



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Consultation on the Sixth Replenishment of IFAD's Resources – Fifth Session**

Rome, 12-13 December 2002

**ENABLING THE RURAL POOR TO OVERCOME THEIR POVERTY:  
REPORT OF THE CONSULTATION ON THE SIXTH REPLENISHMENT  
OF IFAD'S RESOURCES (2004-2006)**

The Consultation is hereby requested to consider the revised text on the Financing Debt Initiative commitments, replacing paragraphs 97 to 101 of Part VII "Managing IFAD's Financial Resources" of the Report.

97. **Financing Debt Initiative commitments.** The financial implications of IFAD's participation in the enhanced Debt Initiative will be substantial, during the Sixth and Seventh Replenishment periods. In the light of IFAD's constrained resource position, debt relief provided by the Fund implies a reduction in resources available for commitment to new loans and grants.

98. At its Twenty-Third Session in February 2000, the Governing Council approved Resolution 117/XXIII, regarding IFAD's Involvement in the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and its Enhancement. With this resolution the Governing Council took the following decisions:

- (i) IFAD shall fully participate in the enhanced HIPC DI;
- (ii) the Executive Board shall define the financial modalities and procedures for the above-mentioned participation, including through:
  - IFAD's resources;
  - the HIPC DI Trust Fund administered by the World Bank; and
  - the IFAD Trust Fund for the HIPC DI;
- (iii) in doing so, due care shall be taken to minimize the impact thereof on the annual lending programme of IFAD.



The resolution also invited member countries, able to do so, to contribute to the enhanced HIPC DI either through the HIPC DI Trust Fund of the World Bank, explicitly earmarking those contributions for debt owed to IFAD, or through the IFAD Trust Fund for the HIPC DI.

99. In this regard, the Consultation noted that significant progress has been made in mobilizing additional external resources through direct contributions, as well as through access to resources from the World Bank-administered HIPC Trust Fund. The document prepared for the Development Committee meeting in September 2002 showed that IFAD ranks seventh among multilateral creditors participating in the Initiative but has had limited access to the resources of the World Bank trust fund. IFAD attended the October 2002 technical meeting for the World Bank trust fund. The meeting noted IFAD's total Debt Initiative costs of USD 308 million in NPV terms (for all eligible HIPCs) and requested that IFAD submit detailed information on the Initiative's financing consequences for the institution, so that donors can re-examine the case for IFAD's access to the fund. The next meeting to review the resource position of the trust fund is planned for late 2003, but some donors may be seeking an earlier opportunity. Announcements by Member States of support for IFAD access to the fund are welcomed. IFAD will continue its efforts to mobilize additional financing for its Debt Initiative requirements.