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Enabling poor rural people
to overcome poverty

Resources available for commitment

Note to Executive Board representatives

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Executive Board — 106th Session
Rome, 20-21 September 2012

For: **Approval**

Recommendation for approval

Based on the resource position as at 31 December 2011, the Executive Board, having regard to article 7, section 2(b) of the Agreement Establishing IFAD and noting estimated net inflows for the eight-month period to 31 August 2012 amounting to US\$295.7 million, and loan and grant commitments amounting to US\$676.5 million, taking into consideration advance commitment authority (ACA) of US\$194.3 million already approved this year, notes that additional ACA amounting to US\$186.5 million is being requested for approval at this session of the Board. The Executive Board authorizes the President to conclude agreements for loans and grants for approval by the Executive Board at its 106th session in September 2012 and for those to be approved through the lapse-of-time procedure. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the resources available for commitment, loans and grants approved, and the use of ACA.

Resources available for commitment

1. Attachment I contains a statement of resources available for commitment and attachment II lists amounts specifically excluded from resources available for commitment under IFAD's Regular Programme as at 30 June 2012.
2. Attachment III provides details of loans and grants approved by the Board during 2012. It also provides details of the loans and grants approved through the lapse-of-time procedure during 2012.
3. Attachment IV provides details of loans and grants proposed to the current session of the Board for a total amount of US\$381.1 million. Based on the exchange rate in force as at 30 June 2012, such loans and grants amount to SDR 250.3 million. Attachment IV also provides an indicative proposal of projects to be approved through the lapse-of-time procedure amounting to US\$49.9 million.
4. Attachment V shows commitments made using advance commitment authority (ACA) from 2001 to 2011. It also provides an analysis of net flows from 1 January to 31 August 2012, currently estimated at US\$295.7 million. In as much as loan and grant commitments amount to US\$676.5 million¹ taking into consideration ACA of US\$194.3 million already approved this year, additional ACA amounting to US\$186.5 million is being requested at this Executive Board session. These figures will be updated in an addendum to this document to be tabled at the Board session.

Advance commitment authority and its ceiling

5. Under article 7, section 2(b) of the Agreement Establishing IFAD, it is the responsibility of the Executive Board to determine the proportion of the Fund's resources to be committed to operations in any financial year. The Governing Council authorized the use of ACA at its twentieth session in February 1997 by amending the Agreement Establishing IFAD for that purpose. The procedures for ACA use during the Eighth Replenishment period are set out in resolution 154/XXXII/Rev.1, attachment B. The ceiling for ACA approved for the Eighth Replenishment period is based on seven years of reflows. The ACA requested at each Board session, if any, will represent the amount of loan and grant commitments in excess of the resources available for commitment. At year-end,

¹ The amount of US\$676.5 million includes:

- Loans and grants already approved amounting to US\$245.5 million;
- Loans and grants presented for approval at this session of the Executive Board amounting to US\$381.1 million;
- Projects subject to approval through the lapse-of-time procedure in the intersessional period amounting to US\$49.9 million, for the 2012 programme of loans and grants.

taking into account net resources available for commitment and any additional ACA used during the year, the ACA carried forward will be adjusted accordingly. The additional use of ACA in any given year will be the simple sum of the ACA approved by the Executive Board at its three sessions during the year.

Recommendation

6. Based on the resource position as at 31 December 2011, the Executive Board, having regard to article 7, section 2(b) of the Agreement Establishing IFAD and noting estimated net inflows for the eight-month period to 31 August 2012 amounting to US\$295.7 million, and loan and grant commitments amounting to US\$676.5 million, taking into consideration ACA of US\$194.3 million already approved this year, notes that additional ACA amounting to US\$186.5 million is being requested for approval at this session of the Board. The Executive Board authorizes the President to conclude agreements for loans and grants for approval by the Executive Board at its 106th session in September 2012 and for those to be approved through the lapse-of-time procedure. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the resources available for commitment, loans and grants approved, and the use of ACA.

Statement of resources available for commitment as at 30 June 2012

(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 357 873	
Promissory notes – Member States ^a	241 417	
Other receivables	<u>129 818</u>	<u>2 729 108</u>
Less:		
Payables and liabilities		(227 832)
General Reserve		(95 000)
Undisbursed effective loans	(2 555 358)	
Approved loans signed but not yet effective	(102 474)	
Undisbursed grants	(82 626)	
Undisbursed DSF	<u>(539 838)</u>	(3 280 296)
Drawdowns on promissory notes that have not been paid (see attachment II) ^a		<u>(80 861)</u>
Resources available for commitment		<u>(954 881)</u>
Less:		
Loans not yet signed		(334 543)
DSF not yet signed		(68 593)
Grants approved but not yet effective		<u>(24 470)</u>
Net resources available for commitment before ACA carry-forward and 2012 net flows		<u>(1 382 485)</u>
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Summary of resource flows in the period		
ACA brought forward at 1 January 2012		1 396 391
Net flows to 30 June 2012 (attachment V)	259 390	
Loan and grant commitments as at 30 June 2012	<u>(245 484)</u>	
ACA used/(ACA covered)		<u>(13 906)</u>
		<hr/>
ACA carried forward at 30 June 2012		<u>1 382 485</u>
		<hr/>

^a Promissory notes of US\$241,417,000 are gross of provisions for those amounts drawn down and not paid of US\$80,861,000 and include US\$20,000,000 of complementary contributions.

Amounts specifically excluded from the resources available for commitment under the Regular Programme as at 30 June 2012

(Thousands of United States dollars)

IFAD Regular Programme

Drawdowns on Initial Contribution

Promissory notes that have not been paid

Iran (Islamic Republic of)	29 358	
Iraq	<u>13 717</u>	43 075

Drawdowns on First Replenishment

Promissory notes that have not been paid

Iraq	<u>31 099</u>	31 099
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Drawdowns on Third Replenishment

Promissory notes that have not been paid

Democratic People's Republic of Korea	600	
Libya	<u>6 087</u>	6 687

Total amounts specifically excluded

80 861

Loans and grants approved at the 105th session of the Executive Board

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Loans		
Nigeria	Value Chain Development Programme	47 850 000
Sierra Leone	Rural Finance and Community Improvement Programme	695 000
Kenya	Upper Tana Catchment Natural Resource Management Project	21 250 000
Madagascar	Vocational Training and Agricultural Productivity Improvement Programme (FORMAPROD)	21 000 000
Madagascar	Project to Support Development in the Menabe and Melaky Regions	3 350 000
Cambodia	Project for Agricultural Development and Economic Empowerment	11 300 000
Nepal	Leasehold Forestry and Livestock Programme	975 000
Colombia	Building Rural Entrepreneurial Capacities Project: Trust and Opportunity	19 280 000
Mexico	Rural Development Project in the Mixteca Region and the Mazahua Zone	12 050 000
Uzbekistan	Horticultural Support Project	6 190 000
Total		143 940 000
Debt Sustainability Framework (DSF) grants		
Sierra Leone	Rural Finance and Community Improvement Programme	695 000
Cambodia	Project for Agricultural Development and Economic Empowerment	11 300 000
Nepal	Leasehold Forestry and Livestock Programme	975 000
Tonga	Tonga Rural Innovation Project	2 600 000
Total		15 570 000
Grants		
Nigeria	Value Chain Development Programme	330 000
Madagascar	Vocational Training and Agricultural Productivity Improvement Programme (FORMAPROD)	1 280 000
Colombia	Building Rural Entrepreneurial Capacities Project: Trust and Opportunity	400 000
Mexico	Rural Development Project in the Mixteca Region and the Mazahua Zone	1 290 000
Uzbekistan	Horticultural Support Project	645 000
Total		3 945 000
Grand total		163 455 000

Loans and grants approved through lapse-of-time procedure in the period April to June 2012

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Loans		
Paraguay	Inclusion of Family Farming in Value Chains Project (<i>Paraguay Inclusivo</i>)	6 500 000
Bioversity International	Improving Productivity and Resilience for the Rural Poor through Enhanced Use of Crop Varietal Diversity an Integrated Production and Pest Management (IPPM)	656 750
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Sustainable Management of Crop-based Production Systems for Raising Agricultural Productivity in Rainfed Asia	985 125
International Food Policy Research Institute (IFPRI)	Technical and Capacity Strengthening for Country-level Strategic Analysis and Knowledge Support Systems (SAKSS) in Selected African Countries	1 050 800
Fundación ACUA	Programme to Increase the Visibility and Strengthen the Entrepreneurship of Rural Afro-descendant Communities in Latin America	1 149 312
Stichting Oxfam Novib	Programme for Scaling up Peoples' Bioversity Management for Food Security	656 750
International Centre of Insect Physiology and Ecology (icipe)	Programme for Scaling up Biological Control of the Diamondback Moth on Crucifers in East Africa to Other African Countries	656 750
PhytoTrade Africa	Programme for Alleviating Poverty and Protecting Biodiversity through BioTrade	985 125
University of the Andes	Programme for Conditional Cash Transfers and Rural Development in Latin America	1 149 312
Total		13 789 924

Loans and grants to be approved at the 106th session of the Executive Board

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>US\$^a</i>	<i>SDR^a</i>
Loans			
Cameroon	Rural Microfinance Development Support Project – Supplementary loan	2 950 000	1 937 412
Cape Verde	Promotion of Rural Socio-Economic Opportunities Programme	6 410 357	4 210 000
Mali	Rural Microfinance Programme – supplementary loan and grant	1 350 656	887 043
Niger	Ruwanmu Small-Scale Irrigation Project	1 781 501	1 170 000
Mozambique	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors Project	17 540 000	11 519 391
China	Hunan Agricultural and Rural Infrastructure Improvement Project	46 000 000	30 210 488
India	Jharkhand Tribal Empowerment and Livelihoods Project	51 000 000	33 494 237
Indonesia	Coastal Community Development Project	24 164 456	15 870 000
Nepal	Improved Seeds for Farmers Programme	19 566 053	12 850 000
Philippines	Integrated Natural Resources and Environmental Management Project	20 000 000	13 134 995
Brazil	Productive Development and Capacity Building Project (Paulo Freire Project)	31 403 747	20 624 403
Brazil	Rural Business for Small Producers Project (Dom Távora)	15 701 873	10 312 201
Peru	Strengthening Local Development in the Highlands and High Rainforest Areas Project	19 642 185	12 900 000
Turkey	Murat River Watershed Rehabilitation Project	31 400 000	20 621 942
Total		288 910 826	189 742 112
Debt Sustainability Framework (DSF) grants			
Democratic Republic of the Congo	Kinshasa Food Supply Centres Support Programme	66 006 878	43 350 000
Mali	Rural Microfinance Programme – supplementary loan and grant	1 350 656	887 043
Nepal	Improved Seeds for Farmers Programme	19 566 053	12 850 000
Total		86 923 586	57 087 043
Grants			
Niger	Ruwanmu Small-Scale Irrigation Project	997 336	655 000
Mozambique	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors Project	960 000	630 480
China	Hunan Agricultural and Rural Infrastructure Improvement Project	1 000 000	656 750
Indonesia	Coastal Community Development Project	1 805 863	1 186 000
Turkey	Murat River Watershed Rehabilitation Project	490 000	321 807
Total		5 253 199	3 450 037
Grand total		381 087 611	250 279 192

^a Amounts calculated using the 30 June 2012 US\$/SDR exchange rate of 1.52265.

Indicative list of loans and grants to be approved through the lapse-of-time procedure in 2012

		<i>US\$^a</i>	<i>SDR^a</i>
Haiti	Small Irrigation and Market Access Development Project in the Nippes and Goavienne Region (PPI-3)	12 500 000	8 209 372
Maldives	Mariculture Enterprise Development Project	2 512 373	1 650 000
	Grants to be determined	34 900 000	22 920 566
Total		49 912 373	32 779 938

^a Amounts calculated using the 30 June 2012 US\$/SDR exchange rate of 1.52265.

Analysis of use of advance commitment authority

	<i>Millions of United States dollars</i>										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ACA brought forward at start of year	-	153.7	277.8	331.1	136.8	296.0	453.3	585.3	742.3	89.0	936.1
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)	159.2	157.3	132.0	157.0	46.7	147.1	460.3
ACA carry-forward at end of year	153.7	277.8	331.1	136.8	296.0	453.3	585.3	742.3	789.0	936.1	1 396.4

	<i>Millions of United States dollars</i>		
	<i>Actual January to June 2012</i>	<i>Estimates July to August 2012</i>	<i>Estimated January to August 2012</i>
1. Resources available at start of period	0		0
Analysis of flows			
Members' contributions	99.3	4.7	104.0
Loan reflows	136.7	53.3	190.0
Loan and grant cancellations	40.4	5.0	45.4
Net investment income	31.3	8.2	39.5
Net exchange rate movements	17.3	0.	17.3
Operating expenses	(65.6)	(34.9)	(100.5)
2. Total estimated net inflows for the period	259.4	36.3	295.7
3. ACA approved by the Executive Board in the year			194.3
4. Loan and grant commitments^c			(676.5)
5. ACA to be approved at EB 106^a			186.5
6. ACA covered from flows in the period			0
7. ACA unused balance (=1+2+3+4+5+6)			0
8. ACA brought forward (= prior period)			1 396.4
9. ACA carried forward (= 3+5+6+7+8)^b			1 777.2

^a EB 106: 106th session of the Executive Board (September 2012).

^b The ACA ceiling of seven years of loan reflows amounts to approximately US\$2.4 billion, as per the Eighth Replenishment definition. The current estimated carried-forward balance corresponds to about 5.2 years of loan reflows.

^c The amount of US\$676.5 million includes:

- Loans and grants already approved amounting to US\$245.5 million;
- Loans and grants presented for approval at this session of the Executive Board amounting to US\$381.1 million;
- Projects subject to approval through the lapse-of-time procedure in the intersessional period amounting to US\$49.9 million, for the 2012 programme of loans and grants.