note 5)	3 545 191
Contributors' promissory notes (Note 6)	573 666	567 110	Less: Provision (Note 5(h))	188 927
Less : Provision	99 378	89 500		179 033
	474 288	477 610		3 356 264
			IFAD special contributions	20 134
Amounts receivable from contributors (Note 7)	271 229	265 607	IFAD complementary contributions	37 234
Less : Provision (Note 5(h))	89 557	89 558	SPA Contributors - First Phase (Appendix E and Note 5)	289 660
	181 672	176 049	Less: Provision (Note 5(h))	8
Other receivables				25
Accrued income on loans	14 809	10 214		289 652
Accrued income on investments	34 000	38 005	SPA contributors - Second Phase	64 594
Receivable for investments sold	97 311	4 356	SPA special contributions	209
Miscellaneous	5 924	4 458		354 455
Due from other funds	15 047	13 348		353 274
	167 091	70 381		
Loans (Note 8 and Appendix F)			Accumulated Surplus (Appendix A1)	2 155 704
IFAD approved loans less cancellations and adjustment for movement in value of total SDR loans in terms of United States Dollars (Appendix D, F and Note 8):			HIPC-DI Trust Fund (net) (Note 8(a))	5 183
1998 - USD 5 559 089				5 928 974
1997 - USD 5 035 801			Less : IFAD grants (Notes 2 (a) and 9)	335 743
Effective loans	4 994 399	4 500 418	HIPC-DI grants (Note 8(a))	1 985
Less : undisbursed balance of effective loans	1 519 301	1 389 984		5 591 246
repayments	915 364	805 878		5 169 946
Loans outstanding	2 559 734	2 304 556	General Reserve (Note 10)	95 000
				95 000
SPA approved loans and adjustment for movement in value of total SDR loans in terms of United States Dollars (Appendix F)				
1998 - USD 355 250				5 686 246
1997 - USD 351 621				5 264 946
Effective loans	355 250	349 462		
Less : undisbursed balance of effective loans	93 795	123 639		
repayments	3 950	1 431		
Loans outstanding	257 505	224 392		
	5 962 209	5 390 874		5 962 209
				5 390 874

Statement of Cash Flows
For the years ended 31 December 1998 and 31 December 1997 1/
 (Expressed in thousands of United States Dollars)

Appendix C

	1998	1997
Cash flows from investing in development activities		
Loan disbursements	(298 948)	(259 808)
Loan principal repayments	123 358	115 618
Grant disbursements	(25 212)	(21 569)
Transfer of funds to HIPC-DI	(4 000)	0
Net cash flows used by investing in development activities	(204 802)	(165 759)
Cash flows from financing activities		
Receipts from Member States		
- Promissory notes drawn down/encashed	75 701	122 499
- Cancellation of Brazilian cash contributions	0	(7 522)
- Second Replenishment contributions	0	260
- Third Replenishment contributions	572	1 180
- Fourth Replenishment contributions	4 096	16 804
- Advance contributions	8	0
- Special contributions	5	0
Net cash flows provided by financing activities	80 382	133 221
Cash flows from operating activities		
Income received from investments	191 904	171 212
Interest received from loans	41 898	43 014
Cash receipts from other funds	(3 165)	(5 960)
Payments for administrative expenses	(52 994)	(44 311)
Exchange (loss)/gain on operations	(176)	582
Net cash flows provided by operating activities	177 467	164 537
Effects of exchange rate movements on cash and investments	68 441	(156 220)
Net increase/(decrease) in unrestricted cash and cash equivalents	121 488	(24 221)
Unrestricted cash and cash equivalents at the beginning of year	2 112 725	2 136 946
Unrestricted cash and cash equivalents at the end of year	2 234 213	2 112 725
COMPOSED OF:		
Unrestricted cash	60 848	74 359
Unrestricted investments	2 235 269	2 052 218
Restricted non-convertible currency holding	6 872	1 045
Net payable for investments purchased	(68 776)	(14 897)
	2 234 213	2 112 725
Reconciliation of net income to net cash provided by operating activities:		
Net revenue less operating expenses	182 166	155 453
Adjustment to reconcile net income to net cash provided by operations:		
- (increase)/decrease in accrued income on loans and investments	(590)	8 251
- increase in other receivables	(3 165)	(5 960)
- (decrease)/increase in liabilities	(768)	6 211
- exchange (loss)/gain on operations	(176)	582
Net cash flows provided by operating activities	177 467	164 537

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

**Statement of Resources Available for Commitment 1/
31 December 1998 and 31 December 1997**
(Expressed in thousands of United States Dollars)

Appendix D

		1998	1997
Assets in Freely Convertible Currencies	Cash	60 848	74 359
	Investments	2 235 269	2 052 218
	Promissory Notes - Member States	555 971	557 593
	Other receivables	167 091	70 381
		3 019 179	2 754 551
Less	Payables and accrued liabilities	213 733	64 183
	Undisbursed effective loans	1 613 095	1 513 623
	Approved loans signed but not yet effective	324 973	319 705
	Undisbursed grants	42 973	42 118
	General Reserve	95 000	95 000
		2 076 041	1 970 446
	Advance contributions	17	0
	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	41 370
	Drawdowns on Second Replenishment promissory notes which have not been paid	5 002	5 297
	Drawdowns on Third Replenishment promissory notes which have not been paid	9 923	5 424
	Drawdowns on First Phase SPA promissory notes which have not been paid	8	23
	Promissory notes of Member States which have not yet been drawn down (see Note 2 (c) (iii))	2	22
		99 380	95 211
		2 389 171	2 129 840
Resources Available for Commitment		630 008	624 711
Less	Loans not yet signed	239 717	217 836
	Grants not yet signed	18 946	19 447
Net Resources Available for Commitment		371 345	387 428

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



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E
Members Category I

	Initial, First and Second Replenishment		Third Replenishment				
	USD Equivalent		Instruments Deposited 2/		Payments-USD Equivalent		
	Equivalent	Currency	and Amount	USD Equivalent	Cash	Promissory Notes	Total
Australia	20 350 516	AUD	10 534 275	7 004 271	3 671 780	3 332 491	7 004 271
Austria	17 361 041	ATS	79 970 783	6 688 808	2 435 185	4 253 623	6 688 808
Belgium	35 949 263	BEF	365 192 151	10 654 222	4 667 140	5 987 082	10 654 222
Canada	78 727 037	CAD	26 983 253	18 148 997	7 089 479	11 059 518	18 148 997
Denmark	25 967 094	DKK	67 577 314	10 597 074	3 959 437	6 637 637	10 597 074
Finland	13 040 503	FIM	36 628 424	7 373 352	3 271 746	4 101 606	7 373 352
France	89 292 984	FRF	203 343 962	35 878 530	13 189 924	22 688 606	35 878 530
Germany	151 806 996	SDR	28 841 959	40 245 774	14 305 105	25 940 669	40 245 774
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	41 683 947	14 030 665	27 653 282	41 683 947
Luxembourg	944 574	LUF	9 526 954	270 783	97 931	172 852	270 783
Netherlands	119 344 690	NLG	42 718 884	22 205 248	8 017 654	14 187 594	22 205 248
New Zealand	4 593 709	NZD	2 102 069	1 264 829	1 264 829		1 264 829
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	18 119 528	11 344 666	6 774 862	18 119 528
Switzerland	41 497 300	CHF	16 270 000	11 948 674	10 567 266	1 381 408	11 948 674
United Kingdom	64 269 514	GBP	11 305 433	18 812 316	7 014 939	11 797 377	18 812 316
United States	459 874 400	USD	82 800 000	82 800 000	82 528 956	271 044	82 800 000
Subtotal, Category I							
31 December 1998	1 532 571 288			381 475 085	235 235 434	146 239 651	381 475 085
31 December 1997	1 532 571 288			374 900 035	194 677 047	180 222 988	374 900 035

Members Category II

	Initial, First and Second Replenishment *		Third Replenishment				
	USD Equivalent		Instruments Deposited 2/		Payments-USD Equivalent		
	Equivalent	Currency	and 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	5 217 800	8 782 200	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	11 181 000	18 819 000	30 000 000
United Arab							
Emirates 5/	47 180 000	USD	1 000 000	1 000 000	372 700	627 300	1 000 000
Venezuela	132 489 000	USD	28 000 000	28 000 000	5 650 283	22 349 717	28 000 000
Subtotal, Category II							
31 December 1998	999 216 000			122 900 000	35 490 183	83 409 817	118 900 000
31 December 1997	999 216 000			122 900 000	25 051 526	93 848 474	118 900 000

* 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

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E
Members Category III

	Initial, First and Second Replenishment	Third Replenishment					Total
		Instruments Deposited 2/		Payments-USD Equivalent			
	USD Equivalent	Currency	and 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	1 456 030	USD	500 000	500 000	215 350	284 650	500 000
Barbados	2 000	USD	1 000	1 000	1 000		1 000
Belize 10/		USD	100 333	100 333	100 333		100 333
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	200 000	200 000	200 000		200 000
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	2 608 900	4 391 100	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	10 725						
Chad							
Chile	50 000	USD	55 000	55 000	55 000		55 000
China	3 838 534	USD	8 000 000	8 000 000	2 981 600	5 018 400	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	62 000	USD	25 000	25 000	25 000		25 000
D.P.R. Korea 5/ 7/		USD	600 000	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	25 000						
Ecuador 5/	90 993	USD	300 000	300 000	300 000		300 000
Egypt	408 882	USD	5 000 000	5 000 000	1 863 500	3 136 500	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 12/ 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	89 725	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	3 445 600	4 554 400	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	18 635	31 365	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

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E
Members Category III

	Initial, First and Second Replenishment		Third Replenishment				Total
	USD Equivalent	Currency	Instruments Deposited 2/		Payments-USD Equivalent		
			Amount	USD Equivalent	Cash	Promissory Notes	
Malaysia 13/							
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	390	USD	80 000	80 000	80 000		80 000
Myanmar 13/		USD	250 000	250 000	250 000		250 000
Namibia 14/		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	2 933 776	USD	2 000 000	2 000 000	749 595	1 250 405	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	862 094	777 742	84 352	862 094
Republic of Korea	739 032	USD	2 000 000	2 000 000	2 000 000		2 000 000
Republic of Moldova 15/							
Romania	453						
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/ 13/							
Samoa	10 000	USD	25 000	25 000	25 000		25 000
Sao Tome and Principe 5/		USD	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 15/							
Sri Lanka	2 783 000	USD	1 000 000	1 000 000	1 000 000		1 000 000
Sudan	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	266 656						
Tajikistan 9/							
Tanzania,							
United Republic of	39 385	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	50 000	USD	60 000	60 000	60 000		60 000
Uruguay		USD	200 000	200 000	200 000		200 000
Viet Nam	12	USD	3 000	3 000	3 000		3 000
Yemen	300 000	USD	300 000	300 000	300 000		300 000
Yugoslavia	108 170						
Zambia	207 262						
Zimbabwe	3 074	USD	950 000	950 000	950 000		950 000
Subtotal, Category III							
31 December 1998	67 647 391			61 277 573	41 891 237	19 376 172	61 267 409
31 December 1997	67 675 810			60 704 025	36 975 318	23 716 865	60 692 183
Total, Categories I, II & III							
31 December 1998	2 599 434 679			565 652 658	312 616 854	249 025 640	561 642 494
31 December 1997	2 599 463 098			558 504 060	256 703 891	297 788 327	554 492 218

Statement of Members' and Special Contributions 1/
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Appendix E

	Fourth Replenishment Contributions 16/					
	Instruments Deposited 2/			Payment USD Equivalent		
	Currency	and Amount	USD Equivalent	Cash	Promissory Notes	Total
Afghanistan						
Albania 6/	USD	10 000	10 000	10 000		10 000
Algeria						
Angola	USD	40 000	40 000			
Antigua and Barbuda						
Argentina	USD	1 500 000	1 500 000	754 950		754 950
Armenia 8/						
Australia	AUD	6 426 708	3 945 361		3 945 361	3 945 361
Austria	ATS	74 691 045	6 333 166		4 222 110	4 222 110
Azerbaijan 9/						
Bangladesh	USD	600 000	600 000		150 000	150 000
Barbados	USD	6 000	6 000	6 000		6 000
Belgium	BEF	291 000 000	8 416 622		8 416 622	8 416 622
Belize 10/						
Benin	USD	25 000	25 000	25 000		25 000
Bhutan	USD	25 000	25 000	25 000		25 000
Bolivia						
Bosnia and Herzegovina 9/						
Botswana	USD	75 000	75 000	50 000		50 000
Brazil 11/	USD	2 662 042	2 662 042		2 662 042	2 662 042
	SDR	3 657 989	5 150 558		5 150 558	5 150 558
Burkina Faso	USD	30 000	30 000	30 000		30 000
Burundi						
Cambodia 6/						
Cameroon						
Canada	CAD	27 286 744	17 828 645		11 885 764	11 885 764
Cape Verde	USD	15 000	15 000	15 000		15 000
Central African Republic						
Chad						
Chile	USD	500 000	500 000			
China	USD	8 500 000	8 500 000			
Colombia	USD	200 000	200 000	200 000		200 000
Comoros						
Congo	USD	3 000	3 000	3 000		3 000
Cook Islands 8/	USD	5 000	5 000	5 000		5 000
Costa Rica						
Côte d'Ivoire	USD	1 005 907	1 005 907	1 005 907		1 005 907
Croatia 9/	USD					
Cuba						
Cyprus						
D.P.R. Korea	USD	100 000	100 000	30 000		30 000
D.R. Congo						
Denmark	DKK	160 018 428	25 052 864		25 052 864	25 052 864
Djibouti						
Dominica	USD	10 000	10 000	10 000		10 000
Dominican Republic						
Ecuador	USD	300 000	300 000			
Egypt	USD	3 000 000	3 000 000			
El Salvador						
Equatorial Guinea						
Eritrea 9/	USD	5 000	5 000	5 000		5 000
Ethiopia	USD	30 000	30 000	30 000		30 000
Fiji	USD	64 228	64 228	64 228		64 228
Finland	FIM	16 609 320	3 266 978		2 283 501	2 283 501
France	FRF	130 497 500	23 211 512		15 087 483	15 087 483
Gabon						
Gambia, The	USD	10 086	10 086	10 086		10 086
Georgia 12/						
Germany	DEM	55 440 000	33 138 018		21 539 712	21 539 712

(cont'd)

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E

Fourth Replenishment Contributions (cont'd) 16/

	Instruments Deposited 2/		Payments USD Equivalent			Total
	Currency	and Amount	USD Equivalent	Cash	Promissory Notes	
Ghana						
Greece	USD	600 000	600 000	600 000		600 000
Grenada						
Guatemala	USD	193 021	193 021	193 021		193 021
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		3 000 000	3 000 000
Indonesia	USD	10 000 000	10 000 000	3 500 000		3 500 000
Iran						
Iraq						
Ireland	IEP	514 332	749 056	494 067		494 067
Israel	USD	150 000	150 000	150 000		150 000
Italy	ITL	45 136 414 680	26 946 807	6 549 933		6 549 933
Jamaica	USD	150 000	150 000	150 000		150 000
Japan	JPY	4 335 661 936	37 505 643		12 501 881	12 501 881
Jordan	USD	325 000	325 000	75 000	250 000	325 000
Kazakhstan 17/						
Kenya	USD	1 000 000	1 000 000			
Kuwait	USD	15 000 000	15 000 000		15 000 000	15 000 000
Kyrgyzstan 8/						
Laos	USD	50 000	50 000	50 000		50 000
Lebanon	USD	89 999	89 999	89 999		89 999
Lesotho	USD	50 000	50 000	50 000		50 000
Liberia						
Libyan Arab Jamahiriya						
Luxembourg	LUF	12 695 680	367 198		244 772	244 772
Madagascar						
Malawi						
Malaysia	USD	500 000	500 000	500 000		500 000
Maldives	USD	25 000	25 000		25 000	25 000
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	104 000	104 000		24 000	24 000
Myanmar						
Namibia 14/	USD	300 000	300 000	300 000		300 000
Nepal	USD	50 000	50 000	50 000		50 000
Netherlands	NLG	13 087 016	6 928 739		6 928 739	6 928 739
New Zealand	NZD	2 099 160	1 092 439	220 256	872 183	1 092 439
Nicaragua	USD	50 000	50 000			
Nigeria						
Norway 18/	NOK	118 216 205	15 554 805		5 263 172	5 263 172
Oman						
Pakistan	USD	2 000 000	2 000 000		2 000 000	2 000 000
Panama	USD	33 299	33 299	33 299		33 299
Papua New Guinea						
Paraguay	USD	404 842	404 842	404 842		404 842
Peru	USD	200 000	200 000		200 000	200 000
Philippines	USD	167 000	167 000	167 000		167 000
Portugal 4/ 19/	PTE	116 932 275	680 511		226 837	226 837
Qatar 5/						
Republic of Korea	USD	2 500 000	2 500 000	2 500 000		2 500 000
Republic of Moldova 15/						
Romania	USD	50 000	50 000			

(cont'd)



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E

	Fourth Replenishment Contributions (cont'd) 16/					
	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	and Amount	USD Equivalent	Cash	Promissory Notes	Total
Rwanda	USD	35 000	35 000	35 000		35 000
Saint Christopher and Nevis	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/						
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 15/	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	198 656	198 656	198 656		198 656
Suriname 10/						
Swaziland	USD	59 454	59 454	59 454		59 454
Sweden	SEK	164 775 912	20 441 078		20 441 078	20 441 078
Switzerland	CHF	14 915 809	10 836 056		10 836 056	10 836 056
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						
Tunisia	USD	500 000	500 000	500 000		500 000
Turkey	USD	5 000 000	5 000 000	3 766 166		3 766 166
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	22 601 604		7 533 868	7 533 868
United States	USD	30 000 000	30 000 000			
Uruguay	USD	25 000	25 000	25 000		25 000
Venezuela	USD	4 000 000	4 000 000		4 000 000	4 000 000
Viet Nam	USD	100 000	100 000	65 000		65 000
Yemen	USD	188 914	188 914	188 914		188 914
Yugoslavia						
Zambia						
Zimbabwe	USD	500 000	500 000			
Total Contributions						
31 December 1998			380 087 357	26 914 027	191 743 603	218 657 630
31 December 1997			309 462 210	22 606 279	126 213 885	148 820 164



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Members' and Special Contributions 1/
31 December 1998 and 31 December 1997

Appendix E

Advance Contributions

	Currency	and Amount	Instruments Deposited 2/		Payments - USD Equivalent		Total
			USD Equivalent	Cash	Promissory Notes		
Panama	USD	16 600	16 600	16 600			16 600
31 December 1998			16 600	16 600			16 600
31 December 1997			0	0	0		0

Summary of Members' Contributions

	Value in USD (in '000)	
	At 31.12.98	At 31.12.97
Initial Contributions	1 017 320	1 017 325
First Replenishment	1 016 372	1 016 371
Second Replenishment	565 743	565 767
Third Replenishment	565 653	558 504
Fourth Replenishment	380 087	309 462
Advance Contributions	17	0
Total	3 545 192	3 467 429

Statement of Complimentary Contributions to the Fourth Replenishment

	Currency	and Amount	Instruments Deposited 2/		Payments - USD Equivalent		Total
			USD Equivalent	Cash	Promissory Notes		
Belgium 20/	BEF	800 000 000	23 138 480		15 006 548	15 006 548	15 006 548
Netherlands 21/	NLG	26 623 520	14 095 453	1 984 423			1 984 423
31 December 1998			37 233 933	1 984 423	15 006 548		16 990 971
31 December 1997			21 668 480		6 262 191		6 262 191

Special Contributions

	Initial, First and Second Replenishments	Third Replenishment	Fourth Replenishment	Total
	USD Equivalent	USD Equivalent	USD Equivalent	USD Equivalent
OPEC Fund	20 000 000			20 000 000
Iceland			5 000	5 000
Other	123 453	4 832	700	128 985
31 December 1998	20 123 453	4 832	5 700	20 133 985
31 December 1997	20 123 453	4 832	700	20 128 985

**Statement of Contributions and Special Contributions 1/
31 December 1998 and 31 December 1997**
Special Programme for Africa - First Phase

Appendix E

Contributors	Instruments Deposited 2/			Payments-USD Equivalent		Total
	Currency	and 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	18 823 347	17 771 127	1 052 220	18 823 347
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	12 292 013	11 639 708	652 305	12 292 013
France	FRF	210 000 000	38 086 421	34 874 100	3 212 321	38 086 421
Germany	DEM	29 000 000	17 360 511	17 360 511		17 360 511
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	21 527 984	20 291 021	1 236 963	21 527 984
Luxembourg	LUF	10 000 000	266 099	266 099		266 099
Mauritania 5/	USD	25 000	25 000	15 172	9 828	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
Niger	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	19 133 922	18 219 000	914 922	19 133 922
Switzerland	CHF	25 000 000	17 048 554	17 048 554		17 048 554
United Kingdom	GBP	7 000 000	11 176 376	10 524 284	652 092	11 176 376
United States	USD	10 000 000	10 000 000	10 000 000		10 000 000
31 December 1998			289 660 866	281 930 215	7 730 651	289 660 866
31 December 1997			289 393 188	278 533 228	10 859 960	289 393 188
Second Phase						
Contributors	Instruments Deposited 2/			Payments-USD Equivalent		Total
	Currency	and Amount	USD Equivalent	Cash	Promissory Notes	
Belgium	BEF	450 000 000	13 229 963	8 602 267	4 627 696	13 229 963
France	FRF	25 000 000	4 532 976	1 889 392	2 643 584	4 532 976
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	9 382 500	5 617 500	15 000 000
Netherlands	NLG	19 500 000	10 270 799	5 135 269	5 135 530	10 270 799
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	10 000 000		10 000 000
31 December 1998			64 594 176	46 569 866	18 024 310	64 594 176
31 December 1997			63 697 095	30 708 302	32 988 793	63 697 095
Total First and Second Phase						
31 December 1998			354 255 042	328 500 081	25 754 961	354 255 042
31 December 1997			353 090 283	309 241 530	43 848 753	353 090 283
Special Contributions First Phase						
31 December 1998			209 345	209 345		209 345
Special Contributions						
31 December 1997			209 345	209 345		209 345



Notes to Statement of Members' and Special Contributions

Appendix E

- 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 will take place upon effectiveness of the Fourth Replenishment.
- 12/ The Eighteenth Session of the Governing Council adopted Resolution 84/XVIII on 25 January 1995, approving the application for membership of this country.
- 13/ This Member State completed its membership formalities after the period of the Second Replenishment.
- 14/ The Fourteenth Session of the Governing Council adopted Resolution 64/XIV on 29 May 1991, approving the application for membership of this country.
- 15/ The Nineteenth Session of the Governing Council adopted Resolution 91/XIX on 17 January 1996, approving the application for membership of these countries.
- 16/ With the adoption of Resolution 86/XVIII on 26 January 1995 and its entry into force on 20 February 1997, and with the effectiveness of Resolution 87/XVIII on 29 August 1997, the Fourth Replenishment has become effective and consequently Categories have been replaced by Lists, while all Member Countries are now listed in alphabetical order.
- 17/ The Twenty-First Session of the Governing Council adopted Resolution 103/XXI on 11 February 1998, approving the application for membership of this country.
- 18/ Norges Bank, Central Bank of Norway, on 12 February 1999 advised IFAD that the Norwegian Ministry of Foreign Affairs had deposited a Promissory Note amounting to NOK 40 000 000 (USD 5 263 172). The amount is not included in these figures.
- 19/ Banco do Portugal, on 11 February 1999, advised IFAD that the Instituto de Gestão do Crédito Público had deposited a Promissory Note amounting to PTE 38 977 425 (USD 226 839). This amount is not included in these figures.
- 20/ The Twentieth Session of the Governing Council adopted Resolution 98/XX amending Resolutions 87/XVIII and 93/XIX which listed, *inter alia*, the complementary contribution to the Fourth Replenishment by Belgium. 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.
- 21/ The Twentieth Session of the Governing Council adopted Resolution 98/XX amending Resolutions 87/XVIII and 93/XIX which listed, *inter alia*, the complementary contribution to the Fourth Replenishment by The Netherlands.

**Statement of Loans 1/
31 December 1998 and 31 December 1997**

Appendix F

Borrower or Guarantor	Approved Loans less Cancellations USD	Loans not yet Effective USD	Effective Loans			Outstanding Loans USD
			Undisbursed Portion USD	Disbursed Portion USD	Repayments USD	
Bangladesh	30 000 000	0	0	30 000 000	7 500 000	22 500 000
Cape Verde	2 003 243	0	0	2 003 243	500 800	1 502 443
Haiti	3 500 000	0	0	3 500 000	918 750	2 581 250
Nepal	11 538 262	0	0	11 538 262	2 898 501	8 639 761
Sri Lanka	12 000 000	0	0	12 000 000	3 300 000	8 700 000
Tanzania, United Republic of	9 488 457	0	0	9 488 457	2 492 726	6 995 731
Thailand	15 274 557	0	0	15 274 557	14 782 415	492 142
Subtotal 1/	83 804 519	0	0	83 804 519	32 393 192	51 411 327
Exchange adjustment on USD Loans	3 410 097			3 410 097	2 819 833	590 264
Subtotal USD loans 1/	87 214 616			87 214 616	35 213 025	52 001 591
SDR loans 1/	SDR	SDR	SDR	SDR	SDR	SDR
Albania	14 450 000	0	8 930 423	5 519 577	0	5 519 577
Algeria	23 450 000	0	10 745 677	12 704 323	9 879 443	2 824 880
Angola	12 000 000	5 300 000	5 596 504	1 103 496	0	1 103 496
Argentina	19 550 000	0	11 350 000	8 200 000	2 969 228	5 230 772
Armenia	14 950 000	0	9 558 421	5 391 579	0	5 391 579
Azerbaijan	6 450 000	0	5 718 033	731 967	0	731 967
Bangladesh 2/	174 709 842	0	52 339 133	122 370 709	15 229 712	107 140 997
Belize	3 416 200	1 750 000	0	1 666 200	1 005 840	660 360
Benin	48 484 720	9 150 000	7 863 568	31 471 152	3 635 200	27 835 952
Bhutan	11 191 836	0	499 647	10 692 189	989 535	9 702 654
Bolivia	54 052 893	0	11 970 404	42 082 489	14 516 791	27 565 698
Bosnia and Herzegovina	14 450 000	0	7 359 368	7 090 632	0	7 090 632
Botswana	4 667 402	0	0	4 667 402	4 052 434	614 968
Brazil	44 200 000	17 800 000	17 327 674	9 072 326	1 720 000	7 352 326
Burkina Faso	28 733 564	0	14 569 828	14 163 736	2 242 869	11 920 867
Burundi 2/	19 796 617	0	4 628 656	15 167 961	2 945 980	12 221 981
Cambodia	3 300 000	0	3 225 885	74 115	0	74 115
Cameroon	26 420 450	7 900 000	0	18 520 450	6 659 902	11 860 548
Cape Verde	3 939 724	0	0	3 939 724	98 492	3 841 232
Central African Republic	27 821 088	0	8 230 847	19 590 241	1 053 255	18 536 986
Chile	5 500 000	0	3 759 441	1 740 559	366 666	1 373 893
China	260 843 291	21 100 000	38 937 336	200 805 955	27 337 750	173 468 205
Colombia	17 076 543	0	9 614 278	7 462 265	4 699 000	2 763 265
Comoros	5 441 675	0	1 954 808	3 486 867	166 880	3 319 987
Congo	10 876 210	0	5 217 309	5 658 901	3 003 137	2 655 764
Costa Rica	10 122 172	0	3 026 456	7 095 716	5 508 962	1 586 754
Côte d'Ivoire	38 351 647	8 300 000	20 950 899	9 100 748	6 241 968	2 858 780
Cuba	10 581 121	0	0	10 581 121	2 272 855	8 308 266
D.P.R. Korea	31 350 000	0	13 792 143	17 557 857	0	17 557 857
D.R. Congo	18 742 557	0	0	18 742 557	595 125	18 147 432
Djibouti	1 711 831	0	0	1 711 831	235 407	1 476 424
Dominica	4 246 460	0	1 227 175	3 019 285	890 000	2 129 285
Dominican Republic	32 638 742	8 750 000	3 930 470	19 958 272	14 124 530	5 833 742
Ecuador	26 861 535	0	17 396 648	9 464 887	3 827 904	5 636 983
Egypt	121 249 069	36 150 000	17 381 529	67 717 540	15 347 868	52 369 672
El Salvador	33 850 000	13 050 000	5 528 173	15 271 827	4 781 186	10 490 641
Equatorial Guinea	6 841 492	0	1 080 876	5 760 616	123 750	5 636 866
Eritrea	8 550 000	0	7 090 734	1 459 266	0	1 459 266
Ethiopia	82 697 048	29 300 000	8 925 780	44 471 268	5 425 106	39 046 162
Gabon	15 900 000	8 850 000	2 571 682	4 478 318	1 627 500	2 850 818
Gambia, The	20 657 410	6 600 000	3 075 782	10 981 628	1 165 212	9 816 416
Georgia	4 700 000	0	3 883 734	816 266	0	816 266
Ghana	44 540 451	6 550 000	11 407 146	26 583 305	2 430 630	24 152 675
Grenada	1 372 469	0	0	1 372 469	1 009 242	363 227
Guatemala	25 901 455	0	12 533 037	13 368 418	4 633 286	8 735 132
Guinea	45 380 302	5 000 000	19 060 219	21 320 083	1 943 736	19 376 347
Guinea-Bissau	5 117 134	0	0	5 117 134	604 688	4 512 446
Guyana	12 144 316	7 300 000	0	4 844 316	2 328 254	2 516 062
Haiti	34 651 777	10 950 000	7 122 409	16 579 368	2 718 521	13 860 847
Honduras	41 522 371	13 750 000	10 854 442	16 917 929	5 738 034	11 179 895
India	259 879 801	29 850 000	41 160 492	188 869 309	29 576 964	159 292 345
Indonesia 2/	155 092 603	0	45 099 860	109 992 743	52 966 929	57 025 814
Jamaica	9 983 480	0	0	9 983 480	7 550 511	2 432 969

(cont'd)

Statement of Loans (cont'd)

31 December 1998 and 31 December 1997

Appendix F

Borrower or Guarantor	Approved Loans less Cancellations SDR	Loans not yet Effective SDR	Undisbursed Portion SDR	Effective Loans		Outstanding Loans SDR
				Disbursed Portion SDR	Repayments SDR	
Jordan	39 359 130	0	14 669 428	24 689 702	15 622 560	9 067 142
Kenya	21 070 492	0	3 524 775	17 545 717	1 413 341	16 132 376
Kyrgyzstan	8 250 000	0	7 396 137	853 863	0	853 863
Laos	25 766 699	4 950 000	6 889 358	13 927 341	1 033 749	12 893 592
Lebanon	22 700 000	8 700 000	10 318 603	3 681 397	486 666	3 194 731
Lesotho	14 540 053	6 350 000	0	8 190 053	1 131 807	7 058 246
Liberia	10 179 774	0	0	10 179 774	0	10 179 774
Madagascar 2/	48 050 958	0	16 740 897	31 310 061	2 748 391	28 561 670
Malawi 2/	51 164 191	9 250 000	6 496 697	35 417 494	4 928 939	30 488 555
Maldives	5 880 830	0	1 592 519	4 288 311	279 123	4 009 188
Mali	63 363 639	15 650 000	19 587 595	28 126 044	2 918 618	25 207 426
Mauritania	17 528 634	0	2 217 882	15 310 752	1 811 204	13 499 548
Mauritius	5 218 617	0	0	5 218 617	4 004 590	1 214 027
Mexico	46 850 000	0	23 743 023	23 106 977	13 184 107	9 922 870
Mongolia	3 450 000	0	3 109 291	340 709	0	340 709
Morocco	81 435 261	0	31 529 016	49 906 245	34 366 461	15 539 784
Mozambique 2/	44 226 845	0	21 767 177	22 459 668	3 098 186	19 361 482
Namibia	4 200 000	0	1 873 665	2 326 335	0	2 326 335
Nepal	56 019 857	0	14 780 577	41 239 280	4 752 949	36 486 331
Nicaragua	35 400 000	0	11 538 081	23 861 919	8 892 500	14 969 419
Niger	22 175 121	0	10 267 521	11 907 600	982 922	10 924 678
Nigeria	32 968 010	0	4 286 856	28 681 154	9 720 700	18 960 454
Oman	3 850 000	3 850 000	0	0	0	0
Pakistan 2/	174 462 327	11 150 000	44 495 944	118 816 383	25 986 810	92 829 573
Panama	36 442 513	0	15 572 549	20 869 964	14 422 650	6 447 314
Papua New Guinea	9 129 388	0	2 261 086	6 868 302	3 959 021	2 909 281
Paraguay	31 406 488	0	9 156 612	22 249 876	15 329 866	6 920 010
Peru	67 278 851	13 900 000	8 451 462	44 927 389	25 064 817	19 862 572
Philippines	50 590 689	11 000 000	16 429 431	23 161 258	10 079 210	13 082 048
Romania	12 400 000	12 400 000	0	0	0	0
Rwanda 2/	37 972 824	0	14 314 023	23 658 801	2 000 865	21 657 936
Saint Lucia	2 784 838	0	1 052 562	1 732 276	933 000	799 276
Saint Vincent and the Grenadines	1 650 000	0	708 675	941 325	165 000	776 325
Samoa	1 907 723	0	0	1 907 723	155 260	1 752 463
Sao Tome and Principe	5 933 578	0	946 868	4 986 710	257 391	4 729 319
Senegal	26 901 372	12 750 000	4 818 560	9 332 812	1 551 576	7 781 236
Seychelles	824 334	0	0	824 334	282 108	542 226
Sierra Leone	22 496 564	0	2 835 469	19 661 095	2 607 896	17 053 199
Solomon Islands	2 600 000	0	227 331	2 372 669	177 228	2 195 441
Somalia	17 709 534	0	0	17 709 534	410 968	17 298 566
Sri Lanka	61 133 020	8 350 000	14 176 438	38 606 582	4 352 662	34 253 920
Sudan 2/	57 264 717	0	2 579 505	54 685 212	7 047 279	47 637 933
Suriname	600 000	0	469 308	130 692	130 692	0
Swaziland	10 622 340	0	3 385 849	7 236 491	3 896 500	3 339 991
Syria	56 997 374	0	44 392 168	12 605 206	6 919 230	5 685 976
Tanzania, United Republic of	43 945 837	0	16 281 617	27 664 220	561 204	27 103 016
The Former Yugoslav Republic of Macedonia	5 650 000	0	5 019 762	630 238	0	630 238
Thailand	34 379 149	0	0	34 379 149	24 319 101	10 060 048
Togo	27 774 604	0	13 809 176	13 965 428	962 013	13 003 415
Tonga	4 837 125	0	88 419	4 748 706	139 839	4 608 867
Tunisia	72 986 299	11 400 000	16 455 678	45 130 621	27 510 926	17 619 695
Turkey	59 799 163	0	27 825 826	31 973 337	27 522 810	4 450 527
Uganda 2/	68 057 298	9 500 000	17 034 805	41 522 493	6 662 088	34 860 405
Uruguay	8 550 000	0	1 418 597	7 131 403	1 425 000	5 706 403
Venezuela	27 400 000	0	13 247 449	14 152 551	8 633 751	5 518 800
Viet Nam	32 600 000	0	22 031 433	10 568 567	0	10 568 567
Yemen 2/	95 112 662	0	25 668 432	69 444 230	8 949 296	60 494 934
Zambia	49 130 182	0	8 925 005	40 205 177	5 397 865	34 807 312
Zimbabwe	49 158 137	8 650 000	16 119 717	24 388 420	11 817 785	12 570 635
Subtotal	3 892 546 339	395 250 000	1 079 025 780	2 418 270 559	637 248 802	1 781 021 757
Fund for Gaza and the West Bank 4/	5 800 000	5 800 000	0	0	0	0
Total	3 898 346 339	401 050 000	1 079 025 780	2 418 270 559	637 248 802	1 781 021 757
USD equivalent 1/	5 488 988 596	564 690 432	1 519 300 669	3 404 997 495	880 151 314	2 524 846 181
Exchange adjustment on SDR loan repayments	(17 114 116)			(17 114 116)		(17 114 116)
Subtotal SDR loans 1/	5 471 874 480	564 690 432	1 519 300 669	3 387 883 379	880 151 314	2 507 732 065
31 December 1998 1/ USD	5 559 089 096	564 690 432	1 519 300 669	3 475 097 995	915 364 339	2 559 733 656
31 December 1997 USD	5 035 800 863	535 382 400	1 389 984 431	3 110 434 032	805 878 152	2 304 555 880

Statement of Loans^{1/}
31 December 1998 and 31 December 1997^{1/}
Summary (in '000)

Appendix F

		Approved Loans				Value in USD				
		At 31.12.97	Loans Cancelled	Loans Fully Repaid	At 31.12.98	At 31.12.97	Loans Cancelled	Loans Fully Repaid	Movement in Exchange Rate SDR/USD	At 31.12.98
1978	USD	93 805		(10 000)	83 805	93 805		(10 000)		83 805
1979	SDR	246 703			246 703	332 864			14 501	347 365
1980	SDR	241 106			241 106	325 312			14 172	339 484
1981	SDR	254 960	(1 118)		253 842	344 004	(1 508)		14 921	357 417
1982	SDR	229 004			229 004	308 984			13 461	322 445
1983	SDR	209 285			209 285	282 378			12 302	294 680
1984	SDR	166 879			166 879	225 161			9 810	234 971
1985	SDR	94 681	(343)		94 338	127 748	(463)		5 546	132 831
1986	SDR	73 514	(5 578)		67 936	99 189	(7 526)		3 993	95 656
1987	SDR	100 258	(5 804)		94 454	135 273	(7 831)		5 552	132 994
1988	SDR	116 904	(8 465)		108 439	157 732	(11 421)		6 374	152 685
1989	SDR	131 836	(3 191)		128 645	177 879	(4 305)		7 562	181 136
1990	SDR	159 152	(6 859)		152 293	214 735	(9 254)		8 952	214 433
1991	SDR	171 723	(2 746)		168 977	231 697	(3 705)		9 933	237 925
1992	SDR	203 120	(532)		202 588	274 059	(718)		11 909	285 250
1993	SDR	201 150	(2 000)		199 150	271 402	(2 699)		11 706	280 409
1994	SDR	220 050	(5 000)		215 050	296 902	(6 746)		12 641	302 797
1995	SDR	253 850	(1 750)	(204)	251 896	342 507	(2 361)	(275)	14 806	354 677
1996	SDR	281 850	(5 889)		275 961	380 286	(7 946)		16 221	388 561
1997	SDR	288 250			288 250	388 926			16 939	405 865
1998	SDR				303 550					427 408
Total	SDR	3 644 275	(49 275)	(204)	3 898 346					
	USD	93 805		(10 000)	83 805					
Total					USD 5 010 843	(66 483)	(10 275)		211 301	5 572 794
Exchange adjustment on loans disbursed					24 958					(13 705)
					USD 5 035 801					5 559 089

Maturity Structure of Outstanding Loans

as at 31 December 1998

PERIODS	USD '000
1 January 1999 to 31 December 1999 ^{3/}	170 847
1 January 2000 to 31 December 2000	136 470
1 January 2001 to 31 December 2001	129 009
1 January 2002 to 31 December 2002	114 894
1 January 2003 to 31 December 2003	102 996
1 January 2004 to 31 December 2008	462 716
1 January 2009 to 31 December 2013	368 295
1 January 2014 to 31 December 2018	310 281
1 January 2019 to 31 December 2023	282 792
1 January 2024 and thereafter	481 434
TOTAL	2 559 734

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 1.40803/1 at 31 December 1998. Since the loans were valued at 31 December 1997 at the then prevailing rate of 1.34925/1, there is an increase in value in terms of United States Dollars, attributable to the movement in exchange rates from 31 December 1997 to 31 December 1998 of USD 211 301 000 (from 1996 to 1997, there was a decrease in value in terms of USD of 295 810 000).

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 1999 include overdue principal repayments of USD 35 515 000 due immediately.

4/ See Appendix G Note 8.

**Statement of Loans - Special Programme for Africa
31 December 1998 and 31 December 1997**

Appendix F

Borrower or Guarantor	Approved Loans less Cancellations	Loans not yet Effective	Effective Loans			Repayments	Outstanding Loans
			Undisbursed Portion	Disbursed Portion			
SDR loans 1/	SDR	SDR	SDR	SDR	SDR	SDR	SDR
Angola	2 767 309	0	1 932 363	834 946	0	834 946	
Burkina Faso	10 546 145	0	2 914 366	7 631 779	144 902	7 486 877	
Burundi	5 050 000	0	3 029 946	2 020 054	0	2 020 054	
Cape Verde	4 100 000	0	2 044 804	2 055 196	0	2 055 196	
Chad	12 050 000	0	5 946 521	6 103 479	0	6 103 479	
Comoros	2 450 000	0	1 490 956	959 044	0	959 044	
Djibouti	165 379	0	51 661	113 718	0	113 718	
Ethiopia	9 422 826	0	4 142 483	5 280 343	277 890	5 002 453	
Gambia, The	2 638 448	0	0	2 638 448	0	2 638 448	
Ghana	22 839 017	0	3 021 139	19 817 878	206 952	19 610 926	
Guinea	10 761 866	0	0	10 761 866	134 523	10 627 343	
Guinea-Bissau	2 126 406	0	0	2 126 406	79 740	2 046 666	
Kenya	17 850 000	0	13 440 962	4 409 038	0	4 409 038	
Lesotho	7 634 693	0	1 258 048	6 376 645	75 000	6 301 645	
Madagascar	1 100 000	0	530 419	569 581	0	569 581	
Malawi	9 350 000	0	5 319 243	4 030 757	0	4 030 757	
Mali	10 688 409	0	1 344 827	9 343 582	242 500	9 101 082	
Mauritania	19 249 995	0	3 291 132	15 958 863	300 000	15 658 863	
Mozambique	8 291 210	0	0	8 291 210	310 920	7 980 290	
Niger	12 339 566	0	1 476 551	10 863 015	252 350	10 610 665	
Senegal	26 750 000	0	8 353 073	18 396 927	0	18 396 927	
Sierra Leone	3 650 000	0	1 993 348	1 656 652	0	1 656 652	
Sudan	26 040 389	0	3 287 199	22 753 190	402 500	22 350 690	
Tanzania, United Republic of	6 789 416	0	0	6 789 416	0	6 789 416	
Uganda	8 123 651	0	0	8 123 651	203 090	7 920 561	
Zambia	9 610 311	0	1 745 039	7 865 272	257 262	7 608 010	
Subtotal	252 385 036	0	66 614 080	185 770 956	2 887 629	182 883 327	
USD equivalent 1/	355 365 702	0	93 794 623	261 571 079	3 950 476	257 620 603	
Exchange adjustment on SDR loan repayments	(115 392)	0	(115 392)	(115 392)	(115 392)	(115 392)	
31 December 1998	USD 355 250 310	0	93 794 623	261 455 687	3 950 476	257 505 211	
31 December 1997	USD 351 621 167	2 158 800	123 639 629	225 822 738	1 430 932	224 391 806	

Summary (in '000)

		Approved Loans			Value in USD		Movement in	
		At 31.12.97	Loans Cancelled	At 31.12.98	At 31.12.97	Loans Cancelled	Exchange Rate SDR/USD	At 31.12.98
1986	SDR	25 412	(510)	24 902	34 287	(688)	1 464	35 063
1987	SDR	41 292		41 292	55 713		2 427	58 140
1988	SDR	38 312	(3 026)	35 286	51 692	(4 083)	2 075	49 684
1989	SDR	33 066	(4 661)	28 405	44 614	(6 289)	1 670	39 995
1990	SDR	23 250		23 250	31 370		1 367	32 737
1991	SDR	22 400		22 400	30 223		1 317	31 540
1992	SDR	9 200		9 200	12 413		541	12 954
1993	SDR	43 450		43 450	58 625		2 554	61 179
1994	SDR	16 700		16 700	22 533		981	23 514
1995	SDR	7 500		7 500	10 120		440	10 560
Total	SDR	260 582	(8 197)	252 385	351 590	(11 060)	14 836	355 366

Maturity Structure of Outstanding Loans

as at 31 December 1998

PERIODS	USD 000
1 January 1999 to 31 December 1999	4 014
1 January 2000 to 31 December 2000	4 566
1 January 2001 to 31 December 2001	5 524
1 January 2002 to 31 December 2002	6 292
1 January 2003 to 31 December 2003	6 585
1 January 2004 to 31 December 2008	43 970
1 January 2009 to 31 December 2013	43 685
1 January 2014 to 31 December 2018	39 715
1 January 2019 to 31 December 2023	31 435
1 January 2024 and thereafter	71 719
TOTAL	257 505

1/ Loans have been denominated in SDR and, for purposes of presentation in the Balance Sheet, the accumulated amount has been valued at the US Dollar/SDR rate of 1.40803/1 as at 31 December 1998. Since the loans were valued at 31 December 1997, at the then prevailing rate of 1.34925/1, there has been an increase in value, in terms of US Dollars, attributable to the movement in exchange rates from 31 December 1997 to 31 December 1998 of USD 14 836 000 (from 1996 to 1997 there was a decrease in value in terms of USD 23 117 000).

Appendix G

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 and has its headquarters in Rome, Italy. The Fund and its operations are governed by the Agreement Establishing the International Fund for Agricultural Development.

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 or to be 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 format of the Statement of Revenue and Expenses has changed from 1998 in order to present more comprehensively the activities of the Fund for the year and changes in its net assets. This new format underscores the Fund as a not-for-profit international financial institution established to mobilize resources for the purpose of providing concessional loans and grants for the implementation of projects in developing member countries. In prior years this data was included only in other appendixes to the Financial Statements. Prior year comparative figures have been restated to conform to the 1998 presentation.

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

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 from 1996 onwards 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.

Balances relating to the IFAD Trust Fund for Heavily-Indebted Poor Countries Debt Initiative (HIPC-DI) have been included in these financial statements as this is a special purpose entity which is substantially controlled by IFAD and its activities are inherently linked to those of IFAD. This trust fund was established in 1998 (see Note 8(a)).

(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 Agreement Establishing 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 has not required the use of ACA to date as regular resources have been sufficient to meet its loan and grant commitments.

A loan or grant is considered to be committed when a formal agreement is signed by the Fund and the respective borrower or grantee. 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.

From 1998, amounts receivable from contributors have not been included in the Statement of Resources Available for Commitment. The 1997 figures have been restated accordingly, although this has had no effect on the resources available as it relates purely to the presentation thereof.

(d) Translation and Conversion of Currencies

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

(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 disbursement in the case of non-convertible currencies.

(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 Activities and Changes in Net Assets, 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
1998	1.40803

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

	1998	1997
	USD '000s	
Opening balance at 1 January	221 510	533 648
Exchange movements for the year on:		
Cash and investments	68 441	(156 220)
Loans outstanding	112 701	(156 693)
Promissory Notes and Members' receivables	22 888	(29 548)
Members' contributions	(23 020)	29 741
Exchange gain/(loss) on operations	(176)	582
Total movements in the year	180 834	(312 138)
Closing balance at 31 December	402 344	221 510

(e) Provisions

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

(f) Fair Valuation of Financial Instruments

(i) Investments

All investment securities held by the Fund are considered to be available for sale and are reported at estimated fair value represented by the market value at the balance sheet date. 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.

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

(ii) 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.

(g) Statement of Cash Flows

Appendix C, Statement of Cash Flows, has been prepared in accordance with International Accounting Standard (IAS) No. 7 (revised). For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks. They also include investments which are readily convertible at the balance sheet date.

**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 1998, funds under external management amounted to USD 2 132.9 million (1997 - USD 1 962.7 million), representing some 93.3% (1997 - 91.8%) of total cash and investments.

(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 2 years above the benchmark average (some 7.5 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 undischarged 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.

In November 1998, the Fund selected a currency overlay manager to control the currency risk in emerging markets. This activity is due to commence in 1999.

(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 recorded 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 forty-one futures contracts outstanding at 31 December 1998 (1997 - Nil) which had an unrealized market value loss amounting to USD 7 700 (1997 - Nil). The market value of futures contracts open at 31 December 1998 which are held off balance sheet amount to USD 2 678 000. The maturity date of these contracts at 31 December 1998 was four weeks.

(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 permits the use of investment 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. No options were used during 1998 and there were no outstanding options at 31 December 1998 (1997 - 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 at 31 December 1998 amounted to USD 4 694 000 (1997 - gain of USD 2 800 000). The maturity of forward contracts at 31 December 1998 ranged from one to ten weeks. Both realized and unrealized gains or losses are recognized in the period in which they occur and included in Income from Investments.

(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 1998, the cash and investments, excluding restricted and non-convertible currencies, at market value amounted to USD 2 261 341 000 (1997 - USD 2 149 685 000), and comprise the following instruments:

	1998	1997
	USD '000s	
Cash	60 848	74 359
Government and government-guaranteed obligations	1 696 049	1 660 922
Unrealized market value gain on forward contracts	4 694	2 800
Time deposits and other obligations of banks	209 604	279 748
Equities	324 500	108 748
Futures	422	-
	2 235 269	2 052 218



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Accrued income on investments	34 000	38 005
Receivables for investments sold	97 311	4 356
Payable for investments purchased	(166 087)	(19 253)
Total	<u>2 261 341</u>	<u>2 149 685</u>

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

The currency composition of cash and investments at 31 December 1998 and 31 December 1997 was as follows:

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Deutsche Mark	318 927	173 489
French Franc	89 990	41 504
Japanese Yen	236 027	217 297
Pound Sterling	293 153	231 471
United States Dollar	994 959	1 074 040
Others	<u>328 285</u>	<u>411 884</u>
Total	<u>2 261 341</u>	<u>2 149 685</u>

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

The composition of cash and investments by maturity at 31 December 1998 and 31 December 1997 was as follows:

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Due in one year or less	270 932	420 199
Due after one year through five years	349 606	512 816
Due after five years through ten years	930 691	916 809
Due after ten years	385 612	191 113
No fixed maturity (equities)	<u>324 500</u>	<u>108 748</u>
Total	<u>2 261 341</u>	<u>2 149 685</u>

The average life to maturity of the fixed income investments included in the investment portfolio at 31 December 1998 was 99 months (1997 - 66 months).

Income from Investments

Net income from investments for the year ended 31 December 1998 amounted to USD 187 899 000 (1997 - USD 163 940 000). The components of Income from Investments are as follows:

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Interest from fixed-income investments	111 640	127 849
Dividend income from equities	5 654	94
Net income from futures	1 838	0
Realized capital gains (net)	39 008	21 535
Unrealized capital gains (net)	36 111	19 657
Income from bond lending	905	463
Interest income from banks	1 028	930
Investment management and custody fees	(7 739)	(5 457)
Other investment expenses	<u>(546)</u>	<u>(1 131)</u>
Total	<u>187 899</u>	<u>163 940</u>

The average rate of return on the investment portfolio in 1998 was 8.5% (1997 -7.54%).

Note 4: Cash and Investments Subject to Restriction

(a) **Currencies not Freely Convertible**

Cash and investments held by the Fund at 31 December 1998 in currencies which are not freely convertible amounted to USD 667 000 (1997 - USD 537 000) and USD 6 287 000 (1997 - USD 508 000), respectively. These balances include USD 5 876 000 (1997 - Nil) of cash and investments held in Malaysian Ringgits by one fund manager (of which USD 81 000 is in cash and USD 5 795 000 in equities). This currency has been subject to temporary restriction since September 1998.

With the adoption of Resolution 88/XVIII of the Eighteenth Session of the Governing Council on 26 January 1995, 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:

- 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
- 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:

- USD 9 579 000 (1997 - USD 8 467 000) being investments held in the Fund's name on behalf of the Credit Union of IFAD Employees.
- USD 4 086 000 (1997 - USD 1 797 000) 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.

**(c) Trust Fund Balances**

These comprise USD 1 900 000 (1997 - Nil) relating to amounts invested on behalf of the IFAD Heavily-Indebted Poor Countries Debt Initiative (HIPC-DD) Trust Fund and USD 3 283 000 (1997 - Nil) representing the net balance of the Trust Fund (see Note 8(a)).

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 Notes 6 and 7.

(b) First Replenishment

First Replenishment contributions have been fully paid except as detailed in Note 6.

(c) Second Replenishment

Second Replenishment contributions have been fully paid except as detailed in Notes 6 and 7.

(d) Third Replenishment

Details of Third Replenishment contributions are shown in Appendix E. The drawdown calls made to date have been fully paid except as detailed in Notes 6 and 7.

(e) Fourth Replenishment

The Fund's Fourth Replenishment came into effect on 29 August 1997, when Instruments of Contributions 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) Advance Contributions

Details of Advance Contributions are shown in Appendix E.

(g) Special Programme for Africa

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

(h) Provisions

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

(i) IFAD

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Promissory notes of contributors	99 370	89 475
Amounts receivable from contributors	<u>89 557</u>	<u>89 558</u>
Total	188 927	179 033

(ii) Special Programme for Africa

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Promissory notes of contributors	8	<u>25</u>

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 1998, Third Replenishment contributions deposited in the form of promissory notes have been drawn down to the extent of 37.27%.

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**(i) Initial Contributions**

	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Iran	29 358	29 358
Iraq	<u>13 717</u>	<u>13 717</u>
	43 075	43 075

(ii) First Replenishment

Iraq	31 099	31 099
Qatar	<u>10 271</u>	<u>10 271</u>
	41 370	41 370

(iii) Second Replenishment

Qatar	5 000	5 000
Mauritania	<u>2</u>	<u>25</u>
	5 002	5 025

(iv) Third Replenishment

D.P.R. Korea	224	-
Libyan Arab Jamahiriya	5 963	-
Nigeria	3 727	-
Mauritania	<u>9</u>	<u>5</u>
	9 923	<u>5</u>
Total	<u>99 370</u>	<u>89 475</u>

Excluded from Committable Resources - Convertible Currency

(i) Initial Contributions	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Iran	29 358	29 358
Iraq	<u>13 717</u>	<u>13 717</u>
	43 075	43 075
 (ii) First Replenishment		
Iraq	31 099	31 099
Qatar	<u>10 271</u>	<u>10 271</u>
	41 370	41 370
 (iii) Second Replenishment		
Qatar	5 000	5 000
United Arab Emirates	0	272
Mauritania	<u>2</u>	<u>25</u>
	5 002	5 297
 (iv) Third Replenishment		
D. P. R. Korea	224	-
Libyan Arab Jamahiriya	5 963	3 211
Nigeria	3 727	2 007
United Arab Emirates	-	201
Mauritania	9	25
	<u>9 923</u>	<u>5 444</u>
Total	<u>99 370</u>	<u>95 186</u>

(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:

Provisions Established

First Phase	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Mauritania	8	25
Total	<u>8</u>	<u>25</u>

Excluded from Committable Resources - Convertible Currency

First Phase	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Mauritania	8	23
Provisions not yet drawn down		
Mauritania	<u>2</u>	<u>2</u>
Total	<u>10</u>	<u>25</u>

Note 7: Amounts Receivable from Contributors

Amounts receivable from Member States towards the Fund's Initial Contributions, First, Second, Third and Fourth Replenishments (including Special and Complementary Contributions) totalled USD 181 672 000 (1997 - USD 176 049 000) 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 Fourth Replenishment.

Provisions Established

(i) Initial Contributions	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Iran	83 167	83 167
Comoros	<u>9</u>	<u>7</u>
	83 176	83 174
 (ii) Second Replenishment		
Gabon	371	372
Iraq	<u>2 000</u>	<u>2 000</u>
	2 371	2 372
 (iii) Third Replenishment		
Ecuador	-	2
Iran	3 000	3 000
Qatar	1 000	1 000
Sao Tome and Principe	<u>10</u>	<u>10</u>
	4 010	4 012
Total	<u>89 557</u>	<u>89 558</u>

Not included in Committable Resources - Convertible Currency

(i) Initial Contributions	<u>1998</u>	<u>1997</u>
	<u>USD '000s</u>	
Iran	83 167	83 167
Comoros	<u>9</u>	<u>7</u>
	83 176	83 174
 (ii) Second Replenishment		
Gabon	371	372
Iraq	<u>2 000</u>	<u>2 000</u>
	2 371	2 372
 (iii) Third Replenishment		
Ecuador	-	2
Iran	3 000	3 000
Qatar	1 000	1 000
Sao Tome and Principe	<u>10</u>	<u>10</u>
	4 010	4 012
Total	<u>89 557</u>	<u>89 558</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, disbursement may commence.

Loan repayments and related interest payments for loans approved during 1978 are required to be made in the currency in which the respective portion of the loan was advanced or as specified in the 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 per cent 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 per cent 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 per cent 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 1998, principal instalments of USD 32 138 000 (1997 - USD 28 365 000) and service charges and interest equivalent to USD 14 024 000 (1997 - USD 12 951 000) were overdue by more than three months. Service charges of USD 286 000 (1997 - USD 342 000) 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, Comoros, Congo, Cuba, Democratic Republic of the Congo, Grenada, Guinea-Bissau, Liberia, Niger, Sierra Leone 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 194 000 000 (1997 - USD 149 390 000). On loans with overdue amounts in excess of ten months as at 31 December 1998, 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 1998 would have been greater by USD 2 525 000 (1997 - USD 2 280 000). The corresponding figures relating to SPA were USD 195 000 (1997 - USD 176 000). The member countries concerned are shown below:

Borrowers in Non-Accrual Status - IFAD

	USD '000s		31 December 1998	
	Principal Outstanding	Principal Overdue	Income Not Accrued in 1998	Non-Accrual Since
Cameroon	16 700	3 552	372	Dec 1991
Comoros	4 675	51	22	Oct 1998
Congo	3 739	1 882	152	Dec 1991
Cuba	11 698	9 393	451	July 1990
D.R. Congo	25 552	3 352	246	Aug 1992
Grenada	511	123	22	Sep 1997
Guinea-Bissau	6 354	278	62	Sep 1994
Liberia	14 333	7 856	602	Mar 1990
Niger	15 382	386	127	Apr 1995
Sierra Leone	24 012	526	234	May 1997
Somalia	<u>24 357</u>	<u>5 381</u>	<u>235</u>	Oct 1991
Total	<u>147 313</u>	<u>32 780</u>	<u>2 525</u>	

Borrowers in Non-Accrual Status - SPA

	USD '000s		31 December 1998	
	Principal Outstanding	Principal Overdue	Income Not Accrued in 1998	Non-Accrual Since
Guinea-Bissau	2 882	37	28	Apr 1995
Niger	14 940	-	144	Nov 1995
Sierra Leone	<u>2 333</u>	-	<u>23</u>	Jul 1997
Total	<u>20 155</u>	<u>37</u>	<u>195</u>	

The income from loans reported in the Statement of Revenue and Expenses for 1998 includes USD 771 000 (1997 - USD 1 951 000) 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 involves 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.

A Trust Fund for the HIPC DI was established with the adoption of Resolution 105/XXI on 11 February 1998 by the Governing Council. This Trust Fund receives 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 an instrument of contribution 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 and received a cash payment for NLG 4 000 000 (USD 1 985 112). The Executive Board has approved IFAD's participation in the HIPC DI for the following countries:

Member State	Amount involved (SDR)		Executive Board Session
Uganda	4 160 000		Sixty-First
Burkina Faso	1 780 000		Sixty-Second
Côte d'Ivoire	164 300	*	Sixty-Fourth
Mozambique	12 380 000	**	Sixty-Fourth
Bolivia	2 200 000	*	Sixty-Fourth
Guyana	630 000	*	Sixty-Fourth

* Net present value
** Nominal value

As resolved at the Sixty-Fifth Session of the Executive Board in December 1998, the first transfer was made from IFAD's Accumulated Surplus to HIPC DI of USD 4 000 000 out of the total amount approved of USD 16 000 000. Included in IFAD's Financial Statements from 1998 are the following principal financial transactions and balances of the HIPC DI Trust Fund:

	USD '000s
IFAD cash contribution (Appendix A1)	4 000
Netherlands cash contribution	1 985
Total cash contributions received	5 985
Repayment of loan instalments falling due (Uganda)	(802)
Net Trust Fund balances (Appendix B)	5 183

(b) Loans to Non-Member States

Fund for Gaza and the West Bank (FGWB)

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

Note 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 facility and other related purposes. The cumulative amount of such grants disbursed up to 31 December 1998 was USD 239 852 000 (1997 - USD 214 825 000).

(b) Services to Member States

In prior years, Services to Member States included grants for project identification, special studies and monitoring and evaluation activities. These services have now been discontinued. The cumulative amount of such grants disbursed up to 31 December 1998 was USD 33 665 000 (1997 - USD 33 655 000).

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. 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 Costs and Retirement Benefits

(a) Staff Numbers

The number of approved posts of the Fund at 31 December was as follows:

	1998	1997
Professional	128	128
General Service	164	164
	292	292

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

(b) Retirement Plan

IFAD is a member organization of the United Nations Joint Staff Pension Fund (UNJSPF), which was established to provide retirement, death, disability and related benefits for the relevant staff. The UNJSPF is a funded defined benefit plan, providing benefits based on retirement age, pensionable remuneration and length of contributory service. The actuarial method adopted is the Open Group Aggregate method. Actuarial calculations are performed at least once every three years. The latest actuarial valuation was prepared as of 31 December 1997. IFAD makes contributions on behalf of its staff (currently payable by the participant and IFAD at 7.9% and 15.8%, respectively, of the staff member's pensionable remuneration) and would be liable for its share of the unfunded liability, if any. The total retirement plan contributions made in 1998 for staff amounted to USD 3 494 000 (1997 - USD 3 179 000). IFAD is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes and hence has not recorded any assets in its accounts in this regard, nor included other related information such as the return on plan assets.

(c) After Service Medical Coverage (ASMC)

IFAD participates in a multi-employer After Service Medical Coverage (ASMC) administered by the Food and Agriculture 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. The draft results to update the formal valuation to 31 December 1997 show an increase in the deficit to USD 229.3 million, of which IFAD's share increased to USD 12.9 million. IAS 19 (revised), which is effective from 1 January 1999, requires that this liability is fully provided in the accounts of an organization within a limited time period. IFAD has decided to make provision for its share by treating the deficit as an expense on a straight-line basis over a five year period from the date of adoption, as permitted by the IAS.



From 1 January 1998, IFAD is making provision for the full annual service cost of this medical coverage. In 1998, such cost included in the financial statements amounted to USD 428 000 (1997 - USD 59 000 on a pay-as-you-go basis).

Note 12 Taxation

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

Note 13 Post-Balance Sheet Event

On 1 January 1999 the Euro was introduced as a currency being legal tender in 11 European Union Member States, including Italy, and three other European states. Although this will have little impact on the actual operations of IFAD, certain reported balances, such as relevant Members' contributions, will be redenominated from the legacy currencies to the Euro during 1999. The International Monetary Fund has confirmed that the SDR basket will incorporate the Euro in place of the French franc and German mark, thus giving rise to the need to re-align the Fund's investments and other assets to match its commitments denominated in SDR in currency terms.



Price Waterhouse S.p.A.

Società di Revisione
e Certificazione

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 1998 and 1997. 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 1998 and 1997 and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards.

Price Waterhouse

Rome, 12 February 1999

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