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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Fourth Session
Rome, 18-20 April 2005

RESOURCES AVAILABLE FOR COMMITMENT

1. For the information of the Executive Board, Attachments I and II contain details of the resources available for commitment under IFAD's Regular Programme as at 31 December 2004.
2. Details on Member States' contributions specifically excluded from committable resources as at 31 December 2004 are provided in Attachment II.
3. Attachment III gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 125.3 million special drawing rights (SDR). Based on exchange rates in force as at 31 December 2004, such loans and grants amount to some USD 194.2 million. The loan figures include some USD 33.5 million allocated as part of IFAD's response to the urgent needs of rural poor communities as a result of the tsunami disaster in the Asia and the Pacific region in December 2004. This amount represents 50% of the allocated tsunami project costs and constitutes funding in addition to the approved 2005 Programme of Work level.
4. Attachment IV shows commitments made using advance commitment authority (ACA) in 2001-2004. It also provides a further analysis of net flows during 2004 and expected net inflows until 31 March 2005. As may be seen in Attachment IV, IFAD covered some USD 194.3 million in ACA in 2004; in consequence, the level of ACA carried forward as at 31 December 2004 was USD 136.8 million. Net ACA utilization declined from USD 153.7 million in 2001 to USD 124.1 million in 2002 and subsequently to USD 53.3 million in 2003.
5. The expected net inflows during the period from 1 January 2005 to 31 March 2005 are estimated to be USD 86.0 million. In the light of the proposed loans and grants for approval at the April session of the Executive Board, totalling USD 194.2 million, there will be a shortfall of resources of USD 108.2 million, in respect of which use of the ACA will be needed.

Advance Commitment Authority and its Ceiling

6. The Governing Council authorized the use of advance commitment authority at its Twentieth Session in February 1997. The main purpose of this authority is to cover shortfalls in the amount of committable resources available to approve loans and grants that may arise in a particular year due to delays in the receipt of contribution payments, volatility in the rate of return of investment income, or delays in the receipt of payments and repayments under loans provided by the Fund.

7. When the ACA scheme was adopted for the Fourth Replenishment of IFAD's Resources, the maximum amount that could be made available through ACA during that replenishment period was set at USD 450 million. This was equivalent to three years' worth of reflows at the time. The procedures for ACA use during the Fifth Replenishment period are set out in document GC 24/Res.119/XXIV/Rev.1.

8. The procedures for ACA use during the Sixth Replenishment period are set out in document GC 26/Resolutions/Rev.1. The ceiling for ACA use during the Sixth Replenishment period is based on the same principle as for the Fourth and Fifth Replenishment periods, namely a ceiling of three years' worth of reflows. On the basis of current estimates of loan reflows for the three-year period 2004-2006, this amounts to approximately USD 600 million.¹ The advance commitment authority requested at each Executive Board, if any, will represent the amount of loan and grant commitments in excess of the resources available for commitment. At year-end, taking into account net resources available for commitment and any additional ACA used during the year, the ACA carried forward will be adjusted accordingly. This procedure will make ACA use clearer and more transparent. 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.

9. An update of this document will be provided to the Eighty-Fourth Session of the Executive Board.

Recommendation

10. Based on the resources position as at 31 December 2004, the Executive Board is requested to approve the use of the advance commitment authority, as follows:

The Executive Board, in accordance with paragraph III.17 of Governing Council Resolution 130/XXVI, noting the present shortfall in resources of an estimated USD 108.2 million due to expected net inflows for the three-month period to 31 March 2005 amounting to USD 86.0 million and the loans and grants presented for approval amounting to USD 194.2 million, approves the use of an additional USD 108.2 million under the advance commitment authority (ACA). Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its Eighty-Fourth Session in April 2005. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the use of ACA and the resources available for commitment.

¹ Loan reflows for the three-year period 2005-2007 are forecast to be USD 653 million.

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT
AS AT 31 DECEMBER 2004**

(USD '000)

Assets in freely convertible currencies		
Cash and investments	2 721 455	
Promissory notes – Member States	351 405 ^a	
Other receivables	<u>154 201^b</u>	<u>3 227 061</u>
Less:		
Payables and liabilities		(261 183) ^c
Programme Development Financing Facility carry-forward		(7 332)
General Reserve		(95 000)
Undisbursed effective loans	(2 121 558)	
Approved loans signed but not yet effective	(326 850)	
Undisbursed grants	<u>(36 048)</u>	(2 484 456)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(83 152)</u>
		<u>(2 931 123)</u>
Resources available for commitment		295 938
Less:		
Loans not yet signed		(399 690)
Grants not yet signed		<u>(33 101)</u>
Net resources available for commitment before ACA		<u>(136 853)</u>
ACA carried forward at 1 January 2003	331 131	
Less:		
ACA reversed in the year 2004	<u>(194 278)</u>	
ACA carried forward as at 31 December 2004		<u>136 853</u>
Net resources available for commitment		<u>0</u>

^a Promissory notes of USD 351 405 000 are gross of provisions for those amounts drawn down and not paid of USD 83 152 000. The net amount of promissory notes included as resources available for commitment is USD 268 253 000.

^b Other receivables include USD 40 176 000 relating to receivables for investments sold.

^c Payables and liabilities include USD 202 375 000 relating to payables for investments purchased.

**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 31 DECEMBER 2004**

Amounts Specifically Provided For
(USD '000)

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	31 099	
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31 099

Drawdowns on Second Replenishment

promissory notes that have not been paid

Mauritania	2	
Qatar	<u>2 254</u>	

2 256

Drawdowns on Third Replenishment

promissory notes that have not been paid

Democratic People's Republic of Korea	600	
Libyan Arab Jamahiriya	6 087	
Mauritania	<u>25</u>	

6 712

**Special Programme for Sub-Saharan
African Countries Affected by Drought
and Desertification**

Drawdowns on First Phase

promissory notes that have not been paid

Mauritania		<u>10</u>
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Total specifically excluded

83 152

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ATTACHMENT III

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE
EIGHTY-FOURTH SESSION OF THE EXECUTIVE BOARD**

PROPOSED LOANS			
Country	Programme/Project Title	USD (Equivalent) ^a	SDR (Equivalent) ^a
Bhutan	Agriculture, Marketing and Enterprise Promotion Programme	13 900 000	8 968 957
Chad	Batha Rural Development Project	13 018 236	8 400 000
Costa Rica	Rural Development and Poverty Reduction Programme	10 000 000	6 452 487
El Salvador	Rural Development and Modernization Project for the Eastern Region	15 000 000	9 678 731
Georgia	Rural Development Project	9 200 000	5 936 288
Lao People's Democratic Republic	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	17 300 000	11 162 803
Mali	Northern Regions Investment and Rural Development Programme	14 600 000	9 420 631
Paraguay	Empowerment of Rural Poor Organizations and Harmonization of Investments (<i>Paraguay Rural</i>) Project	12 000 000	7 742 985
Philippines	Rural Microenterprise Promotion Programme	21 200 000	13 679 273
Senegal	Promotion of Rural Entrepreneurship Project – Phase II	13 080 000	8 439 853
Yemen	Pilot Community-Based Rural Infrastructure Project for Highland Areas	9 143 761	5 900 000
Total		148 441 997	95 782 008
PROPOSED GRANTS			
Recipient	Programme/Project Title	USD (Equivalent) ^a	SDR (Equivalent) ^a
Bhutan	Agriculture, Marketing and Enterprise Promotion Programme	100 000	64 525
International Water Management Institute	Programme for Enhancing Mekong Region Water Governance	900 000	580 724
Chad	Batha Rural Development Project	418 443	270 000
El Salvador	Rural Development and Modernization Project for the Eastern Region	1 000 000	645 249
Georgia	Rural Development Project	800 000	516 199
International Centre for Integrated Mountain Development	Programme for Securing Livelihoods in the Uplands and Mountains of the Hindu Kush-Himalayas – Phase II	1 200 000	774 298
International Land Coalition	Phase II of the Programme to Strengthen the Secure Access of the Rural Poor to Land and Related Support Services	965 000	622 665
International Network for Bamboo and Rattan	Programme for Enhanced Bamboo- and Rattan-Based Smallholder Livelihood Opportunities	1 500 000	967 873
Lao People's Democratic Republic	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	693 000	447 157
Mali	Northern Regions Investment and Rural Development Programme	803 000	518 135
Philippines	Rural Microenterprise Promotion Programme	500 000	322 624
TechnoServe	Programme for Building a Pro-Poor, Competitive Cashew Industry in East Africa	1 500 000	967 873
West Africa Rural Foundation	Management-Capacity-Strengthening Programme for IFAD-Funded Projects in Western and Central Africa	1 500 000	967 873
Yemen	Pilot Community-Based Rural Infrastructure Project for Highland Areas	418 444	270 000
Total		12 297 887	7 935 195
Total to be approved under the 2005 Programme of Work		160 739 884	103 717 203
PROPOSED TSUNAMI RELATED PROJECTS^b			
India	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu	15 000 000	9 678 731
Maldives	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme	2 000 000	1 290 497
Sri Lanka	Post-Tsunami Coastal Rehabilitation and Resource Management Programme	14 150 000	9 130 269
Sri Lanka	Post-Tsunami Livelihoods Support and Partnership Programme	2 350 000	1 516 334
Total		33 500 000	21 615 831
Grand Total		194 239 884	125 333 035

^a Using the 31 December 2004 USD/SDR exchange rate of 1.54979, based on the United States dollar amounts for loans not negotiated to date and for grants and SDR amounts for loans already negotiated to date and associated grants.

^b Amounts represent 50% of the total IFAD project costs, as stated in paragraph 3 above.

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ATTACHMENT IV

ANALYSIS OF USE OF ADVANCE COMMITMENT AUTHORITY

	2001	2002	2003	2004
ACA carry-forward at start of year	-	153.7	277.8	331.1
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)
ACA carry-forward at end of year	153.7	277.8	331.1	136.8

	2004 January to December (USD million)	2005 Estimated January to March, including EB 84 ^a (USD million)
1. Resources available at start of period	0	
Analysis of flows		
Loan reflows	219.7	47.5
Loan cancellations	64.0	12.5
Members' contributions	277.2	28.1
Cumulative HIPC DI contributions ^b	71.6	-
Net investment income	108.7	22.4
Release of contributions excluded	5.0	
Net exchange rate movements	1.7	
Operating expenses, ASMCS, SCP, PDFF ^b	(76.9)	(24.5)
2. Total net flows	671.0	86.0
3. Total ACA approved by the Executive Board in year	0	108.2
4. Loan and grant commitments	(476.7)	(194.2)
5. ACA covered from flows in period	194.3	-
Resources available at end of period (=1+2+3+4+5)	0	0
6. ACA carried forward^c (=3+5+prior period)	136.8	245.0

^a Based on three twelfths of the annual projections for IFAD and the Office of Evaluation in document GC 28/L.7, Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2005, updated for latest estimates for investment income and contributions.

^b ASMCS = After-Service Medical Coverage Scheme
HIPC DI = Debt Initiative for Heavily Indebted Poor Countries
PDFF = Programme Development Financing Facility
SCP = Strategic Change Programme

^c The carry-forward estimate is dependent on certain assumptions, in particular about investment income and that contribution payments will be received from major donors.

