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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Seventh Session
Rome, 18-19 February 2004

AUDITED FINANCIAL STATEMENTS OF IFAD
AS AT 31 DECEMBER 2002

1. At its Seventy-Eighth Session in April 2003, the Executive Board reviewed the audited Financial Statements for 2002, Appendixes A to H inclusive, and the report of the External Auditor thereon, both contained in this document. These statements, which were prepared in accordance with accounting principles recommended by the International Accounting Standards (IAS) Board, have been examined in detail by the Audit Committee. The Executive Board now submits them to the present 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) Income from interest and service charges on loans amounted to USD 42.4 million in 2002 compared with USD 42.3 million in 2001. The Fund has excluded interest and service charges on loans with arrears in excess of 180 days. The amount in 2002 was USD 2.9 million compared with USD 2.4 million in 2001.
- (b) The net income from cash and investments amounted to USD 26.2 million in 2002, compared with a net loss of USD 42.9 million for 2001. This positive result reflects the impact of the new investment policy approved in December 2001. An analysis of the net investment income may be found in Appendix H, Note 3 of the Financial Statements.
- (c) The subtotal of operating expenses amounted to USD 40.3 million compared with a restated budget of USD 42.9 million. In addition, in 2002 there was a charge of USD 7.9 million (2001 – USD 4.3 million) for the current allocated deficit in the after-service medical coverage scheme. This includes a one-off cost of USD 3.6 million as approved by the Executive Board in December 2002 to reflect the increased liability in the latest actuarial valuation. There was also a charge of USD 2.7 million for the

Strategic Change Programme compared with USD 638 000 in 2001, reflecting the increased progress of the programme.

- (d) In 2002 the Fund changed its accounting principle for grants, which until then also comprised costs now included in the Programme Development Financing Facility. Grants are included as costs on approval rather than as a deduction in the balance sheet as previously. The grant costs in 2002 were some USD 16.8 million, compared with USD 23.0 million in 2001.
- (e) IFAD has participated in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) since 1997 (in accordance with Resolution 101/XX of the Twentieth Session of the Governing Council). In 2002, there was a charge (prior to currency effects) of USD 21.6 million (2001 – USD 97.6 million) for the Initiative and also a transfer from the Fund's reserves of USD 14 million. This charge represents the shortfall between the total cumulative cost of debt relief of USD 260.1 million as at 31 December 2002 and the funds available. As shown in Appendix G, the debt relief provided to date is about USD 16.9 million (principal) plus USD 7.1 million (interest). The remaining debt relief will be given in the period 2003-37.
- (f) Loans are stated at cost, less an allowance for impairment losses. An allowance may be established when the full amount of the loan is not being repaid in accordance with the agreed repayment schedule. In 2002 there was a net negative movement in the allowance of USD 5.8 million, leaving a balance of USD 78.1 million. This compared with a net positive movement of USD 2.8 million in 2001.

Statement of Changes in Accumulated Surplus (Appendix A1)

This statement includes the accumulated surplus arising both from the excess of revenue over expenses and from foreign exchange rate movements.

Balance Sheet (Appendix B)

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

Promissory notes	USD	94 675 000
Amounts receivable	USD	<u>92 080 000</u>
		186 755 000

These are shown in Appendix B and detailed by Member State in Notes 6 and 7 of Appendix H.

It should be noted that, as at 31 December 2002, 13 countries had loans with arrears of 180 days or more and are thus in non-accrual status. Details of the countries and amounts involved are given in Note 8 of Appendix H.

As in the case of arrears on Members' contributions, the Fund is constantly seeking 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 (excluding equities) in the balance sheet are shown in this appendix.

Statement of Resources Available for Commitment (Appendix D)

This statement includes all assets in freely convertible currencies that may be considered committable in accordance with the policy adopted at the Thirty-Fourth Session of the Executive Board. It should be noted that in 2002, as in 2001, use has been made of the Advance Commitment Authority, as regular resources were not sufficient to meet loan and grant commitments.

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

Appendix E combines contributions to the initial resources of the Fund and the First and Second Replenishments, as all amounts have been drawn down and full disclosure on non-payment has been made in Appendix H – Notes to the Financial Statements. It also provides details on contributions to the Third, Fourth and Fifth Replenishments.

Statement of Loans (Appendix F)

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

Summary of the Debt Initiative for Heavily Indebted Poor Countries (Appendix G)

This appendix contains an analysis, by country, of the debt relief provided to date and current commitments for future relief, as authorized by the Executive Board.

3. The Financial Statements for 2002 were reviewed in detail at the meeting of the Audit Committee held on 25 March 2003. The Chair of the Committee made a formal report at the Executive Board's Seventy-Eighth Session. 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 2002 and the results of its operations for the year ended on that date, as contained in Appendixes A to H inclusive of the current document and the report of the External Auditor thereon.”

INTERNATIONAL FUND
FOR AGRICULTURAL DEVELOPMENT

FINANCIAL STATEMENTS

for the years ended 31 December 2002 and 31 December 2001

- 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' Contributions and Special Contributions**
 - Appendix F - Statement of Loans**
 - Appendix G - Summary of the Debt Initiative for Heavily Indebted Poor Countries**
 - Appendix H - 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 H) form an integral part of the Financial Statements.

Statement of Activities and Changes in Net Assets
For the years ended 31 December 2002 and 31 December 2001
(Expressed in thousands of United States dollars)

Appendix A

	2002	2001 1/
Changes in Net Assets		
Increase in value of net contributions	115 798	213 349
Increase in complementary contributions	12 468	3 404
	128 266	216 753
Revenue		
Income from loans (Note 8)	42 388	42 323
Net income from cash and investments - IFAD (Note 3)	26 217	(42 856)
Total Revenue	68 605	(533)
Operating Expenses		
Staff salaries and benefits (Note 14)	(27 638)	(26 053)
Other operational and administrative costs	(8 255)	(7 736)
Consultants (2001: consultants and cooperating institutions) (Note 11)	(2 011)	(13 750)
Governing Council, Executive Board and other official meetings	(2 401)	(1 701)
Subtotal	(40 305)	(49 240)
Programme Development Financing Facility (PDFF) (Note 11)	(23 160)	(9 666)
Allowance for loan impairment losses (Note 8(c))	(5 834)	2 758
Provision for after-service medical benefits (Note 14(c))	(7 900)	(4 300)
Strategic Change Programme (Process Re-Engineering Programme)	(2 724)	(638)
Grants (Note 10)	(16 776)	(23 000)
Total charge for Debt Initiative for HIPC commitments (Notes 2 and 9)	(21 596)	(97 509)
Total Operating Expenses	(118 295)	(181 595)
Net Revenue Less Operating Expenses	(49 690)	(182 128)
Net Foreign Exchange Rate Movements (Note 2(d))	369 102	(187 162)
Transfer to Accumulated Surplus	319 412	(369 290)
Transfer to Debt Initiative for HIPC Trust Fund	(14 000)	
Increase/(Decrease) in Net Assets	433 678	(152 536)
Net Assets at Beginning of the Year (as originally reported)	5 012 734	5 234 251
Adjustment in 2001 to Accumulated Surplus for Loan Impairment Provision		(74 995)
Adjustment in 2002 to Net Assets Opening Balance for Change in Grant Accounting (Note 11)	25 137	31 151
Net Adjusted Assets at Beginning of the Year	5 037 871	5 190 407
Net Assets at the End of the Year	5 471 549	5 037 871
Reconciliation of changes in net assets from operating activities		
Loan disbursements	267 295	299 584
Loan repayments	(126 823)	(128 036)
Movement in accumulated allowance for Debt Initiative for HIPCs	(46 614)	(94 586)
Movement in accumulated allowance for loan impairment losses	(5 834)	2 758
	88 024	79 720
Effect of foreign exchange movements on loans	245 295	(103 321)
Net increase/(decrease) in loans outstanding	333 319	(23 601)
(Decrease)/Increase in net amounts receivable from contributors	(44 152)	95 304
Net decrease in promissory notes from contributors	(58 952)	(74 797)
Change in cash and investments	200 184	(135 413)
Net increase/(decrease) in other receivables and liabilities	3 279	(14 029)
Changes in Net Assets	433 678	(152 536)

1/ Restated (see Appendix H, Note 2).

Statement of Changes in Accumulated Surplus
For the years ended 31 December 2002 and 31 December 2001
(Expressed in thousands of United States dollars)

Appendix A1

	Surplus from Operations	Foreign Exchange Effects 1/	Total Accumulated Surplus
Opening Balance at 1 January 2001	1 720 253	15 411	1 735 664
Net revenue less operating expenses before the effect of foreign exchange rate movements	(149 462)		(149 462)
Net foreign exchange rate movements 1/		(187 540)	(187 540)
Accumulated Surplus at 31 December 2001 as originally reported	1 570 791	(172 129)	1 398 662
Adjustment for prior year for PDFF grant disbursements up to 31 December 2000	(77 245)		(77 245)
Adjustment for prior year for grant approvals charged up to 31 December 2000	(288 250)		(288 250)
Adjustment for prior year for PDFF grant disbursements up to 31 December 2001 (Note 11)	(9 666)		(9 666)
Adjustment for prior year for grant approvals charged up to 31 December 2001 (Note 11)	(23 000)		(23 000)
Adjustment for prior year foreign exchange rate movements on grants		378	378
Accumulated Surplus at 31 December 2001 Restated (Note 2)	1 172 630	(171 751)	1 000 879
Net revenue less operating expenses before the effect of foreign exchange rate movements	(49 690)		(49 690)
Transfer to Debt Initiative for HIPC Trust Fund (Note 9(b))	(14 000)		(14 000)
Net foreign exchange rate movements 1/		369 102	369 102
Accumulated Surplus at 31 December 2002	1 108 940	197 351	1 306 291

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

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Balance Sheet
31 December 2002 and 31 December 2001
(Expressed in thousands of United States dollars)

Appendix B

Assets			Liabilities, Contributions, Accumulated Surplus and Reserve		
	2002	2001 ^{1/}		2002	2001 ^{1/}
Cash in banks (Note 3(b))	322 899	71 702	Liabilities		
Investments (Notes 2(a) and 3)	1 987 654	1 884 305	Payable for investments purchased	316 726	64 373
Cash and Investments subject to restriction (Note 4)	71 583	48 343	Payables and accrued liabilities	41 133	35 343
			Undisbursed grants	32 251	39 634
			Amounts due to other funds	17 587	15 513
			PDFF accruals	9 533	0
			Provision for after-service medical benefits	22 621	13 730
				439 851	168 593
Contributors' promissory notes (Note 6)	328 141	398 598	Contributions, accumulated surplus and reserve		
Less: Provision (Note 5(i))	(94 685)	(106 082)	IFAD Members' contributions (Appendix E and Note 5)	3 849 866	3 742 986
	233 456	292 516	Less: Provision (Note 5(i))	(186 745)	(195 655)
Amounts receivable from contributors (Note 7)	195 550	237 107		3 663 121	3 547 331
Less: Provision (Note 5(i))	(92 070)	(89 583)	IFAD special contributions	20 139	20 139
	103 480	147 524			
Other receivables			IFAD complementary contributions	52 368	34 234
Accrued income on loans	15 312	12 313	Less: The Netherlands grant to Debt Initiative for HIPCs	(11 978)	(11 253)
PDFF receivables	8 130	0	Less: Belgian Survival Fund cash	(4 823)	(3 933)
Accrued income on investments IFAD	21 377	19 489		35 567	19 048
Accrued income on investments Debt Initiative for HIPCs	101	55	IFAD contributions to Debt Initiative for HIPCs through World Bank	9 702	6 743
Receivable for investments sold	78 047	5 229	Less: Grant to Debt Initiative for HIPCs through World Bank	(9 702)	(2 691)
Miscellaneous	8 903	5 624		0	4 052
Due from other funds	14 883	7 107	SPA contributors - first phase (Appendix E and Note 5)	288 868	288 859
	146 753	49 817	Less: Provision (Note 5(i))	(10)	(10)
Loans (Note 8 and Appendix F)			SPA contributors - second phase	62 364	62 364
IFAD and Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA) approved loans less cancellations (Note 8(e))			SPA special contributions	209	209
2002 – USD 6 776 073				351 431	351 422
2001 – USD 6 231 849				4 070 258	3 941 992
Effective loans	6 133 904	5 691 267	Total accumulated surplus^{2/}	1 306 291	1 000 879
Less: Undisbursed balance of effective loans	(1 725 503)	(1 607 782)	(Appendix A1)		
Repayments	(1 048 699)	(1 109 549)			
Loans outstanding (Note 8(e))	3 359 702	2 973 936			
Less: Accumulated allowance for Loan Impairment Losses (Note 8(c))	(78 071)	(72 237)			
Less: Accumulated allowance for Debt Initiative for HIPCs (Note 9(c))	(236 056)	(189 442)	General Reserve (Note 12)	95 000	95 000
Net loans outstanding	3 045 575	2 712 257	Net Assets	5 471 549	5 037 871
	5 911 400	5 206 464		5 911 400	5 206 464

1/ Restated (see Appendix H, Note 2).

2/ All of this balance has been fully committed for loans and grants (see Appendix D).

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Statement of Cash Flows 1/
For the years ended 31 December 2002 and 31 December 2001
(Expressed in thousands of United States dollars)

Appendix C

	2002	2001 2/
Cash flows from investing in development activities		
Loan disbursements	(267 295)	(299 584)
Loan principal repayments	126 823	128 036
Transfer to restricted funds for after-service medical coverage scheme	(8 891)	(5 274)
Restricted funds represented by Interfund payable movement	(2 074)	(4 504)
Transfer of Global Mechanism and Popular Coalition technical assistance grants to restricted funds	1 962	(3 842)
Transfer of funds to Debt Initiative for HIPCs	(14 000)	(4 000)
Net cash flows used by investing in development activities	(163 475)	(189 168)
Cash flows from financing activities		
Receipts from Member States		
- Promissory notes drawn down	206 948	158 121
- Second Replenishment contributions	0	5
- Third Replenishment contributions	0	629
- Fourth Replenishment contributions	5 156	13 464
- Fifth Replenishment contributions	13 949	26 150
Net cash flows provided by financing activities	226 053	198 369
Cash flows from operating activities		
Interest income on investments	59 932	59 106
Dividend income from equities	7 956	13 812
Movement in open trades	179 536	(15 439)
Net sale/(purchase) of equities	484 446	(20 251)
Capital gains on investments	55 176	2 112
Other investment income	230	769
Interest received from loans	42 282	42 109
Cash (payments)/receipts from miscellaneous and other funds	(9 852)	5 511
Payments for administrative and investment expenses	(43 900)	(64 303)
PDFD disbursements	(18 407)	(9 666)
Grant disbursements	(21 793)	(23 000)
Exchange (loss)/gain on operations	(540)	122
Net cash flows provided/(used) by operating activities	735 066	(9 118)
Effects of exchange rate movements on cash and investments excluding equities	117 647	(40 673)
Net increase/(decrease) in unrestricted cash and cash equivalents	915 291	(40 590)
Unrestricted cash and cash equivalents at the beginning of year	1 200 080	1 240 670
Unrestricted cash and cash equivalents at the end of year	2 115 371	1 200 080
COMPOSED OF:		
Unrestricted cash	322 899	71 702
Unrestricted investments excluding equities	1 792 472	1 128 378
	2 115 371	1 200 080
Reconciliation of net income to net cash used by operating activities:		
Net revenue less operating expenses	(49 690)	(182 128)
Adjustment to reconcile net income to net cash provided by operations:		
- (decrease)/increase in accrued income on loans and investments	(74 810)	18 685
- (decrease)/increase in other receivables	(14 631)	5 511
- increase/(decrease) in other payables	268 891	(13 952)
- interest on restricted cash and investments	334	430
- unrealized capital (loss)/gain on equities	(10 505)	21 345
- grants approved not disbursed	(5 017)	0
- net charge from Debt Initiative for HIPC commitments	21 596	97 509
- change in book value of equities	585 704	40 844
- loan impairment provision movement	5 834	(2 758)
- after-service medical provision	7 900	5 274
- exchange (loss)/gain on operations	(540)	122
Net cash flows provided/(used) by operating activities	735 066	(9 118)

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

2/ Restated (see Appendix H, Note 2)

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**Statement of Resources Available for Commitment 1/
31 December 2002 and 31 December 2001**
(Expressed in thousands of United States dollars)

Appendix D

		2002	2001
Assets in freely-convertible currencies	Cash	322 899	71 702
	Investments	1 987 654	1 884 305
	Promissory notes - Member States	291 283	374 099
	Other receivables	146 652	49 818
		2 748 488	2 379 924
Less	Payables and accrued liabilities	410 533	115 227
	General Reserve	95 000	95 000
	Undisbursed effective loans	1 725 503	1 607 782
	Approved loans signed but not yet effective	342 463	225 772
	Undisbursed grants	32 251	49 919
		2 100 217	1 883 473
	Drawdowns on promissory notes that have not been paid (Notes 2(c) and 6)	101 400	110 252
		2 707 150	2 203 952
Resources Available for Commitment		41 338	175 972
Less	Loans not yet signed	299 706	314 811
	Grants not yet signed	19 412	14 852
Net Resources pre-Advance Commitment Authority (ACA)		(277 780)	(153 691)
ACA carried forward at 1 January 2002		153 691	
ACA approved at Executive Board Sessions during 2001 and 2002		388 100	375 533
		541 791	375 533
Less	ACA reversed in year	(264 011)	(221 842)
ACA carried forward		277 780	153 691
Net Resources Available for Commitment		0	0

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

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**Statement of Members' Contributions and Special Contributions 1/
31 December 2002 and 31 December 2001**

**Appendix E
Members - Category I**

	Initial, First and Second Replenishment		Third Replenishment				
	USD Equivalent	Currency	Instruments Deposited 2/		Payments - USD Equivalent		
			Amount	USD Equivalent	Cash	Promissory Notes	Total
Australia	20 350 516	AUD	10 534 275	6 824 470	6 824 470		6 824 470
Austria 3/	17 361 041	EUR	5 811 703	5 898 683	5 898 683		5 898 683
Belgium 3/	35 949 263	EUR	9 052 877	9 466 263	9 466 263		9 466 263
Canada	78 727 037	CAD	26 983 253	18 228 561	18 228 561		18 228 561
Denmark	25 967 094	DKK	67 577 314	9 472 117	9 472 117		9 472 117
Finland 3/	13 040 503	EUR	6 160 459	6 595 529	6 595 529		6 595 529
France 3/	89 292 984	EUR	30 999 587	31 807 296	30 110 317	1 696 978	31 807 296
Germany	151 806 996	SDR	28 841 959	38 664 588	38 664 588		38 664 588
Greece 4/		USD	600 000	600 000	600 000		600 000
Ireland 3/	2 556 419	EUR	654 349	820 849	820 849		820 849
Italy 3/	82 890 395	EUR	17 823 004	28 079 860	28 079 860		28 079 860
Japan	186 773 731	JPY	5 096 008 994	41 764 975	41 764 975		41 764 975
Luxembourg 3/	944 574	EUR	236 167	238 431	238 431		238 431
Netherlands 3/	119 344 690	EUR	19 384 984	19 660 180	19 660 180		19 660 180
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 5/							
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	17 063 378	17 063 378		17 063 378
Switzerland	41 497 300	CHF	16 270 000	11 692 082	11 692 082		11 692 082
United Kingdom	64 269 514	GBP	11 305 433	17 708 133	17 708 133		17 708 133
United States	459 874 400	USD	82 800 000	82 800 000	82 800 000		82 800 000
Subtotal, Category I							
31 December 2002	1 532 571 288			366 928 247	365 231 269	1 696 978	366 928 247
31 December 2001	1 532 571 288			366 279 213	355 257 880	11 021 333	366 279 213

Members - Category II

	Initial, First and Second Replenishment *		Third Replenishment				
	USD Equivalent	Currency	Instruments Deposited 2/		Payments - USD Equivalent		
			Amount	USD Equivalent	Cash	Promissory Notes	Total
Algeria	37 580 000	USD	12 000 000	12 000 000	12 000 000		12 000 000
Gabon 6/	2 801 000	USD					
Indonesia	10 059 000	USD	6 900 000	6 900 000	6 900 000		6 900 000
Iran 6/	124 750 000	USD	4 000 000	4 000 000	1 600 000		1 600 000
Iraq 6/	53 099 000	USD					
Kuwait	117 041 000	USD	14 000 000	14 000 000	14 000 000		14 000 000
Libyan Arab Jamahiriya 6/	36 000 000	USD	16 000 000	16 000 000	8 143 006	7 856 994	16 000 000
Nigeria 6/	76 459 000	USD	10 000 000	10 000 000	8 260 000	1 740 000	10 000 000
Qatar 6/	27 980 000	USD	1 000 000	1 000 000			
Saudi Arabia	333 778 000	USD	30 000 000	30 000 000	30 000 000		30 000 000
United Arab Emirates 6/	47 180 000	USD	1 000 000	1 000 000	1 000 000		1 000 000
Venezuela	132 489 000	USD	28 000 000	28 000 000	28 000 000		28 000 000
Subtotal, Category II							
31 December 2002	999 216 000			122 900 000	109 903 006	9 596 994	119 500 000
31 December 2001	999 216 000			122 900 000	97 068 000	22 432 000	119 500 000

* 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

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**Statement of Members' Contributions and Special Contributions 1/
31 December 2002 and 31 December 2001**

**Appendix E
Members - Category III**

	Initial, First and Second		Third Replenishment				
	Replenishment		Instruments Deposited 2/		Payments - USD Equivalent		
	USD Equivalent	Currency	Amount	USD Equivalent	Cash	Promissory Notes	Total
Afghanistan	93						
Albania 7/							
Angola 8/		USD	20 000	20 000	20 000		20 000
Antigua and Barbuda 8/							
Argentina	1 900 016	USD	3 000 000	3 000 000	3 000 000		3 000 000
Armenia 9/							
Azerbaijan 10/							
Bangladesh	1 456 030	USD	500 000	500 000	500 000		500 000
Barbados	2 000	USD	1 000	1 000	1 000		1 000
Belize 11/	5 000	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	300 000	300 000	300 000		300 000
Bosnia and Herzegovina 10/							
Botswana	35 000	USD	50 000	50 000	50 000		50 000
Brazil 12/	13 504 305	USD	7 000 000	7 000 000	7 000 000		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 7/							
Cameroon	204 886	USD	100 000	100 000	100 000		100 000
Cape Verde	1 000	USD	10 000	10 000	10 000		10 000
Central African Republic	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	8 000 000		8 000 000
Colombia	10 000	USD	60 000	60 000	60 000		60 000
Comoros 6/	30 567						
Congo	148 092						
Cook Islands 9/							
Costa Rica							
Côte d'Ivoire		USD	500 000	500 000	500 000		500 000
Croatia 10/							
Cuba	8 520						
Cyprus	62 000	USD	25 000	25 000	25 000		25 000
D.P.R. Korea 6/ 8/		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 Republic	25 000						
Ecuador 6/	90 993	USD	300 000	300 000	300 000		300 000
Egypt	408 882	USD	5 000 000	5 000 000	5 000 000		5 000 000
El Salvador	40 000	USD	60 000	60 000	60 000		60 000
Equatorial Guinea							
Eritrea 10/							
Ethiopia	70 869	USD	30 000	30 000	30 000		30 000
Fiji	30 000	USD	100 000	100 000	100 000		100 000
Gambia, The	10 000	USD	10 000	10 000	10 000		10 000
Georgia 13/ 14/							
Ghana	116 487	USD	250 000	250 000	250 000		250 000
Greece 4/	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	18 812 382	USD	8 000 000	8 000 000	8 000 000		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	1 000 000	1 000 000	1 000 000		1 000 000
Kyrgyzstan 9/							
Laos	2 213						
Lebanon	25 000						
Lesotho	89 397	USD	50 000	50 000	50 000		50 000
Liberia	39 000						
Madagascar	50 000	USD	50 000	50 000	50 000.00		50 000
Malawi	33 346	USD	40 000	40 000	40 000		40 000

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Members - Category III (cont'd)

	Initial, First and Second Replenishment		Third Replenishment				
	USD Equivalent	Currency	Instruments Deposited 2/		Payments - USD Equivalent		
			Amount	USD Equivalent	Cash	Promissory Notes	Total
Malaysia							
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 6/	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 10/							
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 14/		USD	250 000	250 000	250 000		250 000
Namibia 15/		USD	20 000	20 000	20 000		20 000
Nepal	10 000	USD	50 000	50 000	50 000		50 000
Nicaragua	38 571						
Niger	154 872	USD	19 935	19 935	19 935		19 935
Oman	75 000	USD	75 000	75 000	75 000		75 000
Pakistan	2 933 776	USD	2 000 000	2 000 000	2 000 000		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	500 000		500 000
Portugal 3/ 5/		EUR	752 306	852 359	852 359		852 359
Republic of Korea	739 032	USD	2 000 000	2 000 000	2 000 000		2 000 000
Republic of Moldova 16/							
Romania	453						
Rwanda	74 499	USD	50 000	50 000	50 000		50 000
Saint Christopher and Nevis 8/		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 11/ 14/							
Samoa	10 000	USD	25 000	25 000	25 000		25 000
Sao Tome and Principe 6/		USD	10 000	10 000	10 000		10 000
Senegal	20 650	USD	60 000	60 000	60 000		60 000
Seychelles	5 000	USD	10 000	10 000	10 000		10 000
Sierra Leone	36 726						
Solomon Islands	10 000						
Somalia	10 000						
South Africa 16/							
Sri Lanka	2 783 000	USD	1 000 000	1 000 000	1 000 000		1 000 000
Sudan	88 259	USD	200 000	200 000	200 000		200 000
Suriname 11/							
Swaziland	32 875	USD	20 000	20 000	20 000		20 000
Syria	266 656						
Tajikistan 10/							
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 10/							
Togo	35 443						
Tonga		USD	25 000	25 000	25 000		25 000
Trinidad and Tobago 8/							
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	1 600 000	1 600 000	1 600 000		1 600 000
Subtotal, Category III							
31 December 2002	68 453 462			62 482 773	61 847 773	625 000	62 472 773
31 December 2001	68 452 186			62 482 773	60 464 293	2 008 480	62 472 773
Total, Categories I, II and III							
31 December 2002	2 600 240 750			552 311 020	536 982 047	11 918 973	548 901 020
31 December 2001	2 600 239 474			551 661 986	512 790 173	35 461 813	548 251 986

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Fourth Replenishment Contributions 17/						
	Instruments Deposited 2/			Payments - USD Equivalent		Total
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	
Afghanistan						
Albania 7/	USD	10 000	10 000	10 000		10 000
Algeria	USD	250 000	250 000	250 000		250 000
Angola	USD	40 000	40 000	40 000		40 000
Antigua and Barbuda						
Argentina	USD	1 500 000	1 500 000	1 500 000		1 500 000
Armenia 9/						
Australia	AUD	6 426 708	3 643 515	894 559	2 748 956	3 643 515
Austria 3/	EUR	5 428 010	4 824 856	4 824 856		4 824 856
Azerbaijan 10/						
Bangladesh	USD	600 000	600 000	600 000		600 000
Barbados	USD	7 000	7 000	7 000		7 000
Belgium 3/	EUR	7 213 702	6 516 788	6 516 788		6 516 788
Belize 11/						
Benin	USD	25 000	25 000	25 000		25 000
Bhutan	USD	25 000	25 000	25 000		25 000
Bolivia	USD	300 000	300 000	300 000		300 000
Bosnia and Herzegovina 10/						
Botswana	USD	75 000	75 000	75 000		75 000
Brazil 12/	SDR	3 657 989	4 895 858	2 132 743	2 763 115	4 895 858
	USD	2 662 042	2 662 042	1 474 772	1 187 270	2 662 042
Burkina Faso	USD	30 000	30 000	30 000		30 000
Burundi						
Cambodia 7/						
Cameroon	USD	100 000	100 000	100 000		100 000
Canada	CAD	27 286 744	17 389 888	17 389 888		17 389 888
Cape Verde	USD	15 000	15 000	15 000		15 000
Central African Republic						
Chad						
Chile	USD	500 000	500 000	80 000		80 000
China	USD	8 500 000	8 500 000	6 608 000	1 892 000	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 9/	USD	5 000	5 000	5 000		5 000
Costa Rica						
Côte d'Ivoire	USD	1 003 707	1 003 707	1 003 707		1 003 707
Croatia 10/						
Cuba						
Cyprus	USD	25 000	25 000	25 000		25 000
D.P.R. Korea	USD	100 000	100 000	100 000		100 000
D.R. Congo						
Denmark	DKK	160 000 000	19 034 106	19 034 106		19 034 106
Djibouti						
Dominica	USD	10 000	10 000	10 000		10 000
Dominican Republic						
Ecuador	USD	300 000	300 000	250 000		250 000
Egypt	USD	3 000 000	3 000 000	3 000 000		3 000 000
El Salvador						
Equatorial Guinea						
Eritrea 10/	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 3/	EUR	2 793 487	2 552 606	2 552 606		2 552 606
France 3/	EUR	19 894 216	20 176 621	10 010 500	10 166 121	20 176 621
Gabon						
Gambia, The	USD	10 086	10 086	10 086		10 086
Georgia 13/						
Germany 3/	EUR	28 346 022	28 424 321	14 492 743	13 931 578	28 424 321
Ghana	USD	300 000	300 000	300 000		300 000
Greece 4/	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						

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Fourth Replenishment Contributions 17/						
	Instruments Deposited 2/			Payments - USD Equivalent		Total
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	
Honduras	USD	212 246	212 246	212 246		212 246
India	USD	9 000 000	9 000 000	4 752 000	4 248 000	9 000 000
Indonesia	USD	10 000 000	10 000 000	10 000 000		10 000 000
Iran						
Iraq						
Ireland 3/	EUR	653 067	712 083	712 083		712 083
Israel	USD	150 000	150 000	150 000		150 000
Italy 3/	EUR	23 311 013	21 753 005	21 753 005		21 753 005
Jamaica	USD	150 000	150 000	150 000		150 000
Japan	JPY	4 335 661 936	35 733 205	35 733 205		35 733 205
Jordan	USD	325 000	325 000	75 000	250 000	325 000
Kazakhstan 18/						
Kenya	USD	1 000 000	1 000 000	72 988		72 988
Kuwait	USD	15 000 000	15 000 000	15 000 000		15 000 000
Kyrgyzstan 9/						
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 3/	EUR	314 718	289 969	289 969		289 969
Madagascar	USD	8 357	8 357	8 357		8 357
Malawi						
Malaysia	USD	500 000	500 000	500 000		500 000
Maldives	USD	25 000	25 000	14 800	10 200	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	USD	3 000 000	3 000 000	3 000 000		3 000 000
Mongolia 10/						
Morocco	USD	2 000 000	2 000 000		600 000	600 000
Mozambique	USD	80 000	80 000	47 360	32 640	80 000
Myanmar						
Namibia 15/	USD	300 000	300 000	300 000		300 000
Nepal	USD	50 000	50 000	50 000		50 000
Netherlands 3/	EUR	5 938 629	5 483 509	5 483 509		5 483 509
New Zealand	NZD	2 099 160	989 072	989 072		989 072
Nicaragua	USD	50 000	50 000	33 000		33 000
Nigeria	USD	5 000 000	5 000 000	1 500 000		1 500 000
Norway	NOK	118 216 205	14 018 598	14 018 598		14 018 598
Oman						
Pakistan	USD	2 000 000	2 000 000	387 666	1 612 334	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	500 000	500 000	500 000		500 000
Portugal 3/ 5/	EUR	583 256	513 779	513 779		513 779
Qatar 6/						
Republic of Korea	USD	2 500 000	2 500 000	2 500 000		2 500 000
Republic of Moldova 16/						
Romania	USD	50 000	50 000	25 000		25 000
Rwanda	USD	35 000	35 000	35 000		35 000
Saint Christopher and Nevis 8/	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 11/						
Samoa	USD	15 000	15 000	15 000		15 000
Sao Tome and Principe						
Saudi Arabia	USD	3 000 000	3 000 000	3 000 000		3 000 000
Senegal	USD	60 000	60 000	60 000		60 000
Seychelles	USD	4 667	4 667	4 667		4 667
Sierra Leone						
Solomon Islands						
Somalia						

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Fourth Replenishment Contributions 17/					
	Instruments Deposited 2/		Payments - USD Equivalent		
	Currency	Amount	USD Equivalent	Cash	Promissory Notes
					Total
South Africa 16/	USD	500 000	500 000	500 000	500 000
Spain 3/	EUR	1 140 850	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 11/					
Swaziland	USD	59 454	59 454	59 454	59 454
Sweden	SEK	164 775 912	16 352 197	16 352 197	16 352 197
Switzerland	CHF	14 915 809	10 251 809	5 175 207	10 251 809
Syria	USD	150 000	150 000	150 000	150 000
Tajikistan 10/					
Tanzania, United Republic of	USD	25 000	25 000	25 000	25 000
Thailand					
The Former Yugoslav Republic of Macedonia 10/					
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	5 000 000	5 000 000
Uganda	USD	45 000	45 000	45 000	45 000
United Arab Emirates	USD	1 000 000	1 000 000	1 000 000	1 000 000
United Kingdom	GBP	13 586 773	21 642 889	5 692 058	21 642 889
United States	USD	30 000 000	30 000 000	29 989 000	29 989 000
Uruguay	USD	25 000	25 000	25 000	25 000
Venezuela	USD	4 000 000	4 000 000	1 344 253	4 000 000
Viet Nam	USD	100 000	100 000	100 000	100 000
Yemen	USD	188 914	188 914	188 914	188 914
Yugoslavia					
Zambia					
Zimbabwe	USD	500 000	500 000	500 000	500 000
Total contributions					
31 December 2002			356 629 847	287 154 441	63 125 394
31 December 2001			342 261 687	173 411 573	151 452 167
					350 279 836
					324 863 740

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Fifth Replenishment Contributions						
	Instruments Deposited 2/			Payments - USD Equivalent		Total
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	
Afghanistan						
Albania 7/	USD	10 000	10 000	10 000		10 000
Algeria	USD	500 000	500 000	305 000	195 000	500 000
Angola	USD	100 000	100 000	100 000		100 000
Antigua and Barbuda						
Argentina						
Armenia 9/						
Australia	AUD	7 857 744	4 449 056		4 449 056	4 449 056
Austria 3/	EUR	5 665 180	5 056 165	5 056 165		5 056 165
Azerbaijan 10/						
Bangladesh	USD	600 000	600 000	366 000	234 000	600 000
Barbados						
Belgium 3/	EUR	8 924 167	8 998 210	5 354 569	524 349	5 878 918
Belize 11/	USD	100 000	100 000	100 000		100 000
Benin	USD	25 000	25 000	25 000		25 000
Bhutan	USD	27 000	27 000	27 000		27 000
Bolivia	USD	300 000	300 000	50 000		50 000
Bosnia and Herzegovina 10/						
Botswana	USD	75 000	75 000	75 000		75 000
Brazil	USD	7 916 263	7 916 263		7 916 263	7 916 263
Burkina Faso	USD	38 723	38 723	38 723		38 723
Burundi						
Cambodia 7/	USD	210 000	210 000	69 985		69 985
Cameroon						
Canada	CAD	31 010 700	20 018 580	12 362 111	5 633 772	17 995 883
Cape Verde						
Central African Republic						
Chad						
Chile						
China	USD	10 000 000	10 000 000			
Colombia	USD	100 000	100 000	100 000		100 000
Comoros						
Congo						
Cook Islands 9/						
Costa Rica						
Côte d'Ivoire	USD	55 115	55 115	55 115		55 115
Croatia 10/						
Cuba						
Cyprus	USD	25 000	25 000	25 000		25 000
D.P.R. Korea						
D.R. Congo						
Denmark	DKK	193 300 000	27 293 643		18 172 229	18 172 229
Djibouti						
Dominica						
Dominican Republic						
Ecuador						
Egypt	USD	3 000 000	3 000 000	1 830 000	1 170 000	3 000 000
El Salvador						
Equatorial Guinea						
Eritrea 10/	USD	5 000	5 000	5 000		5 000
Ethiopia	USD	30 000	30 000	30 000		30 000
Fiji						
Finland 3/	EUR	3 456 720	3 328 550	1 467 279		1 467 279
France 3/	EUR	24 005 000	25 173 979		16 363 086	16 363 086
Gabon						
Gambia, The						
Georgia 13/						
Germany 3/	EUR	28 806 000	30 208 775		19 635 704	19 635 704
Ghana						
Greece 4/						
Grenada	USD	25 000	25 000	25 000		25 000
Guatemala	USD	250 000	250 000	250 000		250 000
Guinea	USD	35 000	35 000	35 000		35 000
Guinea Bissau						
Guyana						
Haiti						

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Fifth Replenishment Contributions						
	Instruments Deposited 2/			Payments - USD Equivalent		Total
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	
Honduras	USD	195 714	195 714	195 714		195 714
Iceland	USD	5 000	5 000	5 000		5 000
India	USD	12 000 000	12 000 000	8 000 000		8 000 000
Indonesia	USD	10 000 000	10 000 000	7 000 000		7 000 000
Iran						
Iraq						
Ireland 3/	EUR	986 000	918 122	918 122		918 122
Israel						
Italy 3/						
Jamaica						
Japan	JPY	3 212 100 000	26 868 413	13 473 491	0	13 473 491
Jordan						
Kazakhstan 18/						
Kenya						
Kuwait	USD	2 000 000	2 000 000	1 220 000	780 000	2 000 000
Kyrgyzstan 9/						
Laos	USD	51 000	51 000	51 000		51 000
Lebanon						
Lesotho	USD	8 700	8 700	8 700		8 700
Liberia						
Libyan Arab Jamahiriya						
Luxembourg 3/	EUR	384 080	387 461	230 376	157 085	387 461
Madagascar	USD	83 433	83 433	83 433		83 433
Malawi						
Malaysia	USD	250 000	250 000	250 000		250 000
Maldives						
Mali						
Malta	USD	20 000	20 000	20 000		20 000
Mauritania						
Mauritius	USD	85 000	85 000	85 000		85 000
Mexico	USD	3 000 000	3 000 000	1 500 000		1 500 000
Mongolia 10/						
Morocco						
Mozambique	USD	80 000	80 000	24 000		24 000
Myanmar						
Namibia 15/						
Nepal						
Netherlands 3/	EUR	26 885 600	26 314 697	15 318 703	10 995 994	26 314 697
New Zealand	NZD	2 160 000	1 037 158	658 441	378 718	1 037 159
Nicaragua						
Nigeria						
Norway	NOK	145 185 200	19 919 418	11 790 742	8 128 676	19 919 418
Oman						
Pakistan	USD	2 000 000	2 000 000		2 000 000	2 000 000
Panama	USD	33 200	33 200	33 200		33 200
Papua New Guinea						
Paraguay						
Peru	USD	200 000	200 000	122 000	78 000	200 000
Philippines	USD	300 000	300 000	87 197		87 197
Portugal 3/ 5/	EUR	720 150	731 142	227 663	503 480	731 143
Qatar 6/						
Republic of Korea	USD	2 500 000	2 500 000	1 625 000		1 625 000
Republic of Moldova 16/						
Romania						
Rwanda						
Saint Christopher and Nevis 8/						
Saint Lucia						
Saint Vincent and the Grenadines 11/						
Samoa						
Sao Tome and Principe						
Saudi Arabia	USD	3 000 000	3 000 000	1 500 000		1 500 000
Senegal	USD	62 737	62 737	62 737		62 737
Seychelles						
Sierra Leone						
Solomon Islands						
Somalia						

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	Fifth Replenishment Contributions					
	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	Total
South Africa 16/						
Spain 3/	USD	1 980 000	1 980 000	1 980 000		1 980 000
Sri Lanka	USD	1 000 000	1 000 000	1 000 000		1 000 000
Sudan						
Suriname 11/						
Swaziland	USD	30 000	30 000	30 000		30 000
Sweden	SEK	202 838 412	22 050 362	13 086 421	919 379	14 005 800
Switzerland	CHF	17 718 494	12 583 771	879 967	11 703 804	12 583 771
Syria	USD	250 000	250 000	250 000		250 000
Tajikistan 10/	USD	200	200	200		200
Tanzania, United Republic of	USD	100 000	100 000	50 527		50 527
Thailand	USD	150 000	150 000	150 000		150 000
The Former Yugoslav Republic of Macedonia 10/						
Togo						
Tonga						
Trinidad and Tobago						
Tunisia	USD	618 395	618 395	618 395		618 395
Turkey	USD	5 000 000	5 000 000	1 639 272		1 639 272
Uganda	USD	45 000	45 000	45 000		45 000
United Arab Emirates	USD	1 000 000	1 000 000	610 000	390 000	1 000 000
United Kingdom						
United States	USD	30 000 000	30 000 000		15 000 000	15 000 000
Uruguay						
Venezuela	USD	4 600 000	4 600 000		4 600 000	4 600 000
Viet Nam	USD	500 000	500 000	300 000		300 000
Yemen	USD	498 191	498 191	498 191		498 191
Yugoslavia						
Zambia	USD	100 000	100 000	100 000		100 000
Zimbabwe						
Total Contributions						
31 December 2002			340 511 175	113 490 441	129 928 595	243 419 036
31 December 2001			248 822 183	28 736 929	97 626 973	126 363 902

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Advance Payment for the Sixth Replenishment						
	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	Amount	USD	Cash	Promissory	Total
			Equivalent		Notes	
Angola	USD	100 000	100 000	100 000		100 000
Guatemala	USD	64 592	64 592	64 592		64 592
Panama	USD	8 300	8 300	8 300		8 300
31 December 2002		172 892	172 892	172 892	0	172 892
31 December 2001		0	0	0	0	0

Summary of Members' Contributions

	Value in USD '000s	
	At 31.12.2002	At 31.12.2001
Initial Contributions	1 017 309	1 017 307
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	552 311	551 662
Fourth Replenishment	356 630	342 262
Fifth Replenishment	340 511	248 823
Advance payments for the Sixth Replenishment	173	0
Total	3 849 866	3 742 986

Statement of Complementary Contributions Received Directly from Member States

	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	Amount	USD	Cash	Promissory	Total
			Equivalent		Notes	
Fourth Replenishment						
Belgium 3/ 19/	EUR	19 831 482	20 753 073	2 672 427	18 080 646	20 753 073
Netherlands 3/ 20/	EUR	12 081 227	11 978 097	8 826 109	0	8 826 109
31 December 2002			32 731 170	11 498 536	18 080 646	29 579 182
31 December 2001			29 106 260	9 681 065	15 180 578	24 861 643
Fifth Replenishment						
Belgium	EUR	14 873 611	15 345 921	2 014 746	13 331 175	15 345 921
31 December 2002			15 345 921	2 014 746	13 331 175	15 345 921
31 December 2001			9 179 879	1 260 991	7 918 888	9 179 879
Advance Contributions for the Sixth Replenishment						
Belgium	EUR	4 107 069	4 290 644	135 705	4 154 939	4 290 644
31 December 2002			4 290 644	135 705	4 154 939	4 290 644
31 December 2001			0	0	0	0
Total Complementary Contributions						
31 December 2002			52 367 735	13 648 987	35 566 760	49 215 747
31 December 2001			38 286 139	10 942 056	23 099 466	34 041 522

Statement of contributions to Debt Initiative for HIPC's from Member States received through the World Bank Trust Fund

Belgium	EUR	2 974 722	2 713 086	2 713 086	0	2 713 086
Germany	EUR	7 669 378	6 988 921	6 988 921	0	6 988 921
31 December 2002			9 702 007	9 702 007	0	9 702 007
31 December 2001			6 743 026	2 691 338	0	2 691 338
Total 31 December 2002 *			21 680 104	18 528 116	0	18 528 116
Total 31 December 2001**			17 996 281	9 699 976	0	9 699 976

* Comprises contributions from The Netherlands, which are included within Complementary Contributions received directly from Member States above, in addition to all contributions received through the World Bank Trust Fund.

** In the 2001 accounts, Germany was classified under Complementary Contributions.

Special Contributions

	Initial, First and Second Replenishments USD Equivalent	Third Replenishment USD Equivalent	Fourth Replenishment USD Equivalent	Total USD Equivalent
OPEC Fund	20 000 000			20 000 000
Iceland 21/			10 000	10 000
Other	123 454	4 833	763	129 050
31 December 2002	20 123 454	4 833	10 763	20 139 050
31 December 2001	20 123 454	4 833	10 763	20 139 050

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

**Statement of Members' Contributions and Special Contributions 1/
31 December 2002 and 31 December 2001**
Special Programme for Africa - First Phase

Appendix E

	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	Total
Australia	AUD	500 000	388 871	388 871		388 871
Belgium 3/	EUR	31 234 584	34 974 559	34 974 559		34 974 559
Denmark	DKK	120 000 000	18 672 804	18 672 804		18 672 804
Djibouti	USD	1 000	1 000	1 000		1 000
European Union 3/	EUR	15 000 000	17 618 920	17 618 920		17 618 920
Finland 3/	EUR	9 960 089	12 205 384	12 205 384		12 205 384
France 3/	EUR	32 014 294	37 690 272	37 690 272		37 690 272
Germany 3/	EUR	14 827 465	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 3/	EUR	380 921	418 410	418 410		418 410
Italy 3/	EUR	15 493 707	23 254 457	23 254 457		23 254 457
	USD	10 000 000	10 000 000	10 000 000		10 000 000
Japan	JPY	2 553 450 000	21 473 957	21 473 957		21 473 957
Luxembourg 3/	EUR	247 894	266 099	266 099		266 099
Mauritania 6/	USD	25 000	25 000	15 172	9 828	25 000
Netherlands 3/	EUR	15 882 308	16 174 040	16 174 040		16 174 040
New Zealand	USD equiv. of					
	NZD	500 000	251 500	251 500		251 500
Niger 3/	EUR	15 245	17 730	17 730		17 730
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	19 054 920	19 054 920		19 054 920
Switzerland	CHF	25 000 000	17 048 554	17 048 554		17 048 554
United Kingdom	GBP	7 000 000	11 149 647	11 149 647		11 149 647
United States	USD	10 000 000	10 000 000	10 000 000		10 000 000
31 December 2002			288 867 785	288 857 957	9 828	288 867 785
31 December 2001			288 859 182	288 747 826	111 356	288 859 182

**Statement of Members' Contributions and Special Contributions 1/
31 December 2002 and 31 December 2001**
Special Programme for Africa - Second Phase

	Instruments Deposited 2/			Payments - USD Equivalent		
	Currency	Amount	USD Equivalent	Cash	Promissory Notes	Total
Belgium 3/	EUR	11 155 209	12 262 561	12 262 561		12 262 561
France 3/	EUR	3 811 225	4 008 189	4 008 189		4 008 189
Greece	USD	40 000	40 000	40 000		40 000
Ireland 3/	EUR	253 948	288 600	288 600		288 600
Italy 3/	EUR	5 132 368	6 785 447	6 785 447		6 785 447
Kuwait	USD	15 000 000	15 000 000	15 000 000		15 000 000
Netherlands 3/	EUR	8 848 714	9 533 084	9 533 084		9 533 084
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 2002			62 364 272	62 364 272	0	62 364 272
31 December 2001			62 364 272	62 364 272	0	62 364 272
Total First and Second Phases						
31 December 2002			351 232 057	351 222 229	9 828	351 232 057
31 December 2001			351 223 454	351 112 098	111 356	351 223 454

Special Contributions First Phase

31 December 2002	209 345	209 345	209 345
Special Contributions			
31 December 2001	209 345	209 345	209 345

Notes to Statement of Members' Contributions 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 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/ These contributions were promised or paid in the constituent currencies of the euro prior to the introduction of the euro. For accounting convenience IFAD has converted all of these contributions into euro from the said constituent currencies at the following rates fixed by the European Central Bank:

	Currency	Euro
ATS	Austrian shilling	13.7603
BEF	Belgian franc	40.3399
DEM	Deutsche mark	1.95583
NLG	Dutch guilder	2.20371
ECU	European Currency Unit	1
FIM	Finnish mark	5.94573
FRF	French franc	6.55957
GRD	Greek drachma	340.75
IEP	Irish pound	0.787564
ITL	Italian lira	1 936.27
LUF	Luxembourg franc	40.3399
PTE	Portugal escudo	200.482
ESP	Spanish peseta	166.386

- 4/ 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.
- 5/ 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.
- 6/ See Appendix H, Notes 6 and/or 7.
- 7/ The Fifteenth Session of the Governing Council adopted Resolution 68/XV on 21 January 1992, approving the application for membership of these countries.
- 8/ These Member States completed their membership formalities after the period of the First Replenishment.
- 9/ The Sixteenth Session of the Governing Council adopted Resolution 73/XVI on 22 January 1993, approving the application for membership of these countries.
- 10/ The Seventeenth Session of the Governing Council adopted Resolution 78/XVII on 26 January 1994, approving the application for membership of these countries.
- 11/ The Sixth Session of the Governing Council approved Resolution 23/VI on 13 December 1982, approving the application for membership of these countries.
- 12/ 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 has taken place upon effectiveness of the Fourth Replenishment.
- 13/ The Eighteenth Session of the Governing Council adopted Resolution 84/XVIII on 25 January 1995, approving the application for membership of this country.
- 14/ These Member States completed their membership formalities after the period of the Second Replenishment.
- 15/ The Fourteenth Session of the Governing Council adopted Resolution 64/XIV on 29 May 1991, approving the application for membership of this country.
- 16/ The Nineteenth Session of the Governing Council adopted Resolution 91/XIX on 17 January 1996, approving the application for membership of these countries.
- 17/ With the adoption of Resolution 86/XVIII on 26 January 1995 and its entry into force on 20 February 1997, and with the effectiveness of Resolution 87/XVIII on 29 August 1997, the Fourth Replenishment became effective and consequently Categories were replaced by Lists, with all Member States listed in alphabetical order.
- 18/ The Twenty-First Session of the Governing Council adopted Resolution 103/XXI on 11 February 1998, approving the application for membership of this country.
- 19/ 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.
- 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 The Netherlands.
- 21/ The Twenty-Fourth Session of the Governing Council adopted Resolution 120/XXIV on 20 February 2001, approving the application for membership of this country.

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Loans 1/
31 December 2002 and 31 December 2001

Appendix F

Borrower or Guarantor	Approved		Effective Loans			Outstanding Loans
	Loans less Cancellations	Loans not yet Effective	Undisbursed Portion	Disbursed Portion	Repayments	
USD Loans 1/	USD	USD	USD	USD	USD	USD
Bangladesh	30 000 000	0	0	30 000 000	10 500 000	19 500 000
Cape Verde	2 003 243	0	0	2 003 243	701 120	1 302 123
Haiti	3 500 000	0	0	3 500 000	1 225 000	2 275 000
Nepal	11 538 262	0	0	11 538 262	4 050 500	7 487 762
Sri Lanka	12 000 000	0	0	12 000 000	4 500 000	7 500 000
Tanzania, United Republic of	9 488 456	0	0	9 488 456	3 439 575	6 048 881
Subtotal 1/	68 529 961	0	0	68 529 961	24 416 195	44 113 766
Exchange adjustment on USD Loans	3 012 613			3 012 613	3 128 780	(116 167)
Subtotal USD Loans 1/	71 542 574	0	0	71 542 574	27 544 975	43 997 599

SDR Loans 1/	SDR	SDR	SDR	SDR	SDR	SDR
Albania	24 050 000	0	8 876 349	15 173 651	0	15 173 651
Algeria	21 150 530	9 700 000	0	11 450 530	8 869 792	2 580 738
Angola	12 000 000	0	7 965 230	4 034 770	0	4 034 770
Argentina	32 350 000	12 800 000	8 389 867	11 160 133	7 700 564	3 459 569
Armenia	27 300 000	0	8 189 392	19 110 608	0	19 110 608
Azerbaijan	13 350 000	0	7 288 571	6 061 429	0	6 061 429
Bangladesh 2/	203 928 222	17 550 000	28 377 265	158 000 957	23 592 541	134 408 416
Belize	3 416 200	0	1 275 731	2 140 469	1 383 184	757 285
Benin	65 804 313	7 850 000	17 985 796	39 968 517	6 416 960	33 551 557
Bhutan	18 034 372	0	3 173 240	14 861 132	1 851 530	13 009 602
Bolivia	49 100 000	9 250 000	6 068 625	33 781 375	6 996 875	26 784 500
Bosnia and Herzegovina	23 957 479	0	8 682 281	15 275 198	0	15 275 198
Brazil	44 200 000	0	20 390 637	23 809 363	8 320 000	15 489 363
Burkina Faso	44 233 564	0	22 047 985	22 185 579	3 363 013	18 822 566
Burundi 2/	33 046 617	0	13 846 529	19 200 088	4 898 220	14 301 868
Cambodia	17 500 000	0	9 864 318	7 635 682	0	7 635 682
Cameroon	43 418 924	9 500 000	13 012 727	20 906 197	11 256 809	9 649 388
Cape Verde	10 889 724	0	5 523 304	5 366 420	492 460	4 873 960
Central African Republic	24 482 467	0	1 448 666	23 033 801	1 758 492	21 275 309
Chad	8 250 000	0	7 821 721	428 279	0	428 279
Chile	3 726 874	0	0	3 726 874	1 833 330	1 893 544
China	304 437 771	21 950 000	58 413 730	224 074 041	24 632 325	199 441 716
Colombia	11 000 000	0	7 167 702	3 832 298	2 199 996	1 632 302
Comoros	4 186 867	0	116 581	4 070 286	423 097	3 647 189
Congo	5 658 899	0	0	5 658 899	3 616 317	2 042 582
Costa Rica	5 722 172	0	1 719 064	4 003 108	2 932 543	1 070 565
Côte d'Ivoire	30 677 969	0	18 915 160	11 762 809	6 114 771	5 648 038
Cuba	10 581 120	0	0	10 581 120	2 272 854	8 308 266
D.P.R. Korea	50 500 000	0	13 248 951	37 251 049	1 044 999	36 206 050
D.R. Congo	18 742 557	0	0	18 742 557	595 125	18 147 432
Djibouti	4 461 831	2 750 000	0	1 711 831	409 134	1 302 697
Dominica	4 246 460	0	318 287	3 928 173	1 537 000	2 391 173
Dominican Republic	29 058 436	10 600 000	6 009 639	12 448 797	4 594 499	7 854 298
Ecuador	26 850 450	0	3 394 053	23 456 397	7 850 838	15 605 559
Egypt	144 839 392	24 200 000	33 485 305	87 154 087	26 751 360	60 402 727
El Salvador	58 864 293	0	29 082 540	29 781 753	10 329 210	19 452 543
Equatorial Guinea	5 793 838	0	0	5 793 838	415 579	5 378 259
Eritrea	16 650 000	8 100 000	1 070 826	7 479 174	0	7 479 174
Ethiopia	99 377 725	20 150 000	21 760 623	57 467 102	9 544 943	47 922 159
Gabon	4 792 609	0	0	4 792 609	3 391 558	1 401 051
Gambia, The	20 608 432	0	4 932 036	15 676 396	1 975 919	13 700 477
Georgia	10 800 000	0	7 401 484	3 398 516	0	3 398 516
Ghana	79 290 184	18 250 000	19 834 266	41 205 918	4 632 170	36 573 748
Grenada	3 250 000	0	3 250 000	0	0	0
Guatemala	36 677 360	0	18 481 009	18 196 351	9 043 546	9 152 805
Guinea	64 833 729	9 400 000	15 720 204	39 713 525	3 068 886	36 644 639
Guinea-Bissau	5 117 134	0	0	5 117 134	731 796	4 385 338
Guyana	12 144 316	0	5 511 919	6 632 397	3 586 286	3 046 111
Haiti	52 051 777	0	28 313 850	23 737 927	4 831 194	18 906 733
Honduras	66 556 153	0	25 733 407	40 822 746	5 135 422	35 687 324
India	312 572 422	16 050 000	70 486 412	226 036 010	46 495 035	179 540 975
Indonesia 2/	128 429 312	15 100 000	27 134 254	86 195 058	30 847 457	55 347 601
Jamaica	2 253 312	0	0	2 253 312	1 992 991	260 321
Jordan	25 681 408	0	9 183 247	16 498 161	2 816 674	13 681 487
Kenya	39 170 492	12 700 000	7 609 490	18 861 002	2 958 848	15 902 154

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Loans 1/
31 December 2002 and 31 December 2001

Appendix F

Borrower or Guarantor	Approved		Effective Loans			Outstanding Loans
	Loans less Cancellations	Loans not yet Effective	Undisbursed Portion	Disbursed Portion	Repayments	
SDR Loans 1/	SDR	SDR	SDR	SDR	SDR	SDR
Kyrgyzstan	8 250 000	0	3 868 000	4 382 000	0	4 382 000
Laos	36 536 983	0	11 986 938	24 550 045	2 223 193	22 326 852
Lebanon	31 384 829	10 250 000	11 366 183	9 768 646	3 780 258	5 988 388
Lesotho	14 540 054	0	5 133 370	9 406 684	1 950 039	7 456 645
Liberia	10 179 772	0	0	10 179 772	0	10 179 772
Madagascar 2/	57 766 664	0	12 008 943	45 757 721	5 207 366	40 550 355
Malawi 2/	59 394 190	10 700 000	3 526 570	45 167 620	7 385 835	37 781 785
Maldives	5 880 830	0	278 126	5 602 704	620 631	4 982 073
Mali	61 313 528	0	23 464 131	37 849 397	5 166 171	32 683 226
Mauritania	33 567 143	7 600 000	8 800 000	17 167 143	2 818 704	14 348 439
Mauritius	8 200 000	0	6 789 627	1 410 373	0	1 410 373
Mexico	62 989 810	0	19 347 030	43 642 780	28 167 660	15 475 120
Mongolia	14 650 000	11 200 000	1 312 433	2 137 567	0	2 137 567
Morocco	71 654 086	0	25 737 704	45 916 382	29 191 773	16 724 609
Mozambique 2/	74 776 845	0	36 247 862	38 528 983	4 847 370	33 681 613
Namibia	4 200 000	0	615 315	3 584 685	840 000	2 744 685
Nepal	66 456 798	15 600 000	3 734 841	47 121 957	8 761 466	38 360 491
Nicaragua	35 950 000	0	11 185 212	24 764 788	3 022 500	21 742 288
Niger	37 575 121	7 600 000	10 737 154	19 237 967	2 166 842	17 071 125
Nigeria	84 317 941	35 150 000	16 700 000	32 467 941	14 187 520	18 280 421
Pakistan 2/	189 921 917	11 150 000	40 762 632	138 009 285	48 954 584	89 054 701
Panama	45 000 000	19 400 000	9 463 490	16 136 510	9 857 245	6 279 265
Papua New Guinea	6 136 672	0	667 348	5 469 324	2 798 450	2 670 874
Paraguay	20 132 935	0	1 876 310	18 256 625	12 054 142	6 202 483
Peru	69 878 851	12 100 000	12 626 722	45 152 129	27 336 317	17 815 812
Philippines	58 651 957	11 600 000	13 125 083	33 926 874	12 878 466	21 048 408
Republic of Moldova	5 800 000	0	3 838 859	1 961 141	0	1 961 141
Romania	12 400 000	0	10 400 723	1 999 277	0	1 999 277
Rwanda 2/	69 538 993	12 300 000	21 469 470	35 769 523	4 382 862	31 386 661
Saint Lucia	2 784 838	0	330 931	2 453 907	1 327 980	1 125 927
Saint Vincent and the Grenadines	1 484 045	0	0	1 484 045	596 702	887 343
Samoa	1 907 723	0	0	1 907 723	243 980	1 663 743
Sao Tome and Principe	13 782 694	7 950 000	90 408	5 742 286	596 852	5 145 434
Senegal	41 445 355	0	26 036 733	15 408 622	2 106 392	13 302 230
Seychelles	824 334	0	0	824 334	471 885	352 449
Sierra Leone	22 496 564	0	1 906 417	20 590 147	3 652 313	16 937 834
Solomon Islands	2 519 083	0	0	2 519 083	300 769	2 218 314
Somalia	17 709 534	0	0	17 709 534	410 968	17 298 566
Sri Lanka	59 553 617	0	9 011 742	50 541 875	7 836 984	42 704 891
Sudan 2/	78 199 504	0	15 729 152	62 470 352	11 919 893	50 550 459
Swaziland	22 022 340	11 900 000	745 117	9 377 223	6 701 700	2 675 523
Syria	59 330 780	13 300 000	28 919 270	17 111 510	7 215 000	9 896 510
Tanzania, United Republic of	82 193 945	0	34 357 000	47 836 945	1 682 952	46 153 993
The Former Yugoslav Republic of Macedonia	11 850 000	0	8 026 769	3 823 231	0	3 823 231
Thailand	25 312 653	0	0	25 312 653	22 811 645	2 501 008
Togo	20 973 930	0	3 675 158	17 298 772	1 520 745	15 778 027
Tonga	4 837 121	0	0	4 837 121	403 551	4 433 570
Tunisia	71 424 713	14 100 000	13 078 880	44 245 833	28 426 400	15 819 433
Turkey	33 361 412	0	7 482 416	25 878 996	19 561 846	6 317 150
Uganda 2/	104 326 955	13 900 000	40 199 695	50 227 260	9 209 376	41 017 884
Uruguay	19 061 556	0	9 916 999	9 144 557	3 705 000	5 439 557
Venezuela	37 150 000	9 750 000	7 580 992	19 819 008	17 244 075	2 574 933
Viet Nam	60 400 000	0	23 775 447	36 624 553	0	36 624 553
Yemen 2/	111 537 109	10 900 000	16 925 154	83 711 955	15 525 249	68 186 706
Zambia	64 273 699	0	20 294 944	43 978 755	4 432 672	39 546 083
Zimbabwe	49 158 137	0	17 017 792	32 140 345	15 383 161	16 757 184
Subtotal	4 697 035 266	472 350 000	1 250 693 365	2 973 991 901	737 393 626	2 236 598 275
Fund for Gaza and the West Bank 3/	5 800 000	0	5 421 218	378 782	0	378 782
Total	4 702 835 266	472 350 000	1 256 114 583	2 974 370 683	737 393 626	2 236 977 057
USD equivalent 1/	6 393 598 601	642 169 272	1 707 712 898	4 043 716 431	999 637 554	3 044 078 877
Exchange adjustment on SDR loan repayments	(2 863 828)			(2 863 828)		(2 863 828)
Subtotal SDR loans 1/	6 390 734 773	642 169 272	1 707 712 898	4 040 852 603	999 637 554	3 041 215 049
31 December 2002 1/ USD	6 462 277 347	642 169 272	1 707 712 898	4 112 395 177	1 027 182 529	3 085 212 648
31 December 2001 USD	5 934 743 118	540 582 410	1 580 741 613	3 813 419 096	1 093 321 500	2 720 097 596

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

**Statement of Loans^{1/}
31 December 2002 and 31 December 2001
Summary (in '000)**

Appendix F

	Approved Loans				Value in USD				
	At 31.12.01	Loans Cancelled	Loans Fully Repaid	At 31.12.02	At 31.12.01	Loans Cancelled	Loans Fully Repaid	Movement in Exchange Rate SDR/USD	At 31.12.02
1978	USD	68 530		68 530	68 530				68 530
1979	SDR	210 786		210 786	264 901			21 667	286 568
1980	SDR	187 228		187 228	235 295			19 245	254 540
1981	SDR	232 972		188 716	292 783		(55 618)	19 398	256 563
1982	SDR	210 912		127 943	265 059		(104 270)	13 152	173 941
1983	SDR	205 842		205 842	258 688			21 158	279 846
1984	SDR	166 409		160 092	209 132		(7 939)	16 455	217 648
1985	SDR	94 338		94 338	118 558			9 697	128 255
1986	SDR	63 331		63 331	79 590			6 510	86 100
1987	SDR	94 454		94 454	118 703			9 709	128 412
1988	SDR	101 106	(1 500)	99 606	127 063	(1 885)		10 238	135 416
1989	SDR	119 821		119 821	150 583			12 316	162 899
1990	SDR	133 645	(4 534)	129 111	167 956	(5 698)		13 271	175 529
1991	SDR	152 048	(1 153)	150 895	191 084	(1 449)		15 510	205 145
1992	SDR	179 424	(4 903)	170 066	225 488	(6 162)	(5 599)	17 481	231 208
1993	SDR	190 113	(4 229)	185 884	238 921	(5 315)		19 107	252 713
1994	SDR	206 002	(10 646)	195 356	258 889	(13 379)		20 080	265 590
1995	SDR	252 100	(1 000)	251 100	316 822	(1 257)		25 811	341 376
1996	SDR	265 108	(11 301)	253 807	333 170	(14 202)		26 088	345 056
1997	SDR	288 250	(40)	288 210	362 253	(51)		29 625	391 827
1998	SDR	299 700		299 700	376 642			30 806	407 448
1999	SDR	316 050		316 050	397 190			32 486	429 676
2000	SDR	312 250		312 250	392 414			32 096	424 510
2001	SDR	316 850		316 850	398 195			32 569	430 764
2002	SDR			281 400					382 569
Total	SDR	4 598 739	(39 306)	(137 997)	4 702 836				
	USD	68 530			68 530				
Total					USD 5 847 909	(49 398)	(173 426)	454 475	6 462 129
Exchange adjustment on loans disbursed					86 834				148
					USD 5 934 743				6 462 277

**Maturity Structure of Outstanding Loans
as at 31 December 2002**

PERIODS	USD '000
1 January 2003 to 31 December 2003	158 045
1 January 2004 to 31 December 2004	131 033
1 January 2005 to 31 December 2005	128 820
1 January 2006 to 31 December 2006	125 739
1 January 2007 to 31 December 2007	123 320
1 January 2008 to 31 December 2012	651 950
1 January 2013 to 31 December 2017	500 305
1 January 2018 to 31 December 2022	420 107
1 January 2023 to 31 December 2027	373 789
1 January 2028 and thereafter	472 105
Total	3 085 213

- 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 1.35952/1 at 31 December 2002. Since the loans were valued at 31 December 2001 at the then prevailing rate of 1.25673/1 there is an increase in value in terms of United States dollars, attributable to the movement in exchange rates from 31 December 2001 to 31 December 2002 of USD 454 475 000 (from 2000 to 2001, there was a decrease in value in terms of USD 197 730 000).
- 2/ Repayment amounts include participation by The Netherlands and Norway in specific loans to these countries resulting in partial early repayment and a corresponding increase in committable resources.
- 3/ See Appendix H, Note 8(f).

A
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Statement of Loans - Special Programme for Africa
31 December 2002 and 31 December 2001

Appendix F

Borrower or Guarantor	Approved Loans less Cancellations		Loans not yet Effective	Effective Loans			Outstanding Loans
	SDR	SDR		Undisbursed Portion	Disbursed Portion	Repayments	
SDR Loans 1/				SDR	SDR	SDR	SDR
Angola	2 767 309	0	0	1 220 633	1 546 676	35 046	1 511 630
Burkina Faso	10 546 145	0	0	31 780	10 514 365	724 510	9 789 855
Burundi	5 050 000	0	0	904 349	4 145 651	0	4 145 651
Cape Verde	2 182 547	0	0	0	2 182 547	156 040	2 026 507
Chad	9 628 328	0	0	49 322	9 579 006	158 228	9 420 778
Comoros	2 450 000	0	0	776 624	1 673 376	0	1 673 376
Djibouti	113 718	0	0	0	113 718	2 844	110 874
Ethiopia	7 422 826	0	0	619 310	6 803 516	708 930	6 094 586
Gambia, The	2 638 448	0	0	0	2 638 448	197 880	2 440 568
Ghana	22 806 750	0	0	528 300	22 278 450	1 374 736	20 903 714
Guinea	10 761 866	0	0	0	10 761 866	1 076 184	9 685 682
Guinea-Bissau	2 126 406	0	0	0	2 126 406	79 740	2 046 666
Kenya	13 887 096	0	0	6 067 269	7 819 827	497 500	7 322 327
Lesotho	7 634 693	0	0	251 980	7 382 713	541 800	6 840 913
Madagascar	1 098 064	0	0	0	1 098 064	0	1 098 064
Malawi	5 850 000	0	0	73 067	5 776 933	0	5 776 933
Mali	10 193 236	0	0	0	10 193 236	1 279 190	8 914 046
Mauritania	19 087 176	0	0	153 021	18 934 155	1 377 247	17 556 908
Mozambique	8 291 210	0	0	0	8 291 210	1 140 040	7 151 170
Niger	12 339 566	0	0	1 312 091	11 027 475	1 310 170	9 717 305
Senegal	23 376 422	0	0	1 148 991	22 227 431	1 362 430	20 865 001
Sierra Leone	1 505 254	0	0	0	1 505 254	0	1 505 254
Sudan	26 012 587	0	0	(54 839)	26 067 426	1 781 085	24 286 341
Tanzania, United Republic of	6 789 416	0	0	0	6 789 416	509 220	6 280 196
Uganda	8 123 651	0	0	0	8 123 651	1 015 450	7 108 201
Zambia	8 610 311	0	0	3 607	8 606 704	977 669	7 629 035
Sub-total	231 293 025	0	0	13 085 505	218 207 520	16 305 939	201 901 581
USD Equivalent 1/	314 447 494			17 790 006	296 657 488	21 516 324	275 141 164
Exchange adjustment on SDR Loan Repayments	(651 927)				(651 927)		(651 927)
31 December 2002	USD 313 795 567			17 790 006	296 005 561	21 516 324	274 489 237
31 December 2001	USD 297 106 677			27 040 371	270 066 306	16 227 719	253 838 587

Summary (in '000)

	Approved Loans				Value in USD			
	At 31.12.01	Loans Cancelled	At 31.12.02	At 31.12.01	Loans Cancelled	Movement in Exchange Rate SDR/USD	At 31.12.02	
1986	SDR 24 902		24 902	31 295		2 560	33 855	
1987	SDR 41 292		41 292	51 893		4 244	56 137	
1988	SDR 34 770		34 770	43 697		3 574	47 271	
1989	SDR 25 756		25 756	32 368		2 648	35 016	
1990	SDR 17 383	(13)	17 370	21 846	(16)	1 785	23 615	
1991	SDR 18 361	(100)	18 261	23 075	(126)	1 877	24 826	
1992	SDR 9 096	(2 144)	6 952	11 431	(2 695)	715	9 451	
1993	SDR 39 950	(2 006)	37 944	50 206	(2 521)	3 901	51 586	
1994	SDR 16 700	(152)	16 548	20 987	(191)	1 701	22 497	
1995	SDR 7 500	(2)	7 498	9 426	(3)	770	10 193	
Total	SDR 235 710	(4 417)	231 293	296 224	(5 552)	23 775	314 447	

Maturity Structure of Outstanding Loans
as at 31 December 2002

PERIODS	USD '000
1 January 2003 to 31 December 2003	6 479
1 January 2004 to 31 December 2004	7 451
1 January 2005 to 31 December 2005	7 925
1 January 2006 to 31 December 2006	8 240
1 January 2007 to 31 December 2007	8 240
1 January 2008 to 31 December 2012	41 082
1 January 2013 to 31 December 2017	39 569
1 January 2018 to 31 December 2022	39 099
1 January 2023 to 31 December 2027	37 261
1 January 2028 and thereafter	79 143
Total	274 489

1/ Loans have been denominated in SDR and, for purposes of presentation in the Balance Sheet, the accumulated amount has been valued at the USD/SDR rate of 1.35952/1 as at 31 December 2002. Since the loans were valued at 31 December 2001, at the then prevailing rate of 1.25673/1, there has been an increase in value, in terms of United States dollars, attributable to the movement in exchange rates from 31 December 2001 to 31 December 2002 of USD 23 775 000 (from 2000 to 2001 there was a decrease in value in terms of USD 10 886 000).

A
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Summary of the Debt Initiative for Heavily Indebted Poor Countries
(Expressed in thousands of United States dollars)

Appendix G

At 31 December 2002, the cumulative position of the debt relief provided and estimated to be provided, under both the enhanced and initial Debt Initiative for HIPC framework is as follows:

	Debt Relief Provided to Date		Debt Relief to be Provided		Total		Total	
	Principal	Interest	Principal 1/	Interest	Principal	Interest		
Benin			5 604	1 892	5 604	1 892	7 496	
Bolivia	4 955	1 455	4 150	1 250	9 105	2 705	11 810	
Burkina Faso	1 062	625	6 552	1 896	7 614	2 521	10 135	
Cameroon			2 352	364	2 352	364	2 716	
Chad			1 355	532	1 355	532	1 887	
Côte d'Ivoire			161	0	161	0	161	
Ethiopia			18 987	5 491	18 987	5 491	24 478	
Gambia, The			2 090	791	2 090	791	2 881	
Ghana			20 863	6 232	20 863	6 232	27 095	
Guinea			6 138	2 311	6 138	2 311	8 449	
Guinea-Bissau			2 845	1 057	2 845	1 057	3 902	
Guyana	730	185	621	255	1 351	440	1 791	
Honduras			1 220	531	1 220	531	1 751	
Madagascar			8 406	2 844	8 406	2 844	11 250	
Malawi			11 396	3 754	11 396	3 754	15 150	
Mali	1 620	807	5 689	1 714	7 309	2 521	9 830	
Mauritania	254	141	11 309	3 380	11 563	3 521	15 084	
Mozambique	2 598	1 101	9 698	2 921	12 296	4 022	16 318	
Nicaragua			17 084	2 974	17 084	2 974	20 058	
Niger			8 950	2 961	8 950	2 961	11 911	
Rwanda			15 805	4 086	15 805	4 086	19 891	
Sao Tome and Principe			4 520	1 076	4 520	1 076	5 596	
Senegal			3 079	920	3 079	920	3 999	
Sierra Leone			13 519	3 433	13 519	3 433	16 952	
Tanzania, United Republic of	639	408	18 162	5 207	18 801	5 615	24 416	
Uganda	5 002	2 423	11 106	3 312	16 108	5 735	21 843	
Zambia			24 394	5 220	24 394	5 220	29 614	
31 December 2002	16 860	7 145	236 055	66 404	252 915	73 549	326 464	
							Less future interest debt relief not accrued	66 403
							Total cumulative cost of debt relief at 31 December 2002	260 061
31 December 2001	10 752	4 210	189 442	50 321	200 194	54 531	254 725	
							Less future interest debt relief not accrued	50 321
							Total cumulative cost of debt relief at 31 December 2001	204 404

1/ See Appendix H, Note 9(b).

NOTES TO THE FINANCIAL STATEMENTS

Appendix H

Note 1: Brief Description of the Fund and the Nature of Operations

The International Fund for Agricultural Development (IFAD or the Fund) is a specialized agency of the United Nations. IFAD 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.

Mobilizing financial resources, including cofinancing, is an integral part of IFAD's operational activities. In addition, IFAD, alone or jointly, administers on behalf of donors, including members, their agencies and other development institutions, funds restricted for specific uses which include technical assistance grants as well as regional programmes.

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 and Related Policies

(a) Basis of Accounting

The Financial Statements of the Fund are prepared in accordance with International Accounting Standards (IAS) 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 Activities and Changes in Net Assets has changed from 1998 onwards in order to present more comprehensively the activities of the Fund for the year and changes in its net assets.

Certain reclassifications of the prior year's information have been made to conform to the current year's presentation.

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant judgements have been used in the computation of estimated losses for the Debt Initiative for HIPC's and overdue loan repayments.

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.

In 2002 the Fund changed its accounting principle for grants, which until 2002 comprised also costs now included in the Programme Development Financing Facility (PDFF). This change will result in a more appropriate and consistent presentation of these transactions in the financial statements of the Fund. In accordance with IAS No. 8, this change has been applied retroactively and comparative information has been re-stated accordingly. From 2001, these costs are included

within expenditures in the Statement of Activities and Changes in Net Assets. Previously, they were recorded as a deduction from Contributions and Accumulated Surplus at the time of their approval. The effects of changing this policy are summarized in Notes 2(h) and Note 11.

In 2001 the Fund changed its accounting policy for loans, in accordance with the requirements of a new accounting standard, IAS No. 39, which came into effect from 1 January 2001. This IAS involves the recognition and movements of financial instruments which, in IFAD's case, covers investments, Members' contributions and loans. IFAD already complies with the requirements of this standard except in the case of loans. From 2001, loans are stated at amortized cost, less an accumulated allowance for impairment losses to be made in cases where the full amount of the loan is not being repaid in accordance with the original repayment schedule. Previously, loans were stated at cost. In accordance with IAS No. 39, this change has been applied prospectively. In the 2001 Financial Statements the opening balance of the Accumulated Surplus was adjusted to reflect the cumulative effect of the new accounting policy up to 31 December 2000. The effects of changing this policy are summarized in Note 2(h) and Note 8.

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. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date, which is the date that the Fund commits to purchase or sell the assets. Costs of purchase include transaction costs.

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 policy on overdue contributions described in subparagraph (b) below and on overdue loans and the Debt Initiative for HIPC's described in the paragraph below.

Loans are recorded at amortized cost, less an allowance for impairment losses. A summary of the accounting policy and movement in provision are included in Note 8. In addition, in instances where IFAD participates in debt relief under the Debt Initiative for HIPC framework, an allowance is established for the estimated impairment loss. A summary of the accounting policy and debt relief provided are included in Note 9 and Appendix G.

Balances relating to the IFAD Trust Fund for the Debt Initiative for HIPC's have been consolidated in these Financial Statements as this is a special-purpose entity that is substantially controlled by IFAD and its activities are inherently linked to those of IFAD. All transactions, balances and unrealized gains/losses on transactions between the Funds are eliminated.

Grants are recorded as expenditures on effectiveness of the approved amount and as a liability for undischursed amounts. Cancellations of grants are recognized as an offset to the expense in the period in which they occur.

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

(b) Provisions Against Overdue Members' Contributions

At the Thirty-Fourth Session of the Executive Board in September 1988, on the recommendation of the External Auditor, the Fund adopted a policy on provisions against overdue Members' contributions as follows:

- (i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a

promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

- (ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e., a replenishment period).
- (iii) In the past, the date of issue of the External Auditor's opinion was used for determining the 24- and 48-month periods, with respect to a particular year's financial statements. With effect from 1996, the end of the financial year is used for determining the 24- and 48-month periods, as approved by the Fifty-Eighth Session of the Executive Board.
- (iv) The provision will be disclosed directly on the Balance Sheet itself.
- (v) Where exceptional circumstances arise which call for the establishment of a provision, without regard to the specific time periods established in paragraphs (i), (ii) and (iii) above, or which suggest that a provision is not appropriate even if those time periods have been exceeded, the President's opinion about such special circumstances and their impact on provisions shall be referred to the Executive Board. However, in any situation where time requirements would not allow prior consultation with the Executive Board, the President shall be authorized to take action with regard to such special circumstances and shall inform the Board subsequently of such action as had been taken.

(c) Resources Available for Commitment

Resources available for commitment are those resources in freely-convertible currencies defined in Article 4, Section 1, of the Agreement Establishing IFAD, which have been contributed by Members and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

At the Thirty-Fourth Session of the Executive Board, the Fund adopted a policy for determining resources available for commitment as follows:

- (i) Only actual payments in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.
- (ii) For any Member which has paid in the form of promissory note(s) and on which payments are overdue for 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."

As shown in Appendix D, ACA has been used both in 2002 and in 2001, as regular resources were not sufficient to meet 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. PDDF costs are considered to be committed when the associated milestone for each type of activity has been reached. The Fund's Executive Board reviews a statement of resources available for commitment at every Executive Board meeting to ensure that resources are available to meet loans presented for approval. The Statement of Resources Available for Commitment, Appendix D, also indicates the specific amounts against which no commitments have been made.

(d) Translation and Conversion of Currencies

- (i) The Fund, as an international organization, conducts its operations in several currencies, and 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. Members' contributions have been translated 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.
- (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 IAS No. 21 (revised).
- (v) The following rates of 1 unit of SDR in terms of USD as at 31 December were used:

Year	USD
1998	1.40803
1999	1.37251
2000	1.30291
2001	1.25673
2002	1.35952

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

	USD '000	
	2002	2001
Opening balance at 1 January	(172 129)	15 411
Adjustment for change in grant accounting	378	
Adjusted Opening Balance at 1 January	(171 751)	
Exchange movements for the year on:		
Cash and investments	117 662	(40 691)
Equities	20 766	(47 016)
Net receivables/payables	(723)	(909)
Loans and grants outstanding	248 027	(103 557)
Promissory notes and Members' receivables	51 241	(17 469)
Members' contributions	(51 241)	17 468
Allowance for Debt Initiative for HIPC's	(16 090)	4 512
Net exchange gain on operations	(540)	122
Total movements in the year	<u>369 102</u>	<u>(187 540)</u>
Closing balance at 31 December	<u>197 351</u>	<u>(172 129)</u>

(e) Provisions

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources 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) 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. Both purchases and sales of investment securities are accounted for at trade date.

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

(ii) Loans

Loans are carried in the financial statements at amortized cost, i.e. at the full-face amount of the borrower's outstanding obligations, less an allowance for impairment losses.

(g) Statement of Cash Flows

Appendix C, Statement of Cash Flows, has been prepared in accordance with 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 that are readily convertible at the Balance Sheet date. From 1999, equities and net investment payables have been excluded from readily convertible investments for cash flow purposes in accordance with the accounting standard on the basis of the increased materiality of these balances.

(h) Accounting Changes

During 2002 the Fund changed its accounting policy relating to costs for the PDFF and other grants and re-stated its financial statements of prior years to apply the new policy retroactively. A summary of the new accounting policy may be found in Notes 10 and 11.

The net effect of this accounting change on income for 2002 and on income previously reported for 2001 is a reduction of USD 27.4 million and USD 32.6 million respectively. This has also eliminated the line item of IFAD grants which were previously deducted from contributions and the accumulated surplus in the balance sheet. See further information in Notes 10 and 11.

In accordance with a new accounting standard, from 1 January 2001, the Fund changed its accounting policy relating to the measurement of loans. Under the new accounting policy, loans are stated at amortized cost, less an allowance for impairment losses. Previously, loans were stated at cost. In line with this standard, the comparative financial statements were not re-stated, although an adjustment was made to the opening balance of retained earnings as at 1 January 2001. A summary of the new accounting policy is found in Note 8.

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 expenditures in accordance with the approved budget.”

Investments are traded in active markets and are valued at market value at the close of business on 31 December by reference to quoted market prices.

(b) Investment Management

IFAD's current investment policy was adopted in December 2001. The investment policy allocates 5% in cash, 44% in government bonds, 23% in diversified fixed-interest, 18% in inflation-indexed bonds and 10% in equities (previous investment policy - 5% in cash, 40% in government bonds, 10% in diversified fixed-interest and 45% in equities) and has a credit floor of AA- for fixed-interest investments. The current investment policy was fully implemented in 2002 with the exception of the asset class for inflation-indexed bonds, which due to market conditions remained unfunded as of 31 December 2002 with the unfunded amount being held in cash and time-deposits. The increase in the level of cash at 31 December 2002 also reflects an increase in the level of amounts payable for investments purchased.

Since 1994, management of the major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2002, funds under external management amounted to USD 1 696.7 million (2001 - USD 1 847.1 million), representing some 78% (2001-94.0%) 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, corporate 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 (some 7.6 years) of the fixed-income portion of the portfolio is set at 2 years above the benchmark average. 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 United States dollars 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 enter into covered forward foreign exchange agreements in order to maintain the matching in currency terms of commitments denominated in SDR and United States dollars.

In November 1998, the Fund selected a currency overlay manager to control the currency risk in emerging markets. This activity commenced in 1999 but was terminated during 2002 following sales of investments in emerging markets.

(iv) Custodial Risk

IFAD has entrusted the safekeeping of its investment assets to a major custodian bank. The custodian safeguards the funds and maintains separate accounts for each externally managed investment sub-portfolio, 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.

Relevant data for Futures contracts open at year-end are as follows:

	31 December	
	2002	2001
Number of contracts open:		
Buy	1 042	375
Sell	495	178
Net unrealized gains/(losses) of open contracts (USD '000)	951	(295)
Maturity range of open contracts	59 to 349 days	60 days

(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.

Relevant data for Options at year-end are as follows:

	31 December	
	2002	2001
Number of contracts open:		
Buy	193	2 409
Sell	166	0
Market value of open contracts gain/(loss) (USD '000)	(226)	530
Net unrealized gains/(losses) of open contracts (USD '000)	(18)	44
Maturity range of open options	52 to 349 days	54 to 350 days

(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 loss on forward contracts at 31 December 2002 amounted to USD 77 000 (2001 - gain of USD 1 124 000). The maturity of forward contracts at 31 December 2002 ranged from 16 to 51 days (31 December 2001 - two to 79 days). 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 2002, cash and investments, excluding restricted and non-convertible currencies, at market value amounted to USD 2 093 252 000 (2001 - USD 1 916 353 000), and comprise the following instruments:

	USD '000	
	2002	2001
Cash	322 899	71 702
Fixed income instruments	1 408 864	994 840
Unrealized market value (loss)/ gain on forward contracts	(77)	1 125
Time deposits and other obligations of banks	382 959	131 922
Equities	195 183	755 927
Futures	951	(39)
Options	(226)	530
Total investments	1 987 654	1 884 305
Accrued income on investments	21 183	18 991
Accrued dividends	195	499
Receivables for investments sold	78 047	5 229
Payables for investments purchased	(316 726)	(64 373)
Total	<u>2 093 252</u>	<u>1 916 353</u>

(g) Composition of the Investment Portfolio by Currency

The currency composition of cash and investments at 31 December 2002 and 31 December 2001 was as follows:

	USD '000	
	2002	2001
Euro	562 828	469 691
Japanese yen	276 608	181 801
Pound sterling	218 047	218 780
United States dollar	944 314	781 771
Others	<u>91 455</u>	<u>264 310</u>
Total	<u>2 093 252</u>	<u>1 916 353</u>

From 1999 the SDR basket incorporates the euro in place of the French franc and German mark.

(h) Composition of the Investment Portfolio by Maturity

The composition of cash and investments by maturity at 31 December 2002 and 31 December 2001 was as follows:

	USD '000	
	2002	2001
Due in one year or less	507 721	167 244
Due after one year through five years	450 615	259 510
Due from five to ten years	373 420	416 315
Due after ten years	566 313	317 357
No fixed maturity (equities)	<u>195 183</u>	<u>755 927</u>
Total	<u>2 093 252</u>	<u>1 916 353</u>

The average life to maturity of the fixed-income investments included in the investment portfolio at 31 December 2002 was 129 months (2001 – 126 months).

Gain/(Loss) from Cash and Investments

The net gain from cash and investments for the year ended 31 December 2002 amounted to USD 26 217 000 (2001 – loss of USD 42 856 000). The components of Net Gain/(Loss) from Cash and Investments are as follows:

	USD '000	
	2002	2001
Interest from fixed-income investments	58 874	58 387
Dividend income from equities	7 652	13 614
Net income from futures	1 163	96
Net income from options	489	84
Realized capital income from fixed income securities	11 671	11 568
Realized capital loss from equities	(101 259)	(86 958)
Unrealized gain/(loss) from fixed income securities)	41 852	(9 638)
Unrealized gain/(loss) from equities	10 505	(21 345)
Income from securities lending and commission recapture	436	841
Interest income from banks and non convertible currencies	<u>2 651</u>	<u>855</u>
	<u>34 034</u>	<u>(32 496)</u>
Investment management and custody fees	(7 117)	(9 705)
Net other investment expenses	<u>(747)</u>	<u>(780)</u>
Net investment gain/(loss) before supplementary funds	26 170	(42 981)
Income from supplementary funds	<u>47</u>	<u>125</u>
Total	<u>26 217</u>	<u>(42 856)</u>

The average rate of return on the investment portfolio in 2002 was 1.3% positive (2001 – 2.3% negative).

Net investment income from the Debt Initiative for HIPC's amounts to USD 301 000 in 2002 (2001 – USD 475 000). This income has been included within total net Debt Initiative for HIPC debt relief as described in Note 9.

Note 4: Cash and Investments Subject to Restriction

(a) Currencies Not Freely Convertible

Cash and investments held by the Fund at 31 December 2002 in currencies which are not freely convertible amounted to USD 355 000 (2001 - USD 364 000) and USD 386 000 (2001 – USD 372 000), respectively.

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

Such amounts may be used only:

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

(b) Other Amounts Restricted

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

- (i) USD 12 797 000 (2001 - USD 11 359 000) being investments held in the Fund's name on behalf of the Credit Union of IFAD Employees.
- (ii) USD 6 734 000 (2001 - USD 7 984 000) being amounts held in the Fund's bank accounts on behalf of supplementary funds and entities housed at IFAD.

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 26 000 000 (2001 – USD 12 000 000) relating to amounts invested on behalf of the IFAD Debt Initiative for HIPC Trust Fund and USD 2 507 000 (2001 – USD 2 451 000) representing bank balances of the Trust Fund.

(d) Provision for After-Service Medical Coverage Scheme

This provision consists of USD 22.6 million (2001– USD 13.7 million) relating to costs charged for this medical scheme (see Note 14(e)).

(e) Advance Contributions to the Sixth and Fifth Replenishment

In 2002, amounts received in cash as advance payments for Sixth Replenishment contributions totalled USD 173 000 (2001 – nil). These amounts have been excluded from Resources Available for Commitment as the Sixth Replenishment is not yet effective. In 2001, the advance payments made for the Fifth Replenishment were reclassified as part of regular resources due to the effectiveness of the Fifth Replenishment.

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

Details of Fourth Replenishment contributions are shown in Appendix E.

(f) Fifth Replenishment

Details of Fifth Replenishment contributions are shown in Appendix E.

The Fund's Fifth Replenishment came into effect on 7 September 2001, when instruments of contributions were deposited amounting in aggregate to 50% of the respective contributions from Members as set forth in Resolution 119/XXIV adopted by the Twenty-Fourth Session of the Governing Council, as amended.

(g) Sixth Replenishment

Details of advance payments made for the Sixth Replenishment are shown in Appendix E. Given that at 31 December 2002, the requirements for the effectiveness of the Sixth Replenishment have not yet been met, any contributions received at that date have been excluded from the resources of the Fund.

(h) 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.

(i) Provisions

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

		USD '000	
		2002	2001
(i)	IFAD		
	Promissory notes of contributors	94 675	106 072
	Amounts receivable from contributors	<u>92 070</u>	<u>89 583</u>
	Total	<u>186 745</u>	<u>195 655</u>
(ii)	Special Programme for Africa		
		USD '000	
		2002	2001
	Promissory notes of contributors	<u>10</u>	<u>10</u>

Note 6: Promissory Notes of Contributors

In accordance with the policy referred to in Note 2(b), the Fund has established provisions 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.

(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 2002, all Replenishment contributions up to and including the Fourth Replenishment deposited in the form of promissory notes have been drawn down to the extent of 100% (31 December 2001 – 100% up to the Third Replenishment and 59.2% for the Fourth Replenishment) and Fifth Replenishment contributions to the extent of 61.0% (31 December 2001 – nil).

Provisions Established

	USD '000	
	2002	2001
(i) Initial Contributions		
Iran	29 358	29 358
Iraq	<u>13 717</u>	<u>13 717</u>
	43 075	43 075
(ii) First Replenishment		
Iraq	31 099	31 099
Qatar	<u>7 017</u>	<u>10 271</u>
	38 116	41 370
(iii) Second Replenishment		
Mauritania	2	2
Qatar	<u>5 000</u>	<u>5 000</u>
	5 002	5 002
(iv) Third Replenishment		
D.P.R. Korea	600	600
Libyan Arab Jamahiriya	7 857	16 000
Mauritania	<u>25</u>	<u>25</u>
	<u>8 482</u>	<u>16 625</u>
Total	<u>94 675</u>	<u>106 072</u>

Excluded from Committable Resources - Convertible Currency

	USD '000	
	2002	2001
(i) Initial Contributions		
Iran	29 358	29 358
Iraq	<u>13 717</u>	<u>13 717</u>
	43 075	43 075
(ii) First Replenishment		
Iraq	31 099	31 099
Qatar	<u>7 017</u>	<u>10 271</u>
	38 116	41 370
(iii) Second Replenishment		
Mauritania	2	2
Qatar	<u>5 000</u>	<u>5 000</u>
	5 002	5 002
(iv) Third Replenishment		
D.P.R. Korea	600	600
Libyan Arab Jamahiriya	7 857	16 000
Mauritania	25	25
Nigeria	<u>1 740</u>	<u>4 170</u>
	<u>10 222</u>	20 795
(v) Fourth Replenishment		
Brazil	2 763	-
Morocco	600	-
Pakistan	<u>1 612</u>	-
	<u>4 975</u>	-
Total	<u>101 390</u>	<u>110 242</u>

Subsequent to 31 December 2002, an amount of USD 3.3 million was received from Qatar in payment of First Replenishment pledges. Had this amount been received prior to 31 December 2002, the total provisions would have been reduced to USD 91 420 000.

In addition, payment was received from Brazil of USD 551 000. Had this payment and that of Qatar been received prior to 31 December 2002, total exclusions would have been reduced to USD 97 584 000.

(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

	USD '000	
	2002	2001
First Phase		
Mauritania	<u>10</u>	<u>10</u>
Total	<u>10</u>	<u>10</u>

Excluded from Committable Resources - Convertible Currency

	USD '000	
	2002	2001
First Phase		
Mauritania	<u>10</u>	<u>10</u>
Total	<u>10</u>	<u>10</u>

Note 7: Amounts Receivable from Contributors

Amounts receivable from Member States towards the Fund's Initial Contributions, First, Second, Third, Fourth and Fifth Replenishments (excluding Complementary Contributions) totalled USD 100 220 000 (2001 - USD 139 228 000 re-stated to exclude complementary contributions) 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.

Provisions Established

	USD '000	
	2002	2001
(i) Initial Contributions		
Comoros	8	7
Iran	<u>83 167</u>	<u>83 167</u>
	83 175	83 174
(ii) Second Replenishment		
Gabon	371	371
Iraq	<u>2 000</u>	<u>2 000</u>
	2 371	2 371
(iii) Third Replenishment		
Iran	2 400	2 400
Qatar	1 000	1 000
Sao Tome and Principe	<u>10</u>	<u>10</u>
	<u>3 410</u>	<u>3 410</u>
(iv) Fourth Replenishment		
Chile	420	-
Kenya	927	628
Nicaragua	17	-
Nigeria	<u>1 750</u>	<u>-</u>
	<u>3 114</u>	<u>628</u>
Total	<u>92 070</u>	<u>89 583</u>

Note 8: Loans

(a) Background to 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 SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

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

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

"32 (a) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one percent (0.75%) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on intermediate

terms shall have a rate of interest per annum equivalent to 50% of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (c) loans on ordinary terms shall have a rate of interest per annum equivalent to 100% of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; and (d) no commitment charges shall be levied on any loan."

From 2001, loans are stated at amortized cost, minus an allowance for impairment losses. In prior years' financial statements, loans are stated at cost. This change in accounting principle has been made in order to align to the requirements of IAS No. 39, "Financial Instruments: Recognition and Measurement", which came into effect on 1 January 2001. This accounting standard requires IFAD to review its loan portfolio regularly for impairment (a possible reduction in value of an asset). It should make an allowance in the event of any uncertainty about the receipt of the full amount in accordance with the original repayment schedule. The resulting write down does not extinguish the liability of any Member State to discharge its obligations. If the write-down is no longer required, it is reversed. The net movement in the allowance for impairment loss is included as a separate line in the statement of activities and changes in net assets, and also separately on the face of the balance sheet.

(b) Summary of Impact of Change in Accounting Policy

In accordance with the relevant accounting standard, the comparative Financial Statements for the year ended 31 December 2000 were not re-stated. However, an adjustment was made to the opening balance of retained earnings, as shown in the table included in (c) below. The amount included in the 2001 Financial Statements as a result of this change in accounting policy is some USD 72.2 million, of which USD 75.0 million relates to the years prior to 2001 and USD 2.8 million (reversal of write-down) to the year ended 31 December 2001.

(c) Accumulated Allowance for Impairment Losses

The allowance is based on the difference between expected cash flows between those calculated on the estimated or renegotiated repayment schedule, and the nominal value. The entire loan, and not just the overdue instalment, is subject to impairment. In cases where it is not possible to estimate with any reasonable certainty the expected cashflows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is allowed that adopts a similar method to the benchmark used for the provisioning of Members States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months for all cases where a settlement plan is not being actively followed. An allowance is made also for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance sheet date.

An analysis of the Accumulated Allowance for Impairment Losses is shown below:

	USD '000	
	2002	2001
Balance at beginning of year	72 237	0
Adjustment to opening balance*	0	74 995
Adjusted balance at beginning of year	72 237	74 995
Net increase/(reduction) in allowance for impairment losses	5 834	(2 758)
Balance at end of year	78 071	72 237

* Adjustment made in accordance with the requirements of IAS No. 39 relating to prior years

(d) Non Accrual Status

Interest and service charges are recognized as income only when actually received for loans with overdue amounts in excess of 180 days. Up to 2001, the relevant time period was 10 months (300 days). This change in time period has been made to align IFAD more closely to the practices of other international financial institutions. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

Had these amounts been recognized as income, income from loans as reported in the Statement of Revenue and Expenses for the year 2002 would have been greater by USD 2 844 000 (2001 – USD 2 221 000). The corresponding figures relating to SPA were USD 47 000 (2001 – USD 162 000). The Member countries concerned are shown below:

Borrowers in Non-Accrual Status – IFAD

	USD '000		31 December 2002	
	Principal Outstanding	Principal Overdue	Income Not Accrued in 2002	In Arrears Since
Central African Republic	28 924	1 204	272	May 2001
Congo	2 777	2 297	113	Apr. 1993
Cuba	11 295	11 489	432	Sept. 1989
D.R. Congo	24 672	5 826	236	Feb. 1993
Gabon	1 905	274	126	June 2002
Guinea-Bissau	5 962	755	58	Nov. 1995
Liberia	13 840	10 124	385	Nov. 1995
Seychelles	479	68	37	Jan. 2002
Sierra Leone	23 027	1 234	226	Mar. 1998
Solomon Islands	3 016	168	29	April 2001
Somalia	23 518	8 535	224	Jan. 1991
Togo	21 451	1 418	196	Sept. 2000
Zimbabwe	<u>22 782</u>	<u>2 728</u>	<u>510</u>	Oct. 2001
Total	<u>183 648</u>	<u>46 120</u>	<u>2 844</u>	

Borrowers in Non-Accrual Status – SPA

	USD '000		31 December 2002	
	Principal Outstanding	Principal Overdue	Income Not Accrued In 2002	In Arrears Since
Guinea-Bissau	2 783	315	26	Dec. 1995
Sierra Leone	<u>2 046</u>	<u>0</u>	<u>21</u>	Mar. 1998
Total	<u>4 829</u>	<u>315</u>	<u>47</u>	

The income from loans reported in the Statement of Revenue and Expenses for 2002 includes USD 275 000 (2001 – USD 640 000) in respect of income received relating to prior years.

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

(e) Further Analysis of Loan Balances

	USD '000	
	2002	2001
IFAD approved loans less cancellations and adjustment for movement in value of total SDR loans in terms of United States dollars (Appendixes D and F)		
USD '000		
2002 – USD 6 462 277		
2001 – USD 5 934 743		
Effective loans	5 820 108	5 394 161
Undisbursed balance of effective loans	(1 707 713)	(1 580 742)
Repayments	<u>(1 027 183)</u>	<u>(1 093 322)</u>
Loans outstanding	3 085 212	2 720 097

SPA approved loans and adjustment for movements in value of total SDR loans in terms of United States dollars (Appendix F)

	USD '000	
	2002	2001
2002 – USD 313 796		
2001 – USD 297 106		
Effective loans	313 796	297 106
Undisbursed balance of effective loans	(17 790)	(27 040)
Repayments	<u>(21 516)</u>	<u>(16 227)</u>
Loans outstanding	274 490	253 839

Total approved loans less cancellations and adjustment for movements in value of SDR loans in terms of United States dollars

	USD '000	
	2002	2001
2002 – USD 6 776 073		
2001 – USD 6 231 849		
Effective loans	6 133 904	5 691 267
Undisbursed balance of effective loans	(1 725 503)	(1 607 782)
Repayments	<u>(1 048 699)</u>	<u>(1 109 549)</u>
Loans outstanding	3 359 702	2 973 936

(f) 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: Debt Initiative for Heavily Indebted Poor Countries

(a) Background to the Debt Initiative for HIPC

The Executive Board proposed IFAD's participation in the International Monetary Fund (IMF)/World Bank Debt Initiative for Heavily Indebted Poor Countries 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 Debt Initiative for HIPCs with the adoption of Resolution 101/XX.

In February 2000, the Governing Council gave approval for IFAD to provide debt relief under the enhanced Debt Initiative for HIPC framework by forgiving a portion of an eligible country's debt service obligations as they become due. Amounts of debt service forgiven are expected to be reimbursed by IFAD's Debt Initiative for HIPC Trust Fund on a pay-as-you-go basis to the extent that resources are available in the Trust Fund.

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 Debt Initiative for HIPCs effort to reduce a country's debt to a sustainable level.

The Debt Initiative for HIPCs 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 Debt Initiative for HIPCs was established with the adoption by the Governing Council of Resolution 105/XXI on 11 February 1998. 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 Debt Initiative for HIPCs. (Refer to Appendix G for details).

As resolved at the Sixty-Fifth Session of the Executive Board in December 1998, a transfer has been made from IFAD's Accumulated Surplus to the Debt Initiative for HIPCs of USD 4 000 000 each in 1998, 1999, 2000 and 2001. In addition, and as resolved at the Sixty-Sixth Session of the Executive Board in April 1999, a transfer has been made from IFAD's resources to the Debt Initiative for HIPCs of USD 2 700 000 specifically to cover the expected shortfall in resources for debt relating to Mali. This transfer took place in 2000. Also, as resolved at the Seventy-Fifth Session of the Executive Board in April 2002, during 2002 a transfer has been made from IFAD's Accumulated Surplus to the Debt Initiative for HIPCs of USD 14 000 000.

Details of funding from external donors may be found in Appendix E.

(b) Impact of the Debt Initiative for HIPCs

Upon approval of the individual debt relief by the Executive Board, the nominal value of the principal component of the estimated debt relief costs is recorded as a reduction of the disbursed and outstanding loans under Accumulated Allowance for the Debt Initiative for HIPCs, and as a charge to income. This estimate is subject to periodic revision. Significant judgements have been used in the computation of the estimated nominal value of allowances for the Debt Initiative.

The Accumulated Allowance for the Debt Initiative for HIPCs is reduced when debt relief is provided by the Trust Fund (see subparagraph (c) below).

For a summary of debt relief reimbursed since the start of the Debt Initiative for HIPCs and of that expected in the future, please refer to Appendix G. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for HIPCs for Burundi, Central African Republic, The Comoros, the Democratic Republic of The Congo, The Congo, Côte d'Ivoire, Laos, Liberia, Somalia, Sudan and Togo. Debt relief for these countries at the end of 2002 was announced by the World Bank/International Monetary Fund. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2003. At the time of preparation of the 2002 Financial Statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest was USD 144 056 000.

Net investment income of USD 301 000 (2001 – USD 475 000) from the Debt Initiative for HIPC Trust Fund balances is included in the net charge for Debt Initiative for HIPC commitments in the Statement of Activities and Changes in Net Assets.

The total cumulative cost of debt relief derives from the following sources:

	USD '000		
	2002	Movement	2001
Contribution to Debt Initiative for HIPCs approved in 1998	16 000		16 000 0
Contribution to Debt Initiative for HIPCs approved in 1999	2 670		2 670
Contribution to Debt Initiative for HIPCs approved in 2002	14 000	14 000	-
Shortfall between debt relief approved and funds Available (Appendix A)	193 625	21 596	172 0 31
Cumulative net exchange rate movements	<u>10 625</u>	<u>16 075</u>	<u>(5 45 2)</u>
Total cumulative cost of the Debt Initiative for HIPCs included in IFAD Accumulated Surplus	236 920	51 671	185 2 49
Resources provided by The Netherlands' contribution	11 978	725	11 25 3
Resources provided by Germany's contribution	6 989	246	6 743
Resources provided by Belgium's contribution	2 713	2 713	-
Debt Initiative for HIPCs cumulative investment income	<u>1 461</u>	<u>302</u>	<u>1 159</u>
Total (see Appendix G)	<u>260 061</u>	<u>55 657</u>	<u>204 4 04</u>

(c) Accumulated Allowance for the Debt Initiative for HIPCs

On approval of the Executive Board, the estimated nominal value of the principal component of the debt relief to be provided under the Debt Initiative for HIPC framework is included as a cost to the Accumulated Allowance for the Debt Initiative. This cost is offset by income receivable from the Debt Initiative for HIPC Trust Fund to the extent that resources are available. These amounts are net of any debt relief delivered to date. The balances for the years ended 31 December 2002 and 31 December 2001 are summarized below:

	USD '000	
	2002	2001
Balance at the beginning of year	189 442	94 856
Allowance for principal component of new debt relief	30 662	99 019
Net exchange rate movements	<u>15 952</u>	<u>(4 433)</u>
Balance at the end of year	<u>236 056</u>	<u>189 442</u>

Note 10: 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.

At its Twenty-Fourth Session in February 2001, the Governing Council approved the establishment of the PDFF separate from IFAD's programme of work and budget, to finance the expenditures required for the design, implementation and supervision of projects and programmes financed by loans and grants from IFAD.

The costs for the Programme Development Fund (PDF) were included as part of grants. IFAD management was given authority to establish a new set of financial and administrative guidelines and procedures for the PDFF.

From 2002 PDF costs, Technical Assistance, Special Operations Facility, Environmental and APPI grants are considered to be and treated as PDFF costs (See Note 11).

Following the drafting of procedures for the PDFF (see Note 11), the accounting of all grants has been reviewed, and the decision taken to align the accounting for all grants to those adopted for the Debt Initiative for HIPC commitments. Grants are accordingly recorded as expenditures as a separate line item in the Statement of Activities and Changes in Net Assets on effectiveness and as a liability in the balance sheet for undisbursed amounts. Cancellations of undisbursed balances shall be recognized as an offset to the expense in the period in which they occur. These grants are deducted from resources available on approval by the appropriate authority, consistent with prior years.

The new accounting policy will better reflect the impact of grants on IFAD's financial position and operating activities. Previously, these items were recorded in the balance sheet as a deduction from contributions and accumulated surplus at the time of their approval.

(a) Summary of Impact of Change in Accounting Policy

During 2002 there has been a change in accounting policy for both grants and PDFF costs, a summary of the effect of both changes is included in Note 11 below.

Note 11: PDFF Costs

The PDFF finances the multi-year expenditures required for the design, implementation and supervision of projects and programmes financed by loans and grants from IFAD. This new category is an extension of one type of grant which, however, applied only to certain phases in the project cycle. During 2002 the Fund changed its accounting policy related to costs for the PDFF. The catalyst for this change was the establishment of the PDFF by the Governing Council in February 2001, as a cost category separate from IFAD's Programme of Work and Budget. In 2002, this category includes Cooperating Institutions costs, which in 2001 were included under the Administrative Budget. From 2002, when an obligation is incurred for PDFF costs, the related costs are recorded as a separate line item within expenditures in the Statement of Activities and Changes in Net Assets and as a liability in the balance sheet for undisbursed accrued amounts. PDFF commitments are recorded as a deduction from resources available for commitment upon effectiveness of the underlying activities based on specific milestones for each type of activity.

In accordance with the relevant accounting standard, the comparative financial statements for the year ended 31 December 2001 have been restated. A summary of the principal impact of the changes for both PDFF and grants (described in Note 10 above) is shown below for both 2002 and 2001.

	Prior to Change	USD '000 Impact of New Policy	Current Restated Balance
2002			
Accumulated surplus at 31 December 2001	1 398 662	(397 783)	1 000 879
<u>Income Statement</u>			
PDFF 2002 costs	12 572	10 588	23 160
Grant 2002 costs	0	16 776	16 776
		27 364	39 936
<u>Balance Sheet</u>			
IFAD grants	439 695	(439 695)	0
Undisbursed grants	45 933	(13 682)	32 251
2001			
Accumulated surplus at 31 December 2000	1 735 664	(365 496)	1 370 168
Cumulative approved IFAD grants	422 919	(422 919)	0
<u>Income Statement</u>			
PDFF costs	0	9 666	9 666
Grant costs	0	23 000	23 000
			32 666
Movement in approved grants	26 274	(26 274)	0
Net foreign exchange losses	187 540	(378)	187 162
<u>Balance Sheet</u>			
Undisbursed grants	(64 771)	25 137	(39 634)
Subtotal		31 151	

Further analysis of the PDFF costs incurred in 2002 is as follows:

	USD '000
New Project/Programme Development	11 418
Cooperating Institutions	7 479
Ongoing Project Portfolio	2 675
Staff Travel	1 588
Total	23 160

Note 12: General Reserve

The Fourth Session of the Governing Council in 1980, recognizing the need to cover the Fund's potential over-commitment 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, established a General Reserve. The Executive Board at its Fifty-Fourth Session in April 1995 approved the inclusion of a fourth potential risk, namely over-commitment as a result of a diminution in the value of assets caused by fluctuations in the market value of investments.

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 Sixty-Fifth Session in December 1998, 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 13: Supplementary Funds, Trust Funds and Entities Housed at IFAD

IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organisations and the private sector, including cofinancing. Financing from non-regular sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. This financing is given for the following principal purposes: grants for technical assistance, for cofinancing, Associated Professional Officers and programmatic or thematic funds. For 2002, further financial data regarding the funding from these supplementary sources administered by IFAD can be found in separate special purpose financial statements.

Supplementary funds administered by IFAD also include the Belgian Survival Fund Joint Programme (BSF.JP), which main activities relate to the improvement of the household food security and nutritional status of certain developing country areas, capacity-building and empowerment, and vulnerability reduction through household coping strategies. The BSF JP is housed by IFAD, although the programme of work is agreed together with the Belgian Government. For 2002, separate financial statements are drawn up for this entity. It is intended that from 2003, financial data from these sources that have a direct link to IFAD's core activities and are substantially controlled by IFAD will be consolidated in IFAD's financial statements for reasons of completeness and clarity. To date, they have not been included on the grounds of immateriality.

Information regarding IFAD's Trust Funds, namely the Debt Initiative for HIPC Trust Fund and the After-Service Medical Coverage Scheme Trust Fund (the latter has been established in 2003), can be found in Notes 9(a) and 14(c) respectively. Transactions and balances relating to these funds are included in IFAD's consolidated accounts.

In addition, IFAD has a relationship with other entities that are housed at IFAD, although they do not form part of the core activities of IFAD and as such, are not included in IFAD's accounts. These are the Popular Coalition to Eradicate Hunger and Poverty (PCO), and the Global Mechanism of the United Nations Convention to Combat Desertification (GM). The GM and PCO are separate entities and further financial data can be found in their respective Financial Statements. Furthermore, in 2002, IFAD has become the executing agency for the supervision of a Global Environmental Facility project in Mali, although as yet the project is in its initial phase.

During the year ended 31 December 2002, a total of USD 240 000 (2001 - USD 291 000) was received as compensation for providing administrative services to these supplementary funds/housed entities. Also, individual donors provided human resources (Associated Professional Officers), to assist in IFAD's activities; the associated benefit in monetary terms is estimated as some USD 1.5 million (2001 - USD 1.32 million). This amount has been netted directly off the related costs in the accounts.

Cumulative contributions amounting to some USD 9.9 million have been granted by IFAD to the housed entities as at 31 December 2002 (2001 - USD 8.0 million) as follows:

	USD '000	
	2002	2001
PCO	4 850	4 250
GM	<u>5 000</u>	<u>3 750</u>
Total	<u>9 850</u>	<u>8 000</u>

Note 14: Staff Numbers, and Retirement and Medical Benefits

(a) Staff Numbers

The number of approved posts of the Fund, including the President and the Vice-President, at 31 December was as follows:

	2002	2001
Professional	134.0	134
General Service	<u>181.5</u>	<u>181</u>
	<u>315.5</u>	<u>315</u>

The increase in General Service staff relates to the regularization of one part-time temporary staff into a fixed term position.

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 participating in the United Nations Joint Staff Pension Fund (UNJSPF) which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report the United Nations General Assembly has not invoked this provision.

The actuarial method adopted is the Open Group Aggregate method. The cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries who carry out a full valuation of the period plan every two years. The latest actuarial valuation was prepared as of 31 December 2001. 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 2002 for staff amounted to USD 4 283 000 (2001 - USD 3 709 000). 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 Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme (ASMCS) administered by the Food and Agriculture Organization of the United Nations (FAO) for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Since 1995, FAO has engaged an actuary to determine the unfunded accrued liability pertaining to the scheme, of which IFAD is allocated its share currently based on pensionable remuneration. IAS No. 19 (revised), which is effective from 1 January 1999, requires that this liability is to be fully provided in the accounts of an organization immediately, with the exception of transitional arrangements for the recognition of the initial deficit. IFAD decided to make provision for its deemed share of the original deficit by treating the deficit as an expense on a straight-line basis over a five-year period, 1999 – 2003, as permitted under transitional arrangements by the IAS. The subsequent valuation as at 31 December 1999 revealed an increase in IFAD's deficit of some USD 6.8 million. On the basis of prudence, IFAD treated the increase in deficit as if existing at the time of the introduction of the new standard. In December 2000, the Executive Board authorized the amortization of the increase in initial liability of USD 6.8 million to be spread over the remaining period, i.e., 2000 – 2003, on a straight-line basis.

The latest actuarial valuation was carried out as at 31 December 2001, although the results were only known during the latter half of 2002. The methodology used was the projected unit credit cost method with service prorate. The principal actuarial assumptions used were as follows: Discount rate – 6.0%; Expected Salary Increases – 3.0%; Medical Cost Increases – 4.5% and Inflation – 2.5%. The results determine IFAD's share of the unfunded liability as at 31 December 2001 to be some USD 23.3 million. This represents an increase of some USD 3.6 million from the estimated deficit at 31 December 1999. In accordance with the requirements of IAS No. 19, the total cost has been recognized fully in 2002 following approval from the Executive Board in December 2002. Accordingly, the 2002 and 2001 financial statements include a provision constituted as follows, as at 31 December:

	USD million	
	2002	2001
Unfunded deficit		
Provision brought forward	<u>11.2</u>	<u>6.9</u>
One fifth of estimated initial deficit of USD 12.9 million	2.6	2.6
One fourth of integration to original deficit of USD 6.8 million	1.7	1.7
Cost charged in 2002	<u>3.6</u>	—
Total charge for unfunded deficit	<u>7.9</u>	<u>4.3</u>
Provision carried forward	19.1	11.2
Current service costs		
Provision brought forward	2.6	1.6
Charge in year	<u>0.7</u>	<u>1.0</u>
Cumulative provision	<u>3.3</u>	<u>2.6</u>
Total costs charged in year	<u>8.6</u>	<u>5.3</u>
Interest Earned		
Interest earned on balances	<u>0.2</u>	<u>0.1*</u>
Cumulative interest earned	<u>0.2</u>	<u>0.1</u>
Total provision at 31 December	<u>22.6</u>	<u>13.7</u>

* In 2001 the interest accrued was recorded in unrestricted bank interest and has been reclassified in 2002.

From 1 January 1998, IFAD provides for the full annual current service cost of this medical coverage, including its eligible retirees. In 2002, such cost included within staff salaries and benefits in the Financial Statements amounted to USD 721 000 (2001 - USD 974 000) including, USD 324 000 relating to prior years' service costs. From 2000 this liability has been included as restricted cash in the balance sheet.

It is intended that actuarial valuations will continue to be carried out at least every two years.

IAS No. 19 requires IFAD to set up a separate legal entity into which assets should be transferred (in this case, in the form of a trust fund). This is necessary in order for these assets to qualify as ASMCS assets and as such to be used to offset IFAD's deemed liability for its former staff under this scheme. Since 2001, IFAD has effectively set aside these funds so that any interest accruing is credited to them. This was a transitory measure pending the establishment of a separate legal entity for which the Governing Council has approved the related resolution in February 2003.

Note 15: 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 16: Contingencies

(a) Contingent Liabilities

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for eleven countries. See Note 9(b) for further details of the potential cost of loan principal and interest relating to these countries as well as the future interest not accrued for on debt relief already approved as shown in Appendix G.

(b) Contingent Assets

The organization expects to receive some EUR 998 000 (currently USD 1 047 000) in reimbursement of taxation deducted on investment income in prior years. These costs were fully provided for in the accounts of previous years as the exact amount and year in which the reimbursement will be made was not certain. IFAD has submitted a formal request to the Italian Government to reclaim these taxes, although it is not expected that these monies will be received prior to 2003.

Note 17: Date of Authorization for Issue of Financial Statements

The financial statements are authorized for issue following endorsement of the Executive Board in April 2003 and the recommendation of the Audit Committee in March 2003. The 2002 financial statements will be submitted to the Governing Council for approval at its next session in February 2004. The 2001 financial statements were approved by the Governing Council at its Twenty-Fifth Anniversary Session in February 2003.



Attachment to letter of 19 February 2003

PricewaterhouseCoopers SpA

DRAFT

The International Fund for Agricultural Development
Rome

We have audited the accompanying financial statements (Appendices A through H) of the International Fund for Agricultural Development (the Fund) as at and for the years ended 31 December 2002 and 2001. 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 2002 and 2001, and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards.

Rome,

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