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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Fifth Session
Rome, 6-8 September 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 30 June 2005.
2. Details on Member States' contributions specifically excluded from committable resources as at 30 June 2005 are provided in Attachment II.
3. Attachment III provides details of loans and grants approved by the Executive Board at its Eighty-Fourth Session in April 2005.
4. Attachment IV gives information on the loans and grants presented to the current session of the Executive Board, amounting to approximately 75.3 million special drawing rights (SDRs). Based on exchange rates prevailing on 30 June 2005, such loans and grants amount to some USD 109.9 million.
5. Attachment V shows commitments made using advance commitment authority (ACA) from 2001 to June 2005. It also provides a further analysis of net flows up to 30 June 2005.
6. Loans and grants approved at the April session of the Executive Board totalled USD 184.0 million, and the loans and grants proposed for approval at the September session of the Board total USD 109.9 million, resulting in a cumulative total for the year to date of USD 293.9 million. Net inflows during the period from 1 January 2005 to 30 June 2005 are estimated to be USD 172.9 million. Taking into account these net inflows, the total ACA required, including the proposals for the September session of the Board, would be USD 121.0 million. The April session of the Board approved ACA amounting to USD 94.5 million, and thus ACA of USD 26.5 million is being requested at this session.

Advance Commitment Authority and its Ceiling

7. 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.

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 million¹. According to the new practice for ACA, under the Sixth Replenishment resolution "total net flows" during the current year will be maintained as resources available for commitment. The advance commitment authority requested at each session of the 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-Fifth Session of the Executive Board.

Recommendation

10. Based on the resources position as at 30 June 2005, 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, approved the use of USD 26.5 million under advance commitment authority (ACA). The Board has noted that loans and grants approved at its Eighty-Fourth Session totalled USD 184.0 million equivalent and that the loans and grants proposed for approval at its Eighty-Fifth Session total USD 109.9 million equivalent, resulting in a cumulative total for the year to date of USD 293.9 million equivalent. Net inflows during the period from 1 January 2005 to 30 June 2005 are estimated to be USD 172.9 million equivalent. Taking into account these net inflows, the total ACA required, including the proposals for the Eighty-Fifth Session of the Executive Board, would be USD 121.0 million equivalent. Inasmuch as the Eighty-Fourth Session of the Board approved ACA amounting to USD 94.5 million equivalent, further ACA of USD 26.5 million equivalent is being requested at this session. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its Eighty-Fifth Session in September 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.

ATTACHMENT I

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT^a
AS AT 30 JUNE 2005**

(USD '000)

Assets in freely convertible currencies		
Cash and investments	2 581 764	
Promissory notes – Member States	289 892 ^b	
Other receivables	<u>210 910^c</u>	<u>3 082 566</u>
Less:		
Payables and liabilities		(295 355) ^d
Programme Development Financing Facility carry-forward		(2 504)
General Reserve		(95 000)
Undisbursed effective loans	(2 005 532)	
Approved loans signed but not yet effective	(351 834)	
Undisbursed grants	<u>(42 308)</u>	(2 399 674)
Drawdowns on promissory notes that have not been paid (see Attachment II)		(80 908)
		<u>(2 873 441)</u>
Resources available for commitment		209 125
Less:		
Loans not yet signed		(328 875)
Grants not yet signed		<u>(28 187)</u>
Net resources available for commitment before ACA carry-forward and 2005 net flows		<u>(147 937)</u>

Net flows (estimated) for January to June 2005	172 934	
Add:		
Actual loan and grant commitments approved at the Eighty-Fourth Session (April 2005)	(184 018)	
Total net flows in the period		<u>11 084</u>
ACA carried forward as at 1 January 2005		<u>136 853</u>
Net resources available for commitment		<u>0</u>

^a All calculations were performed on actual loan and grant transactions and contributions when those figures were available; otherwise, latest estimates available were used.

^b Promissory notes of USD 289 892 000 are gross of provisions for those amounts drawn down and not paid of USD 80 908 000. The net amount of promissory notes included as resources available for commitment is USD 208 984 000.

^c Other receivables include USD 96 795 000 relating to receivables for investments sold.

^d Payables and liabilities include USD 221 056 000 relating to payables for investments purchased.

**RESOURCES AVAILABLE FOR COMMITMENT
UNDER THE REGULAR PROGRAMME
AS AT 30 JUNE 2005**

Amounts Specifically Excluded
(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	<u>31 099</u>	
		31 099

Drawdowns on Second Replenishment

promissory notes that have not been paid

Mauritania	<u>2</u>	
		2

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

Drawdowns on Fourth Replenishment

promissory notes that have not been paid

Maldives	<u>10^a</u>	
		10

**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

80 908

^a Subsequent to 30 June 2005 this amount has been fully paid.

ATTACHMENT III

**LOANS AND GRANTS APPROVED AT THE
EIGHTY-FOURTH SESSION OF THE EXECUTIVE BOARD**

LOANS		
Country	Programme/Project Title	SDR
Bhutan	Agriculture, Marketing and Enterprise Promotion Programme	9 250 000
Chad	Batha Rural Development Project	8 400 000
El Salvador	Rural Development and Modernization Project for the Eastern Region	9 950 000
Georgia	Rural Development Project	6 050 000
Lao People's Democratic Republic	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	11 300 000
Mali	Northern Regions Investment and Rural Development Programme	9 550 000
Paraguay	Empowerment of Rural Poor Organizations and Harmonization of Investments (<i>Paraguay Rural</i>) Project	7 850 000
Philippines	Rural Microenterprise Promotion Programme	14 050 000
Senegal	Promotion of Rural Entrepreneurship Project – Phase II	8 700 000
Yemen	Pilot Community-Based Rural Infrastructure Project for Highland Areas	5 900 000
Total		91 000 000
GRANTS		
Recipient	Programme/Project Title	SDR (Equivalent)
Bhutan	Agriculture, Marketing and Enterprise Promotion Programme	70 000
International Water Management Institute	Programme for Enhancing Mekong Region Water Governance	594 856
Chad	Batha Rural Development Project	270 000
El Salvador	Rural Development and Modernization Project for the Eastern Region	670 000
Georgia	Rural Development Project	550 000
International Centre for Integrated Mountain Development	Programme for Securing Livelihoods in the Uplands and Mountains of the Hindu Kush-Himalayas – Phase II	793 142
International Land Coalition	Phase II of the Programme to Strengthen the Secure Access of the Rural Poor to Land and Related Support Services	637 818
International Network for Bamboo and Rattan	Programme for Enhanced Bamboo- and Rattan-Based Smallholder Livelihood Opportunities	991 427
Lao People's Democratic Republic	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	450 000
Mali	Northern Regions Investment and Rural Development Programme	530 000
Philippines	Rural Microenterprise Promotion Programme	340 000
TechnoServe	Programme for Building a Pro-Poor, Competitive Cashew Industry in East Africa	991 427
West Africa Rural Foundation	Management-Capacity-Strengthening Programme for IFAD-Funded Projects in Western and Central Africa	991 427
Yemen	Pilot Community-Based Rural Infrastructure Project for Highland Areas	270 000
Total		8 150 099
Total approved under the 2005 Programme of Work		99 150 099
TSUNAMI-RELATED PROJECTS		
India ^a	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu	9 950 000
Maldives	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme	1 400 000
Sri Lanka ^a	Post-Tsunami Coastal Rehabilitation and Resource Management Programme	9 400 000
Sri Lanka ^a	Post-Tsunami Livelihoods Support and Partnership Programme	1 560 000
Grant		
Maldives	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme	140 000
Total: Tsunami-related projects		22 450 000
Grand Total		121 600 099^b

^a Approved at the Eighty-Fourth Session but awaiting final negotiation.

^b Equivalent to approximately USD 184.0 million based on the exchange rate at 31 March 2005.

ATTACHMENT IV

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

PROPOSED LOANS			
Country	Programme/Project Title	USD (Equivalent)^a	SDR (Equivalent)^a
China	South Gansu Poverty-Reduction Programme	28 700 000	19 675 285
Ghana	Root and Tuber Improvement and Marketing Programme	19 035 811	13 050 000
Mexico	Sustainable Development Project for Rural and Indigenous Communities of the Semi-Arid North-west	25 000 000	17 138 750
Rwanda	Support Project for the Strategic Plan for the Transformation of Agriculture (PSTA)	8 241 558	5 650 000
United Republic of Tanzania	Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development	20 600 000	14 122 330
Total		101 577 369	69 636 365
PROPOSED GRANTS			
Recipient	Programme/Project Title	USD (Equivalent)^a	SDR (Equivalent)^a
Association for Strengthening Agricultural Research in East and Central Africa	Programme for Improved Management of Agricultural Water in Eastern and Southern Africa	1 500 000	1 028 325
Capacity Building International	Programme for Capacity-Building in Managing for Results and Impact	1 900 000	1 302 545
Commission on Family Farming of the Southern Cone Market (MERCOSUR)	Strengthening of the Participation of Small Farmers' Organizations in Policy Dialogue within the Commission on Family Farming of MERCOSUR	1 090 000	747 250
Kenya Gatsby Trust	Programme to Support Rural Finance Knowledge Management Partnership for Eastern and Southern Africa	660 000	452 463
Southern Africa Natural Products Trade Association	Programme for Strengthening the Southern African Natural Products Trade Association	1 500 000	1 028 325
Rwanda	Support Project for the Strategic Plan for the Transformation of Agriculture (PSTA)	204 216	140 000
World Agroforestry Centre	Programme for Strengthening Livelihood Strategies in the West African Sahel through Improved Management and Utilization of Parkland Agroforests	1 450 000	994 047
Total		8 304 216	5 692 955
Grand Total		109 881 585	75 329 320

^a Using the 30 June 2005 USD/SDR exchange rate of 1.45868, based on the USD amounts for loans not negotiated to date and for grants and SDR amounts for loans already negotiated to date and associated grants.

ANALYSIS OF USE OF ADVANCE COMMITMENT AUTHORITY

	USD million				
	2001	2002	2003	2004	30 June 2005 ^a
ACA carry-forward at start of year	-	153.7	277.8	331.1	136.8
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)	11.1
ACA carry-forward at end of year/period	153.7	277.8	331.1	136.8	147.9

	2005 Estimated January to June, including EB 85 ^{b,c} (USD million)
1. Resources available at start of period	0
Analysis of flows	
Loan reflows	97.3
Loan cancellations	4.7
Members' contributions	47.0
Cumulative HIPC contributions ^c	2.8
Net investment income	52.1
Release of contributions excluded	2.2
Net exchange rate movements	10.9
Operating expenses, ASMCS, SCP, PDFF ^c	(44.1)
2. Total net flows	172.9
3. ACA approved by the Executive Board to date	94.5
4. ACA to be approved in the period	26.5
5. Loan and grant commitments	
Approved at EB 84 ^c	(184.0)
Proposed at EB 85 ^c	(109.9)
Resources available at end of period (=1+2+3+4+5)	0
6. ACA brought forward (= prior period)	136.8
7. ACA carried forward^d (=3+4+6)	257.8

^a The estimated ACA carry-forward figure at the end of June 2005 corresponds to the situation presented in the resources statement contained in Attachment I. The second table on this page includes also the EB 85 loan and grant commitments.

^b Based on latest estimates for operating expenses, loan reflows and cancellations.

^c ASMCS = After-Service Medical Coverage Scheme

EB 84 = Eighty-Fourth Session of the Executive Board (April 2005)

EB 85 = Eighty-Fifth Session of the Executive Board (September 2005)

HIPC = Debt Initiative for Heavily Indebted Poor Countries

PDFF = Programme Development Financing Facility

SCP = Strategic Change Programme

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